



**Rubberex**

Rubberex Corporation (M) Berhad

# Annual Report

**2003**

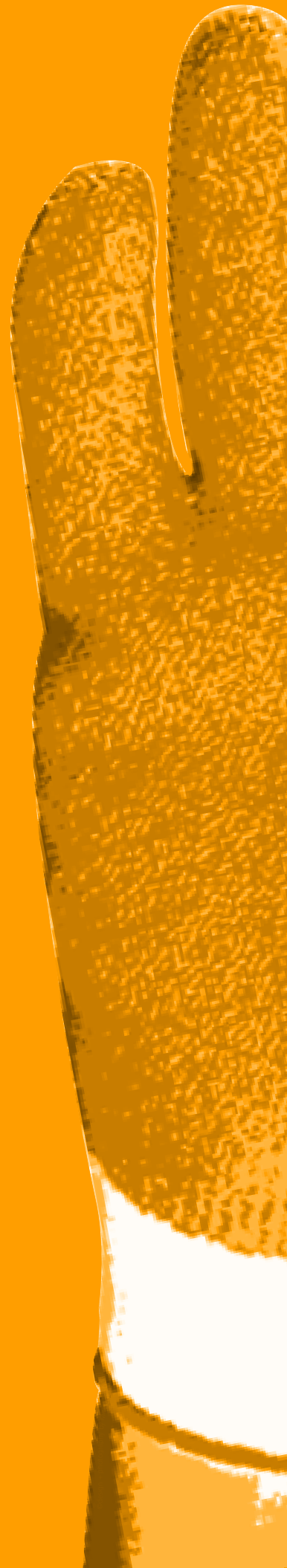
**Rubberex**

**Rubberex Corporation (M) Berhad** ANNUAL REPORT 2003  
(Company No: 372642-U)



**Rubberex**

Rubberex Corporation (M) Berhad (Company No: 372642-U)



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## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Eighth Annual General Meeting of Rubberex Corporation (M) Berhad will be held at 10:00 a.m. on Monday, 24 May 2004 at Kinta Room, First Floor, Casuarina Ipoh 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 2003 and the Reports of the Directors and the Auditors thereon. [Resolution 1]
2. To approve the payment of Directors' fees. [Resolution 2]
3. To re-elect the following Directors retiring in accordance with Article 101 of the Company's Articles of Association:-
  - (i) Dato' Mohamed bin Hamzah [Resolution 3]
  - (ii) Poh Choo Lim [Resolution 4]
4. To appoint Auditors and to authorise the Directors to fix their remuneration. [Resolution 5]
5. As Special Business:-

To consider and if thought fit, pass the following Resolution as Ordinary Resolution:

"THAT subject always to the approvals from the relevant authorities, where such approval is necessary, full authority be and is hereby given to the Board of Directors pursuant to Section 132D of the Companies Act, 1965, to issue shares in the capital of the Company at any time upon such terms and conditions and for such purposes as the Directors, may, in their discretion, deem fit provided always that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the issued share capital of the Company for the time being." [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**  
**CHANG POOI YEE**

Secretaries  
Ipoh  
30 April 2004

**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 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 Directors who are standing for re-election:-

(i) Dato' Mohamed bin Hamzah  
*[retiring pursuant to Article 101 of the Company's Articles of Association];*

and

(ii) Poh Choo Lim  
*[retiring pursuant to Article 101 of the Company's Articles of Association].*

### 2. Details of attendance of Directors at Board Meetings:-

Four Board Meetings were held during the financial year from 01 January 2003 to 31 December 2003. Details of attendance of Directors at Board Meetings are stated in the Statement of Corporate Governance on page 15 of the Annual Report.

### 3. Date, time and venue of the Annual General Meeting:-

The Eighth Annual General Meeting of the Company will be held at 10:00 a.m. on Monday, 24 May 2004 at Kinta Room, First Floor, Casuarina Ipoh Hotel, 18, Jalan Gopeng, 30250 Ipoh, Perak Darul Ridzuan.

### 4. Profile of Directors standing for re-election:-

Please refer to page 5 of the Annual Report.

### 5. Securities Holdings in the Company and its Subsidiaries:-

*The Company:-*  
Please refer to page 21 of the Annual Report.

*Subsidiary Companies:-*  
None of the directors have any shareholdings in the subsidiary companies.

### 6. Family Relationships:-

None of the Directors standing for re-election have any family relationship with the other Directors or major shareholders of the Company, except for:-

Mr. Poh Choo Lim, who is the son of Mr. Poh Chee Meng, the Director of Aun Huat & Brothers Sdn Bhd, which is a substantial shareholder of the Company.

### 7. Conflict of Interest:-

None of the Directors standing for re-election has any conflict of interest with the Company.

### 8. Conviction of Offences:-

None of the Directors standing for re-election has been convicted of any offences for the past 10 years, other than traffic offences, if any.





## CORPORATE INFORMATION

**DIRECTORS** Y. Bhg. Dato' Mohamed bin Hamzah  
(Independent Non-Executive Chairman)

Ping Kok Koh  
(Non-Independent Managing Director)

Dr. Nawawi bin Mat Awin  
(Independent Non-Executive Director)

Sharifuddin bin Shoib  
(Non-Independent Non-Executive Director)

Poh Choo Lim  
(Non-Independent Non-Executive Director)

Yap Jek Nan  
(Independent Non-Executive Director)

Y. Bhg. Dato' Abdul Rahim bin Abdul Halim  
(Non-Independent Non-Executive Director)

Voon Chong Kian  
(Alternate Director to Ping Kok Koh)

**SECRETARIES** Chan Chee Kheong, MAICSA 0810287  
Chang Pooi Yee MAICSA 7036213

**AUDITORS** Deloitte KassimChan  
Chartered Accountants

**PRINCIPAL BANKERS** HSBC Bank Malaysia Berhad  
RHB Bank Berhad  
Malayan Banking Berhad

**REGISTERED OFFICE** 5, Persiaran Greentown 8,  
Greentown Business Centre,  
30450 Ipoh, Perak Darul Ridzuan.  
Tel: 605 241 8787  
Fax: 605 243 2397

**REGISTRARS** PFA Registration Services Sdn. Bhd.  
5, Persiaran Greentown 8,  
Greentown Business Centre,  
30450 Ipoh, Perak Darul Ridzuan.

**STOCK EXCHANGE LISTING** Malaysia Securities Exchange Berhad  
(Second Board)

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



## DIRECTORS' PROFILE

### **Dato' Mohamed bin Hamzah**

Aged 62, 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 which owns and operates a recreational resort for golf.

### **Mr. Ping Kok Koh**

Aged 51, a Malaysian, is a non-independent Managing Director of the Company. He is a Fellow Member of the Association of Chartered Certified Accountants. 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 Ipmuda Berhad and IJM Corporation Berhad.

### **Mr. Voon Chong Kian**

Aged 46, 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.

### **Dr. Nawawi bin Mat Awin**

Aged 66, 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 Institute 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 Berhad, Perak Corporation Berhad, Clearwater Golf Sanctuary Management Berhad and Clearwater Sanctuary Golf Resort Sdn Bhd.



## DIRECTORS' PROFILE

### **En. Sharifuddin bin Shoib**

Aged 56, 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 (formerly known as Jasa Megah Industries Berhad) 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 a non-executive Chairman of OKA Corporation Berhad and the non-executive Chairman of Rubber Thread Industries (M) Sdn Bhd. The principal activities of Rubber Thread Industries (M) Sdn Bhd are the manufacture and export of extruded rubber threads.

### **Mr. Poh Choo Lim**

Aged 53, 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 38, a Malaysian, is an 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 the Executive Director of Malayan Building Development Sdn Bhd, a property development company.

### **Dato' Abdul Rahim bin Abdul Halim**

Aged 55, a Malaysian, is a non-independent non-executive director of the Company and was appointed to the Board on 09 August 2002. Dato' Abdul Rahim bin Abdul Halim is a qualified economist by profession. He holds a Bachelor of Economics (Honours) degree from the University of Malaya and has served in several senior positions in the Ministry of International Trade and Industry (MITI). In 1978, Dato' Abdul Rahim joined Med-Bumikar Mara Sdn Bhd as the Director / General Manager and he has extensive experience in the motor vehicle industry where he was also involved in the formation of Daihatsu Malaysia Sdn Bhd, the sole franchise holder for Daihatsu motor vehicles in Malaysia. Dato' Abdul Rahim is presently the Managing Director of MBM Resources Berhad. He is also currently on the Board of Intelligent Edge Technologies Berhad, Central Cables Berhad, Colonial Motors Company Limited and several private companies including Perusahaan Otomobil Kedua Sdn Bhd (Perodua), Hino Motor Malaysia Sdn Bhd and Daihatsu Malaysia Sdn Bhd, where he is presently the Chairman.



## CHAIRMAN'S STATEMENT

### INTRODUCTION

On behalf of the Board, I am pleased to present the Annual Report of the Company for the financial year ended 31 December 2003.

After a challenging year in 2002, the world economy made a difficult start into 2003 when war eventually broke out in Iraq in the early part of the year. Economies worldwide braced for the fallout as oil prices began to spiral out of control and business sentiment dampened because of the war and the uncertainty of its duration. With the effects of the war still lingering, a deadly and sudden SARS outbreak threatened to inflict further damage to the already gloomy economic outlook around the globe. Thankfully, the war ended quickly and the spread of the virus was soon contained. Economic prospects began to improve considerably as sentiment recovered. The robust pickup in business and consumer confidence in the second half of the year, especially in the United States which had a major impact in the world economy, indicated that recovery was well on its way.

It is in this scenario that Group performance for the year showed mixed results. Turnover for the year increased from RM81.7 million in 2002 to RM98.5 million in 2003. However, operating profit before interest, depreciation and taxes was maintained at RM20.0 million largely due to rising raw material and fuel costs. Raw latex cost was particularly high at RM4.90 per kilo in December 2003 compared to RM3.12 per kilo in late 2002.

### FINANCIAL RESULTS

Group turnover for the year increased substantially by 20.6% from RM81.7 million in 2002 to RM98.5 million in 2003. Unit sales of both household and industrial gloves were higher in spite of increasing competition. This attested to the continuing importance of maintaining high quality products of the Group and its reliability as a manufacturer of world class rubber gloves in certain segments of the market.

Group pretax profit however increased marginally by 4.3% to RM9.8 million from RM9.4 million previously. The rapid rise of direct and indirect material costs specifically latex, chemicals and fuel oil dampened the profitability of the Group. Nevertheless, this is a positive development reversing the trend of declining profits over the last two years.



**Rubberex**

## CHAIRMAN'S STATEMENT

Profit after tax was RM7.6 million compared to RM6.5 million in 2002 while Group's earning per share was 16.5 sen as against 15.2 sen in the previous year.

### DIVIDENDS

Consistent with its policy of giving good dividends as in prior years, the Board has declared in total a gross annual dividend of 20% less tax for the financial year ended 31 December 2003, the same amount as in the previous year. The first interim dividend of 10 sen less tax (2002: 10 sen tax exempt) was paid on 15 July 2003 while the second interim dividend of 10 sen less tax (2002: 7 sen less tax) was paid on 15 January 2004.

As a matter of record, since its listing in 1997, the Company has paid in total a net cash dividend of RM41.4 million to its shareholders.

### CORPORATE PROPOSALS

On 27 February 2004, the Board announced the following corporate proposals:-

- (i) A bonus issue of 1 for 3 ordinary shares of RM1.00 each in the Company;
- (ii) A new proposed Executive Share Option Scheme ("ESOS") upon expiry of the existing share option scheme; and
- (iii) A proposal to purchase the Company's own shares.

Details of the proposals and the scheme where relevant will be contained in a circular to be issued to shareholders soon. An Extraordinary General Meeting will be convened which will coincide with the date of the Annual General Meeting to obtain your approval for the relevant matters. We trust you will give your full support and vote in favour of the proposals.





**Rubberex**

Rubberex Corporation (M) Berhad 9  
(Company No: 372642-U)

## CHAIRMAN'S STATEMENT

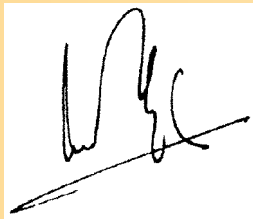
### FUTURE PROSPECTS

Amid increasing signs of improving performance in the global economy, the outlook for 2004 appears encouraging. It is anticipated that growth in the world economy will improve further especially in the Group's major markets in Europe and the United States. In this respect, the Group is well-positioned to benefit from this development as over 98% of its products are catered for the export market. Indeed, in anticipation of growth in the rubber glove market, the Group is embarking on an expansion plan by installing an additional production line by the fourth quarter of this year.

### 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.

Thank you.



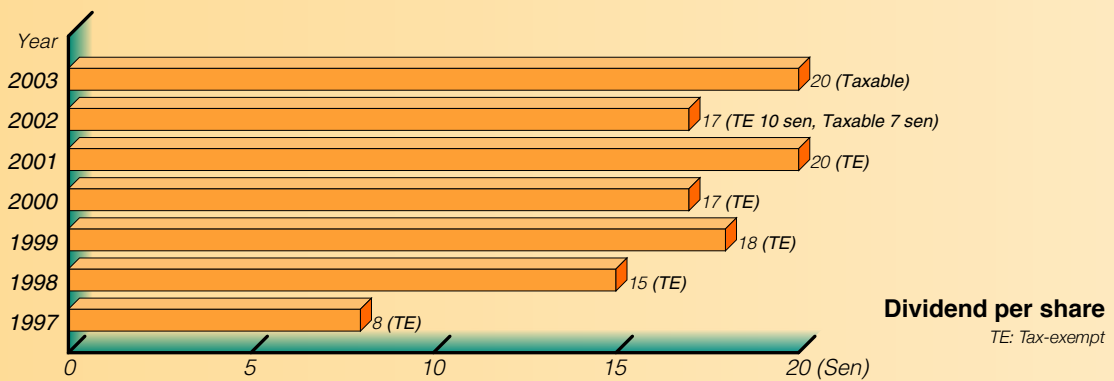
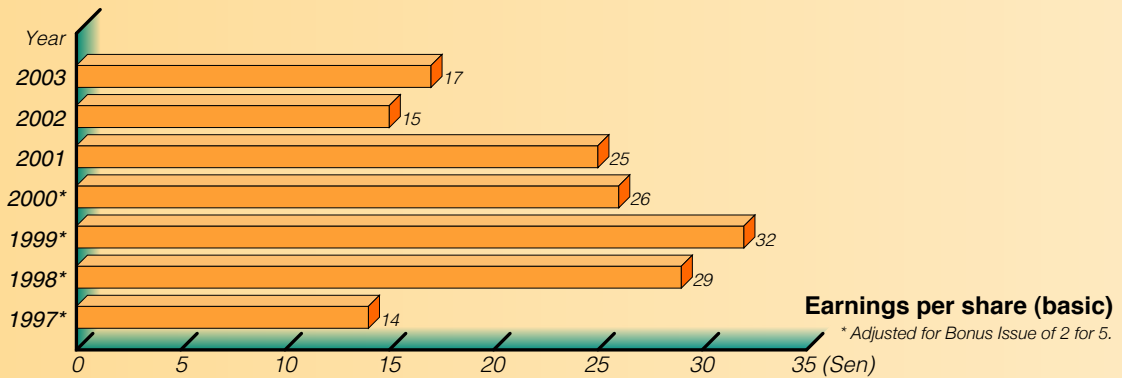
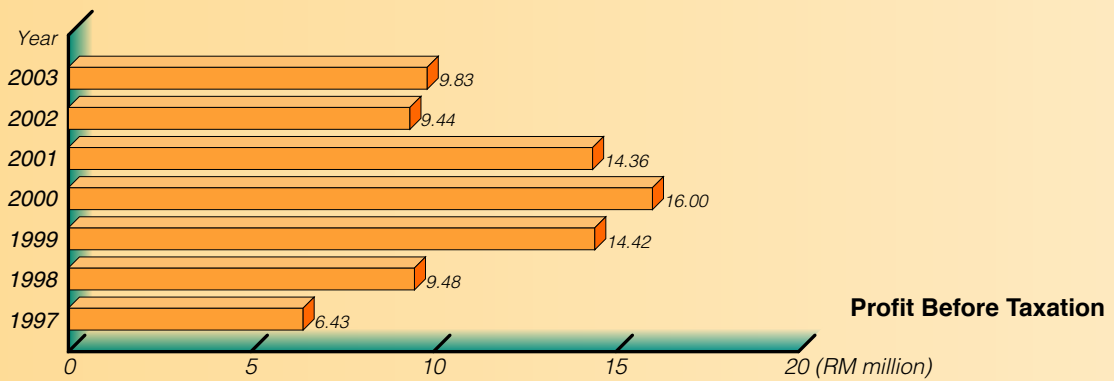
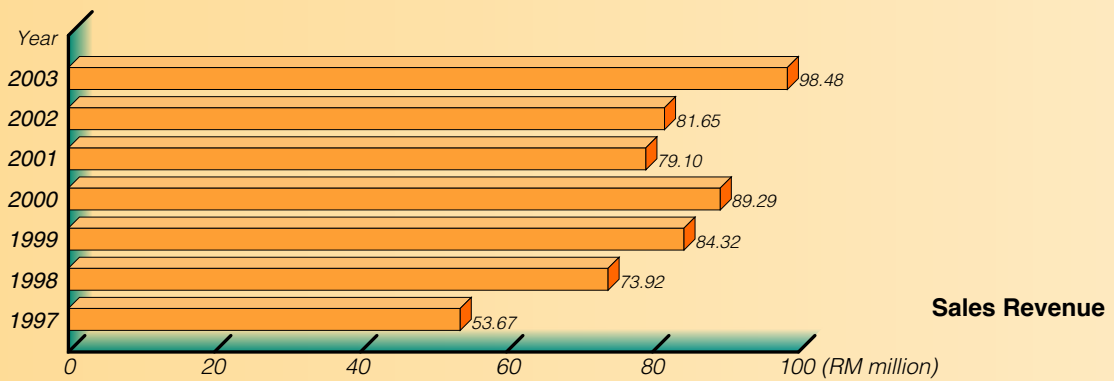
Dato' Mohamed bin Hamzah  
Chairman







## 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)

Ping Kok Koh (Non-Independent Managing 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 Malaysia Securities Exchange Berhad 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

Four audit committee meetings were held during the financial year ended 31 December 2003. The attendance record of each member is as follows:-

Audit committee members:-	Attendance
Dato' Mohamed bin Hamzah	4/4
Ping Kok Koh	4/4
Dr. Nawawi bin Mat Awin	4/4

## 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 six non-executive directors, three of which are independent directors. The Managing Director, Ping Kok Koh has many years of experience in the Group's core businesses. The Group is focused 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 KLSE Training Sdn Bhd.

Four Board Meetings were held during the financial year ended 31 December 2003. The attendance record of each director since the date of appointment is as follows:

Name	Attendance
Dato' Mohamed bin Hamzah	4/4
Dr. Nawawi bin Mat Awin	4/4
Sharifuddin bin Shoib	4/4
Poh Choo Lim	4/4
Yap Jek Nan	3/4
Dato' Abdul Rahim bin Abdul Halim	3/4
Ping Kok Koh	4/4
Voon Chong Kian (alternate to Ping Kok Koh)	4/4



## STATEMENT OF CORPORATE GOVERNANCE

The Board composition in respect of the ratio of independent directors is more than one-third of the Board, in compliance with the Malaysia Securities Exchange Berhad 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.

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 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:

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

## STATEMENT OF CORPORATE GOVERNANCE

### 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 comprises the following directors:

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.

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 the directors of the Company comprising remuneration received or receivable from the Company and subsidiary companies during the financial year ended 31 December 2003 are as follows:-

1. Aggregate remuneration of directors categorised into appropriate components:

	Emoluments (RM)	Fees (RM)	Total (RM)
Executive Directors	267,280	-	267,280
Non-executive Directors	-	98,000	98,000

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

Range of remuneration	Executive	Non-executive
Below RM50,000	-	6
RM50,000 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	-	-





## STATEMENT OF CORPORATE GOVERNANCE

### 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 Malaysia Securities Exchange Berhad, details of the Company's performance for the information of the public and shareholders.

#### Shareholders

Shareholders are kept informed of all material business matters affecting the Company through disclosures to the Malaysia Securities Exchange Berhad and press releases where appropriate. The Annual General Meeting 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 72 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 Malaysia Securities Exchange Berhad 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.



## STATEMENT OF INTERNAL CONTROL

The Board of Directors is responsible for the Group's system of internal control and for reviewing its adequacy and integrity. The Group's system of internal control includes controls of an operational and compliance nature, as well as internal financial controls. The system is designed to identify and manage risks in the pursuit of the Group's business objectives as well as to safeguard shareholders' investments and the Group's assets.

The salient features of the Group's internal control system are:-

1. clearly defined delegation of responsibilities to the Audit Committee, management and operating units;
2. clearly defined authority limits for management;
3. written communication of Company values, expected code of conduct and discipline to which employees have acknowledged at the time of employment;
4. a reporting system where information on financial performance and key business indicators are regularly provided to management;
5. a budgeting process where budgets are prepared by operating units for the coming year and approved at the operating units level;
6. monitoring of results against budget, with major variances being reviewed and management action taken, where necessary;
7. an internal audit function to assess the internal controls and integrity of financial information provided and to monitor compliance with procedures;
8. visits to operating units by Board members and senior management.

There is an on-going process for identifying, assessing and managing the risks faced by the Group and this process has operated during the year under review and up to date of approval of the Annual Report. The Board, with the assistance of the internal audit function, continuously reviews the adequacy and integrity of the Group's system of internal control and management information systems, and compliance with laws, regulations, rules, directives and guidelines. Internal audit reports are tabled in Audit Committee meetings which are held every quarter. Control deficiencies and issues highlighted are addressed or rectified by management. Internal control procedures and security measures are introduced where necessary. There were no control deficiencies noted during the year which had a material impact on the Company's financial performance or operations.

The Board is of the view that the monitoring arrangements in place provide reasonable assurance that the structure of controls and operations is adequate and appropriate to the Company and the Group.

## STATEMENT OF SHAREHOLDINGS AS AT 25 MARCH 2004

Authorised Share Capital	: RM100,000,000
Issued and Paid up Capital	: RM45,207,000
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 25 MARCH 2004 ORDINARY SHARES OF RM1.00 EACH

Size of Shareholdings <i>as at 25 March 2004</i>	No. of Holders	% of Holders	No. of Shares	% of Shares
Less than 100	18	0.60	949	0.00
100 - 1,000	523	17.45	461,885	1.02
1,001 - 10,000	2,212	73.78	6,586,340	14.57
10,001 - 100,000	217	7.24	5,325,112	11.78
100,001 to less than 5% of issued shares	24	0.80	9,021,086	19.96
5% and above of issued shares	4	0.13	23,811,628	52.67
<b>TOTAL</b>	<b>2,998</b>	<b>100.00</b>	<b>45,207,000</b>	<b>100.00</b>

### 30 LARGEST SECURITIES ACCOUNT HOLDERS FOR ORDINARY SHARES *as at 25 March 2004*

	No. of Shares	%
1 Med-Bumikar Mara Sdn Bhd	11,349,150	25.11
2 Duvest Holdings Sdn Bhd	6,881,701	15.22
3 Aun Huat & Brothers Sdn Bhd	3,020,570	6.68
4 Teng Cheng Bon @ Teng Kim Tee	2,560,207	5.66
5 Aun Huat & Brothers Sdn Bhd	1,470,000	3.25
6 Employees Provident Fund Board	898,600	1.99
7 Sharifuddin bin Shoib	811,703	1.80
8 Fantastic Synergy Sdn Bhd	737,500	1.63
9 Kon Choi Ying	687,989	1.52
10 Khoo Thiam Chye	606,935	1.34
11 Ping Kok Koh	564,657	1.25
12 Teng Cheng Bon @ Teng Kim Tee	488,937	1.08
13 Wong Kit Peng	300,000	0.67
14 Ng Tiong Seng Corporation Sdn Bhd	300,000	0.67
15 Woi Yoon Kim	236,000	0.52
16 Sumbang Permai Sdn Bhd	214,600	0.47
17 Mayban Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ping Kok Koh	213,400	0.47
18 Dato' Mohamed bin Hamzah	169,310	0.37
19 Opulent Base Sdn Bhd	162,600	0.36
20 Foo Siew Yoong	147,000	0.33
21 Tok Peck Hong	136,255	0.30
22 Yeo King Kang	135,000	0.30
23 Botly Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Wong Ah Tim @ Ong Ah Tin	133,000	0.29
24 A.A. Assets Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Voon Chong Kian	132,000	0.29
25 P & F Holdings Sdn Bhd	127,000	0.28
26 Poh Cheong Meng & Sons Sdn Bhd	127,000	0.28
27 PRT Capital Pte Ltd	115,000	0.25
28 Mayban Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Kon Choi Ying	106,600	0.24
29 Chew Gaik Teang	99,082	0.22
30 Poh Chee Meng & Sons Holdings Sdn Bhd	98,200	0.22
<b>TOTAL</b>	<b>33,029,996</b>	<b>73.06</b>



## STATEMENT OF SHAREHOLDINGS AS AT 25 MARCH 2004

### SUBSTANTIAL SHAREHOLDERS AS AT 25 MARCH 2004 ORDINARY SHARES OF RM1.00 EACH

	No. of shares Direct	%	No. of shares Indirect	%
Med-Bumikar Mara Sdn Bhd	11,349,150	25.10	-	-
Duvest Holdings Sdn Bhd	6,881,701	15.22	-	-
Teng Cheng Bon @ Teng Kim Tee	3,049,144	6.74	6,881,701	15.22 *
Aun Huat & Brothers Sdn Bhd	4,546,570	10.06	-	-
Ping Kok Koh	564,657	1.25	7,888,690	17.45 \\\
Sharifuddin bin Shoib	831,996	1.84	6,881,701	15.22 *
Poh Chee Meng @ Fook Fatt	-	-	4,644,770	10.27 ^
P & F Holdings Sdn Bhd	127,000	0.28	4,546,570	10.06 ++
Poh Cheong Meng & Sons Sdn Bhd	127,000	0.28	4,546,570	10.06 ++
Poh Yin Hoe & Sons Holding Sdn Bhd	-	-	4,546,570	10.06 ++
Poh Chee Meng & Sons Holdings Sdn Bhd	98,200	0.22	4,546,570	10.06 ++

\* Deemed interest through Duvest Holdings Sdn Bhd

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

++ Held directly by Aun Huat & Brothers Sdn Bhd

^ Held directly by Aun Huat & Brothers Sdn Bhd and Poh Chee Meng & Sons Holdings Sdn Bhd

### DIRECTORS' INTEREST AS AT 25 MARCH 2004 ORDINARY SHARES OF RM1.00 EACH

	No. of shares Direct	%	No. of shares Indirect	%
Dato' Mohamed bin Hamzah	169,310	0.37	-	-
Dr. Nawawi bin Mat Awin	-	-	-	-
Sharifuddin bin Shoib	831,996	1.84	6,881,701	15.22
Poh Choo Lim	-	-	-	-
Yap Jek Nan	-	-	-	-
Dato' Abdul Rahim bin Abdul Halim	-	-	-	-
Ping Kok Koh	564,657	1.25	7,888,690	17.45
Voon Chong Kian (Alternate Director)	204,056	0.45	-	-



## STATEMENT OF SHAREHOLDINGS AS AT 25 MARCH 2004

Total warrants Issued : 12,308,400  
 Class of securities : Warrants [Year 2000/2005]

### DISTRIBUTION OF WARRANT HOLDERS AS AT 25 MARCH 2004

Size of Holdings <i>as at 25 March 2004</i>	No. of Holders	% of Holders	No. of Securities	% of Securities
Less than 100	3	0.23	216	0.00
100 - 1,000	529	40.94	490,834	3.99
1,001 - 10,000	589	45.59	2,497,247	20.29
10,001 - 100,000	159	12.31	4,302,426	34.96
100,001 to less than 5% of issued warrants	10	0.77	1,823,477	14.81
5% and above of issued warrants	2	0.16	3,194,200	25.95
<b>TOTAL</b>	<b>1,292</b>	<b>100.00</b>	<b>12,308,400</b>	<b>100.00</b>

### 32 LARGEST SECURITIES ACCOUNT HOLDERS FOR WARRANTS

*as at 25 March 2004*

	No. of Securities	%
1 Duvest Holdings Sdn Bhd	1,966,200	15.97
2 Aun Huat & Brothers Sdn Bhd	1,228,000	9.98
3 Aun Huat & Brothers Sdn Bhd	430,000	3.49
4 Kon Choi Ying	232,338	1.89
5 Sharifuddin bin Shoib	231,915	1.88
6 Ping Kok Koh	175,692	1.43
7 Teng Cheng Bon @ Teng Kim Tee	172,487	1.40
8 United Overseas Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lee Soon Yeow	131,100	1.07
9 OSK Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Bong Huan Chion	122,000	0.99
10 Yow Meng Hua	120,900	0.98
11 Wong Fay Ling	105,145	0.85
12 Mayban Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Neoh Khek Koun	101,900	0.83
13 Wong Wei Khin	94,000	0.76
14 Looi Seng Chong	87,000	0.71
15 Tham Ah See	82,000	0.67
16 HLG Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Leong Tian	75,000	0.61
17 TA Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lee Soon Yeow	74,000	0.60
18 Wong Kit Peng	70,000	0.57
19 Tam Chun Wah	68,000	0.55
20 Tan Sri Dato' Haji Ahmad Azizuddin bin Haji Zainal Abidin	67,145	0.55
21 Mayban Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Cheong Soon Keat	66,000	0.54
22 Lee Soon Chin	65,000	0.53
23 TA Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lee Soon Yong	63,000	0.51
24 Lee Shon Kong	60,000	0.49
25 Lee Soon Yong	58,000	0.47
26 Tan Poo Lian	53,000	0.43
27 Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ng Nyuk Yong	52,000	0.42
28 Dato' Yap Lim Sen	50,145	0.41
29 Wee Siok Cheng	50,000	0.41
30 TA Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Parmjit Singh a/l Meva Singh	50,000	0.41
31 Chew Seng Kea	50,000	0.41
32 Citicorp Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Loo Kim Har	50,000	0.41
<b>TOTAL</b>	<b>6,301,967</b>	<b>51.22</b>



## FINANCIAL STATEMENTS

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## DIRECTORS' REPORT

for the financial year ended 31 December 2003

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 2003.

### 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>	<b>9,830,521</b>	<b>12,654,254</b>
<b>Income tax expense</b>	<b>(2,239,969)</b>	<b>(3,632,415)</b>
<b>Profit after tax</b>	<b>7,590,552</b>	<b>9,021,839</b>
<b>Minority interest</b>	<b>(257,122)</b>	<b>-</b>
<b>Net profit for the year</b>	<b>7,333,430</b>	<b>9,021,839</b>

In the opinion of the directors, the results of 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 7%, less tax, amounting to RM2,226,077 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 2003:

- (a) A first interim dividend of 10%, less tax, amounting to RM3,198,470 was paid on 15 July 2003; and
- (b) A second interim dividend of 10%, less tax, amounting to RM3,234,557 was paid on 15 January 2004.

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

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the 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 RM44,168,200 to RM44,924,400 by the issue of 756,200 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 RM483,968 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.

## **DIRECTORS' REPORT**

*for the financial year ended 31 December 2003*

### **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 Malaysia Securities Exchange Berhad on 08 February 2001. RM12,500,000 nominal value of the Bonds was redeemed on 06 October 2003 by the Company.

The salient features of the Bonds are as follows:

- (a) the Bonds bear a fixed interest rate of five percent (5%) per annum on the nominal amount of the Bonds and the interest is payable semi-annually on May 28 and November 28 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;
- (b) 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
- (c) 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.

The salient features of the Warrants are as follows:

- (a) the Warrants will be constituted under a Deed Poll to be executed by the Company;
- (b) the Warrants will be immediately detached from the Bonds upon issue and traded separately;
- (c) 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 ordinary share within the exercise period of four and a half (4½) years commencing from the date of issue thereof. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid; and
- (d) 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 RM25,000,000 of the proceeds of the Bonds issue as at 31 December 2003. The said RM25,000,000 was utilised to part refinance the construction of one industrial glove plant and to part finance the construction of another industrial glove plant, auxiliary equipment and to defray expenses and also as working capital.

There were no Warrants exercised during the financial 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 Malaysia Securities Exchange Berhad for the five (5) market days immediately preceding the date of offer or the mean market quotation on the market day immediately preceding the date of offer or at the par value of the shares, whichever is the higher; and
- (e) No option shall be granted for less than 1,000 shares nor more than 279,000 shares to any eligible executive employees.

## DIRECTORS' REPORT

for the financial year ended 31 December 2003

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

Exercisable from	Exercise price per ordinary share RM	Number of ordinary shares of RM1.00 each under options			Balance as at 31.12.2003
		Balance as at 01.01.2003	Exercised	Lapsed	
30.03.1999	1.64	1,722,000	(756,200)	-	965,800
25.07.2000	3.03	196,000	-	-	196,000
		<u>1,918,000</u>	<u>(756,200)</u>	<u>-</u>	<u>1,161,800</u>

## 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 allowance for doubtful debts and have satisfied themselves that all known bad debts have been written off and that adequate allowance has been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

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 allowance 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 2003

### DIRECTORS

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

Dato' Mohamed bin Hamzah  
Ping Kok Koh  
Sharifuddin bin Shoib  
Yap Jek Nan  
Poh Choo Lim  
Dr. Nawawi bin Mat Awin  
Voon Chong Kian (alternate to Ping Kok Koh)  
Dato' Abdul Rahim bin Abdul Halim

In accordance with Article 101 of the Company's Articles of Association, Dato' Mohamed bin Hamzah and Poh Choo Lim retire by rotation 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:

	Number of ordinary shares of RM1.00 each			Balance as at 31.12.2003
	Balance as at 01.01.2003	Bought	Sold	
<b>Shares in the Company</b>				
<b>Registered in the name of directors</b>				
Dato' Mohamed bin Hamzah	169,310	-	-	169,310
Ping Kok Koh	564,657	-	-	564,657
Sharifuddin bin Shoib	831,996	-	-	831,996
Voon Chong Kian (alternate to Ping Kok Koh)	16,056	109,200	-	125,256
<b>Indirect interest</b>				
Ping Kok Koh	7,878,690	10,000	-	7,888,690
Sharifuddin bin Shoib	6,881,701	-	-	6,881,701

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:

	Number of options over ordinary shares of RM1.00 each			Balance as at 31.12.2003
	Balance as at 01.01.2003	Granted	Exercised	
Ping Kok Koh	390,600	-	-	390,600
Voon Chong Kian (alternate to Ping Kok Koh)	78,200	-	(78,200)	-

By virtue of their interests in the Company, Ping Kok Koh and Sharifuddin bin Shoib are also deemed to have an interest 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 amount 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 15 to the Financial Statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for options granted to certain directors pursuant to the Company's ESOS as disclosed above.

**DIRECTORS' REPORT**

*for the financial year ended 31 December 2003*

**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,

**PING KOK KOH****DATO' MOHAMED BIN HAMZAH**

Ipoh, 27 February 2004

## **REPORT OF THE AUDITORS TO THE MEMBERS OF RUBBEREX CORPORATION (M) BERHAD**

We have audited the accompanying balance sheets as at 31 December 2003 and the related statements of income, changes in equity and cash flows 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 2003 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**  
**787/3/05(J/PH)**  
**Partner**

Ipoh, 27 February 2004



**INCOME STATEMENTS**

for the financial year ended 31 December 2003

		Group		Company	
	Note	2003 RM	2002 RM	2003 RM	2002 RM
Revenue	4	<b>98,478,938</b>	81,652,010	<b>13,016,720</b>	8,050,000
Other operating income	7	<b>5,052</b>	3,508	-	-
Changes in inventories of finished goods and work-in-progress		<b>2,641,261</b>	1,723,022	-	-
Purchase of finished goods		<b>(2,279,147)</b>	(27,420)	-	-
Raw materials and consumables used		<b>(50,405,917)</b>	(37,472,474)	-	-
Directors' remuneration	6	<b>(1,152,888)</b>	(1,094,236)	<b>(98,000)</b>	(98,000)
Staff costs		<b>(13,998,399)</b>	(12,830,185)	-	-
Depreciation of property, plant and equipment	11	<b>(9,245,006)</b>	(9,534,941)	-	-
Other operating expenses	7	<b>(13,430,694)</b>	(11,766,959)	<b>(181,149)</b>	(200,201)
Profit from operations		<b>10,613,200</b>	10,652,325	<b>12,737,571</b>	7,751,799
Interest on fixed deposits		<b>202,029</b>	14,366	<b>5,653</b>	14,366
Finance costs	8	<b>(984,708)</b>	(1,223,842)	<b>(88,970)</b>	(104,537)
<b>Profit before tax</b>		<b>9,830,521</b>	9,442,849	<b>12,654,254</b>	7,661,628
Income tax (expense)/credit	9	<b>(2,239,969)</b>	(2,982,087)	<b>(3,632,415)</b>	9,163
<b>Profit after tax</b>		<b>7,590,552</b>	6,460,762	<b>9,021,839</b>	7,670,791
Minority interest		<b>(257,122)</b>	216,751	-	-
<b>Net profit for the year</b>		<b>7,333,430</b>	6,677,513	<b>9,021,839</b>	7,670,791

**Earnings per ordinary share:**

Basic (sen)	10	<b>16.52</b>	15.23
Fully diluted (sen)	10	<b>16.47</b>	15.10

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

**BALANCE SHEETS**  
as at 31 December 2003

		Group		Company	
	Note	2003 RM	2002 RM	2003 RM	2002 RM
<b>ASSETS</b>					
<b>Property, plant and equipment</b>	11	<b>54,184,572</b>	61,518,954	-	-
<b>Investments in subsidiary companies</b>	12	-	-	<b>22,553,102</b>	22,553,102
<b>Current Assets</b>					
Inventories	13	<b>22,321,351</b>	20,072,799	-	-
Trade receivables	14	<b>18,302,685</b>	15,783,222	-	-
Amount owing by subsidiary companies	15	-	-	<b>43,398,734</b>	47,102,053
Other receivables, deposits and prepayments	14	<b>502,879</b>	789,227	<b>1,000</b>	1,000
Tax recoverable		<b>104,241</b>	779,793	<b>104,241</b>	39,386
Fixed deposits, cash and bank balances	16	<b>5,266,146</b>	8,801,647	<b>1,663,901</b>	5,748,083
		<b>46,497,302</b>	46,226,688	<b>45,167,876</b>	52,890,522
<b>Current Liabilities</b>					
Trade payables	17	<b>6,914,803</b>	4,126,321	-	-
Other payables and accruals	17	<b>3,797,635</b>	3,619,638	<b>269,630</b>	329,736
Bank overdrafts	18	<b>226,173</b>	332,953	-	-
Tax liabilities		<b>101,709</b>	573,000	-	-
Dividend payable		<b>3,234,557</b>	2,226,077	<b>3,234,557</b>	2,226,077
		<b>14,274,877</b>	10,877,989	<b>3,504,187</b>	2,555,813
<b>Net Current Assets</b>		<b>32,222,425</b>	35,348,699	<b>41,663,689</b>	50,334,709
<b>Long-term and Deferred Liabilities</b>					
Deferred tax liabilities	19	<b>3,235,802</b>	3,594,151	-	-
Bonds	20	<b>12,500,000</b>	25,000,000	<b>12,500,000</b>	25,000,000
		<b>(15,735,802)</b>	(28,594,151)	<b>(12,500,000)</b>	(25,000,000)
<b>Minority interest</b>		<b>(881,092)</b>	(623,970)	-	-
<b>Net Assets</b>		<b>69,790,103</b>	67,649,532	<b>51,716,791</b>	47,887,811
<b>Represented by:</b>					
Issued capital	21	<b>44,924,400</b>	44,168,200	<b>44,924,400</b>	44,168,200
Reserves	22	<b>24,865,703</b>	23,481,332	<b>6,792,391</b>	3,719,611
<b>Shareholders' Equity</b>		<b>69,790,103</b>	67,649,532	<b>51,716,791</b>	47,887,811

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

## STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2003

Group	Note(s)	Non-distributable Reserves			Distributable Reserve	Total Shareholders' Equity RM
		Issued Capital RM	Reserve on Consolidation RM	Share Premium RM	Unappropriated Profit RM	
<b>Balance as at 01 January 2002</b>						
As previously stated		43,434,800	3,721,757	1,199,856	18,316,022	66,672,435
Prior year adjustment	25	-	(341,579)	-	67,224	(274,355)
Restated balance		43,434,800	3,380,178	1,199,856	18,383,246	66,398,080
Net profit for the year						
As previously stated		-	-	-	6,666,309	6,666,309
Prior year adjustment	25	-	-	-	11,204	11,204
Restated balance		-	-	-	6,677,513	6,677,513
Exercise of options under ESOS	21 & 22	733,400	-	469,376	-	1,202,776
Dividends	23	-	-	-	(6,628,837)	(6,628,837)
<b>Balance as at 31 December 2002</b>						
As previously stated		44,168,200	3,721,757	1,669,232	18,353,494	67,912,683
Prior year adjustment	25	-	(341,579)	-	78,428	(263,151)
Restated balance		44,168,200	3,380,178	1,669,232	18,431,922	67,649,532
Net profit for the year						
As previously stated		-	-	-	7,333,430	7,333,430
Exercise of options under ESOS	21 & 22	756,200	-	483,968	-	1,240,168
Dividends	23	-	-	-	(6,433,027)	(6,433,027)
Restated balance		-	-	-	7,333,430	7,333,430
<b>Balance as at 31 December 2003</b>						
		44,924,400	3,380,178	2,153,200	19,332,325	69,790,103
<b>Company</b>						
<b>Balance as at 01 January 2002</b>						
As previously stated		43,434,800	-	1,199,856	1,008,425	45,643,081
Net profit for the year		-	-	-	7,670,791	7,670,791
Exercise of options under ESOS	21 & 22	733,400	-	469,376	-	1,202,776
Dividends	23	-	-	-	(6,628,837)	(6,628,837)
Restated balance		44,168,200	-	1,669,232	2,050,379	47,887,811
Net profit for the year						
As previously stated		-	-	-	9,021,839	9,021,839
Exercise of options under ESOS	21 & 22	756,200	-	483,968	-	1,240,168
Dividends	23	-	-	-	(6,433,027)	(6,433,027)
Restated balance		-	-	-	9,021,839	9,021,839
<b>Balance as at 31 December 2003</b>						
		44,924,400	-	2,153,200	4,639,191	51,716,791

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

**CASH FLOW STATEMENT**

for the financial year ended 31 December 2003

Group	Note	2003 RM	2002 RM
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>			
Profit before tax		9,830,521	9,442,849
Adjustments for:			
Depreciation of property, plant and equipment		9,245,006	9,534,941
Finance costs		984,708	1,223,842
Allowance for doubtful debts		47,084	-
Interest income		(202,029)	(14,366)
Gain on disposal of property, plant and equipment		(5,052)	(3,508)
		<hr/>	<hr/>
Operating Profit Before Working Capital Changes		19,900,238	20,183,758
Decrease/(Increase) in:			
Inventories		(2,248,552)	(499,684)
Trade receivables		(2,566,547)	(337,804)
Other receivables, deposits and prepayments		286,342	(21,102)
Increase/(Decrease) in:			
Trade payables		2,788,482	(13,983)
Other payables and accruals		235,078	(717,927)
		<hr/>	<hr/>
Cash From Operations		18,395,041	18,593,258
Income tax paid		(2,394,051)	(5,465,174)
		<hr/>	<hr/>
Net Cash From Operating Activities		16,000,990	13,128,084
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>			
Interest on fixed deposits received		320,154	179,825
Proceeds from disposal of property, plant and equipment		25,052	51,353
Purchase of property, plant and equipment		(1,930,624)	(3,933,545)
		<hr/>	<hr/>
Net Cash Used In Investing Activities		(1,585,418)	(3,702,367)
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>			
Proceeds from issuance of shares		1,240,168	1,202,776
Repayment of bonds		(12,500,000)	-
Dividends paid		(5,421,728)	(8,735,165)
Finance costs paid		(1,162,733)	(1,389,297)
		<hr/>	<hr/>
Net Cash Used In Financing Activities		(17,844,293)	(8,921,686)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>			
		(3,428,721)	504,031
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>			
		8,468,694	7,964,663
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>			
	26	<hr/> <b>5,039,973</b>	<hr/> <b>8,468,694</b>

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

**CASH FLOW STATEMENT**

for the financial year ended 31 December 2003

Company	Note	2003 RM	2002 RM
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>			
Profit before tax		12,654,254	7,661,628
Adjustments for:			
Finance cost		88,970	104,537
Interest income		(5,653)	(14,366)
Dividend income		(13,016,720)	(8,050,000)
Operating Loss Before Working Capital Changes		(279,149)	(298,201)
Decrease in other receivables, deposits and prepayments		-	42,133
Increase/(Decrease) in other payables and accruals		(3,025)	59,082
Cash Used In Operations		(282,174)	(196,986)
Dividends received from subsidiary companies		9,372,038	4,600,000
Income tax paid		(52,588)	(46,877)
Net Cash From Operating Activities		9,037,276	4,356,137
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>			
Repayment from subsidiary companies		29,076,688	23,957,778
Interest on advances to subsidiary company received		892,252	980,004
Interest on fixed deposits received		123,778	179,825
Advances granted to subsidiary companies		(25,373,369)	(24,667,241)
Net Cash From Investing Activities		4,719,349	450,366
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>			
Proceeds from issuance of shares		1,240,168	1,202,776
Repayment of bonds		(12,500,000)	-
Dividends paid		(5,421,728)	(8,735,165)
Interest on bonds paid		(1,159,247)	(1,249,996)
Net Cash Used In Financing Activities		(17,840,807)	(8,782,385)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		(4,084,182)	(3,975,882)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		5,748,083	9,723,965
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	26	1,663,901	5,748,083

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

## **NOTES TO THE FINANCIAL STATEMENTS**

for the financial year ended 31 December 2003

### **I. GENERAL INFORMATION**

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

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 total number of employees of the Group at year end was 934 (2002: 812). 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 5, Persiaran Greentown 8, Greentown Business Centre, 30450 Ipoh, Perak Darul Ridzuan.

The principal place of business of the Company is located at Lot 138201, Off ¾ 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 approved by the Board of Directors for issuance on 27 February 2004.

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 (MASB).

### **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.

#### **Income Recognition**

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

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

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.

#### **Deferred Taxation**

In the previous financial year, provision for deferred taxation is made using the "liability" method and the focus was on the income statement. In principle, provision is made in respect of timing differences between depreciation and tax capital allowances except to the extent that it can be demonstrated with reasonable probability that the timing differences will continue in the foreseeable future. Timing differences giving rise to deferred tax asset are not recognised unless there is reasonable expectation of realisation.

During the financial year, the Group and the Company adopted MASB 25, Income Taxes where provision is made using the "liability" method and the focus is on the balance sheet. This change in accounting policy has been applied retrospectively, and the effects on prior financial years have been taken up as prior year adjustment in the financial statements, as disclosed in Note 25.

Upon adoption of MASB 25, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or negative goodwill, or from the initial recognition of other assets and liabilities in a transaction, other than in a business combination, that affects neither the tax profit nor the accounting profit.

## NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2003

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statements, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle their current tax assets and liabilities on a net basis.

### Property, Plant and Equipment

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

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements.

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. The impairment loss is charged to the income statements.

Freehold land and capital work-in-progress are not depreciated. Long-term leasehold land is amortised evenly over the remaining period of the lease of 54 years. All other property, plant and equipment are depreciated on the 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 2003.

A subsidiary 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 the acquisition method of accounting. On acquisition, the assets and liabilities of the relevant subsidiary companies are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

All significant intercompany transactions and balances are eliminated on consolidation.

Reserve on consolidation represents the excess of the share of the fair values of the identifiable net assets of subsidiary companies over the purchase consideration as at the date of acquisition.

### 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 impairment in the value of the assets, the carrying amount of the investments 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, packing materials, parts 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.

### Receivables

Trade and other receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

## NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2003

### Employee Benefits

#### Short-term employee benefits

All short-term employee benefits, including accumulated compensated absences, are recognised in the income statements in the period in which the employees render their services to the Group and to the Company.

#### Employee equity compensation benefits

The Company has an Executive Share Option Scheme whereby options to subscribe for ordinary shares in the Company were granted to eligible executive employees, including executive directors of the Company and its subsidiary companies. No compensation cost is recognised upon granting or the exercise of the options. When the options are exercised, the proceeds received net of any transaction costs are credited to share capital and share premium accordingly.

### 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	
	2003 RM	2002 RM	2003 RM	2002 RM
Sales of household and industrial rubber gloves	98,478,938	81,652,010	-	-
Dividends (gross) received from subsidiary companies	-	-	13,016,720	8,050,000
	<u>98,478,938</u>	<u>81,652,010</u>	<u>13,016,720</u>	<u>8,050,000</u>

## 5. SEGMENTAL INFORMATION

Segmental information is presented in respect of the Group's business and geographical segments. The primary format, geographical segments by location of customers, is based on the Group's management and internal reporting structure.

### Geographical segments by location of customers

Group 2003	Europe RM	North and South America RM	Rest of the World RM	Total RM
Revenue	<u>51,650,313</u>	<u>24,625,111</u>	<u>22,203,514</u>	<u>98,478,938</u>
Results				
Segment results	10,093,595	4,433,728	3,477,915	18,005,238
Unallocated expenses				<u>(7,392,038)</u>
Profit from operations				10,613,200
Interest on fixed deposits				202,029
Finance costs				<u>(984,708)</u>
Profit before tax				9,830,521
Income tax expense				<u>(2,239,969)</u>
Profit after tax				<u>7,590,552</u>



## NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2003

Group 2002	Europe RM	North and South America RM	Rest of the World RM	Total RM
<b>Revenue</b>	36,208,803	27,408,194	18,035,013	81,652,010
<b>Results</b>				
Segment results	7,860,264	4,985,144	3,984,120	16,829,528
Unallocated expenses				(6,177,203)
Profit from operations				10,652,325
Interest on fixed deposits				14,366
Finance costs				(1,223,842)
Profit before tax				9,442,849
Income tax expense				(2,982,087)
Profit after tax				6,460,762

No disclosure is made for segment assets, liabilities, capital additions and depreciation and amortisation as the segments share significant common distribution network and resources and the directors are of the opinion that it is not meaningful and practical to allocate the above to the individual segments.

The Group operates predominantly in Malaysia and accordingly, the segment assets and capital additions are located in Malaysia.

### Business segments

Information on the Group's operations by business segments has not been disclosed as the Group is principally involved in manufacturing and sales of household and industrial rubber gloves.

## 6. DIRECTORS' REMUNERATION

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Executive directors:				
Other emoluments	1,054,888	996,236	-	-
Non-executive directors:				
Fees	98,000	98,000	98,000	98,000
	1,152,888	1,094,236	98,000	98,000

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 (2002: RM3,000).

## 7. OTHER OPERATING INCOME/(EXPENSES)

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

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Gain on disposal of property, plant and equipment	5,052	3,508	-	-
Rental of warehouses and premises	(97,903)	(74,262)	-	-
Allowance for doubtful debts	(47,084)	-	-	-
Auditors' Remuneration:				
Statutory	(65,750)	(65,750)	(11,500)	(11,500)
Others	(3,800)	(3,600)	(2,000)	-

**NOTES TO THE FINANCIAL STATEMENTS**  
for the financial year ended 31 December 2003

**8. FINANCE COSTS**

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Interest on:				
Bonds	981,222	1,084,541	88,970	104,537
Bank overdrafts	3,486	139,301	-	-
	<b>984,708</b>	<b>1,223,842</b>	<b>88,970</b>	<b>104,537</b>

**9. INCOME TAX (EXPENSE)/CREDIT**

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Income tax:				
Current year	(2,561,440)	(2,681,500)	(3,635,000)	(3,500)
Prior years	(36,878)	29,209	2,585	12,663
	<b>(2,598,318)</b>	<b>(2,652,291)</b>	<b>(3,632,415)</b>	<b>9,163</b>
Deferred tax (Note 19):				
Originating and reversal of temporary differences	347,145	(341,000)	-	-
Crystallisation of deferred tax liability on revaluation surplus of freehold land and factory buildings of certain subsidiaries	11,204	11,204	-	-
	<b>358,349</b>	<b>(329,796)</b>	<b>-</b>	<b>-</b>
	<b>(2,239,969)</b>	<b>(2,982,087)</b>	<b>(3,632,415)</b>	<b>9,163</b>

A numerical reconciliation between income tax expense and accounting profit multiplied by the applicable tax rates in 2003 and 2002 are as follows:

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Accounting profit	9,830,521	9,442,849	12,654,254	7,661,628
Income tax calculated at applicable tax rates of:				
20%	(20,000)	-	-	-
28%	(2,725,000)	(2,644,000)	(3,543,000)	(2,145,000)
Tax effects of:				
Income that are non-taxable for tax purposes	-	-	-	2,254,000
Expenses that are non-deductible for tax purposes	(199,000)	(210,000)	(92,000)	(112,500)
Expenses subject to double deduction	86,000	72,500	-	-
Temporary differences between tax capital allowances and book depreciation of property, plant and equipment	437,705	(525,000)	-	-
Utilisation of reinvestment allowances	206,000	284,000	-	-
Crystallisation of deferred tax liability on revaluation surplus of freehold land and factory buildings	11,204	11,204	-	-
Income tax – prior years	(36,878)	29,209	2,585	12,663
Income tax (expense)/credit	<b>(2,239,969)</b>	<b>(2,982,087)</b>	<b>(3,632,415)</b>	<b>9,163</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2003

### 10. EARNINGS PER ORDINARY SHARE

Basic	Group	
	2003 RM	2002 RM
Net profit attributable to ordinary shareholders	<b>7,333,430</b>	6,677,513
	2003 Shares	2002 Shares
Number of ordinary shares in issue as at 01 January	<b>44,168,200</b>	43,434,800
Effect of the exercise of ESOS	<b>229,650</b>	417,417
Weighted average number of ordinary shares in issue	<b>44,397,850</b>	43,852,217
	2003	2002
Basic earnings per ordinary share (sen)	<b>16.52</b>	15.23
	Group	
	2003 RM	2002 RM
Net profit attributable to ordinary shareholders	<b>7,333,430</b>	6,677,513
	2003 Shares	2002 Shares
Weighted average number of ordinary shares in issue	<b>44,397,850</b>	43,852,217
ESOS:		
No. of unissued shares	<b>1,161,800</b>	1,918,000
No. of shares that would have been issued at fair value	<b>(1,020,954)</b>	(1,534,427)
Adjusted weighted average number of ordinary shares for calculating fully diluted earnings per ordinary share	<b>44,538,696</b>	44,235,790
	2003	2002
Fully diluted earnings per ordinary share (sen)	<b>16.47</b>	15.10

### 11. PROPERTY, PLANT AND EQUIPMENT

Group	At beginning of year RM	Cost		At end of year RM
		Additions RM	Disposals RM	
Freehold land	3,519,496	-	-	3,519,496
Long-term leasehold land	1,474,383	-	-	1,474,383
Factory buildings	15,092,008	13,700	-	15,105,708
Plant and machinery	88,633,212	1,796,588	(20,036)	90,409,764
Factory and office equipment, furniture and fittings	3,897,008	120,336	(6,279)	4,011,065
Motor vehicles	403,873	-	-	403,873
Capital work-in-progress	18,259	-	-	18,259
Total	<b>113,038,239</b>	<b>1,930,624</b>	<b>(26,315)</b>	<b>114,942,548</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
for the financial year ended 31 December 2003

Group	At beginning of year RM	Accumulated depreciation		At end of year RM	Net book value	
		Charge for the year RM	Disposals RM		2003 RM	2002 RM
Freehold land	-	-	-	-	<b>3,519,496</b>	3,519,496
Long-term leasehold land	54,600	27,300	-	81,900	<b>1,392,483</b>	1,419,783
Factory buildings	3,289,702	754,772	-	4,044,474	<b>11,061,234</b>	11,802,306
Plant and machinery	44,468,381	8,229,596	(2,895)	52,695,082	<b>37,714,682</b>	44,164,831
Factory and office equipment, furniture and fittings	3,453,496	179,458	(3,420)	3,629,534	<b>381,531</b>	443,512
Motor vehicles	253,106	53,880	-	306,986	<b>96,887</b>	150,767
Capital work-in-progress	-	-	-	-	<b>18,259</b>	18,259
<b>Total</b>	<b>51,519,285</b>	<b>9,245,006</b>	<b>(6,315)</b>	<b>60,757,976</b>	<b>54,184,572</b>	<b>61,518,954</b>

Long-term leasehold land and factory buildings of a subsidiary company with carrying amounts of RM1,392,483 (2002: RM1,419,783) and RM5,445,075 (2002: RM5,746,401) respectively are pledged to a licensed bank as security for credit facilities granted to the subsidiary as mentioned in Note 18.

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

	Group	
	2003 RM	2002 RM
At cost:		
Plant and machinery	<b>24,266,931</b>	12,609,986
Factory and office equipment, furniture and fittings	<b>2,772,318</b>	2,273,641
Motor vehicles	<b>134,495</b>	134,495
	<b>27,173,744</b>	15,018,122

**12. INVESTMENTS IN SUBSIDIARY COMPANIES**

	Company	
	2003 RM	2002 RM
Unquoted shares, at cost	<b>22,553,102</b>	22,553,102

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

Name of Company	Effective Equity Interest		Principal Activities
	2003 %	2002 %	
Rubberex (M) Sdn. Berhad	<b>100</b>	100	Manufacturing and sales of household and industrial rubber gloves.
Filrex (Malaysia) Sdn. Bhd.	<b>100</b>	100	Manufacturing and sales of industrial rubber gloves.
Diamond Grip (M) Sdn. Bhd.	<b>80</b>	80	Manufacturing and sales of industrial rubber gloves.

**NOTES TO THE FINANCIAL STATEMENTS**  
for the financial year ended 31 December 2003

**13. INVENTORIES**

	Group	
	2003 RM	2002 RM
At cost:		
Finished goods	14,183,517	7,337,153
Raw materials	6,357,676	6,071,116
Packing materials	1,190,949	1,908,297
Work-in-progress	513,516	205,748
Parts and consumables	75,693	37,614
At net realisable value:		
Finished goods	-	4,512,871
	<b>22,321,351</b>	<b>20,072,799</b>

**14. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

Trade receivables comprise amounts receivable for the sale of goods. Other receivables comprise mainly expenses paid on behalf of and advances granted to employees and payment in advance to suppliers.

	Group	
	2003 RM	2002 RM
Trade receivables	18,349,769	15,783,222
Less: Allowance for doubtful debts	(47,084)	-
Net	<b>18,302,685</b>	<b>15,783,222</b>

The currency exposure profile of trade receivables is mainly in United States Dollars and Euro.

Other receivables, deposits and prepayments consist of:

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Other receivables	410,034	618,817	-	-
Refundable deposits	74,020	74,200	-	-
Prepayments	18,825	96,210	1,000	1,000
	<b>502,879</b>	<b>789,227</b>	<b>1,000</b>	<b>1,000</b>

The credit period granted for sale of goods ranged from 30 to 180 days (2002: 30 to 180 days).

**15. 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 except for certain advances granted to a subsidiary company which bear interest rate of 5% (2002: 5%) per annum.

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

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
<b>Subsidiary companies</b>				
Advances granted	-	-	21,559,737	24,667,241
Dividend income	-	-	13,016,720	8,050,000
Interest on advances received	-	-	892,252	980,004

The transactions with subsidiary companies are aggregated as these transactions are similar in nature and also no single transaction is significant enough to be disclosed separately in the financial statements.

The directors of the Group and of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

**NOTES TO THE FINANCIAL STATEMENTS**

for the financial year ended 31 December 2003

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

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Fixed deposits with licensed banks	4,000,000	7,400,000	1,500,000	5,400,000
Cash and bank balances	1,266,146	1,401,647	163,901	348,083
	<b>5,266,146</b>	<b>8,801,647</b>	<b>1,663,901</b>	<b>5,748,083</b>

The effective interest rates of fixed deposits with licensed banks ranged from 2.75% to 3.20% (2002: 2.75% to 3.20%) per annum.

Deposits of the Group and of the Company have an average maturity of 30 days (2002: 30 days).

**17. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS**

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The credit period granted to the Group for trade purchases ranged from 30 to 60 days (2002: 30 to 60 days).

Other payables and accruals consist of:

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Other payables for consumables, utilities, services, maintenance of property, plant and equipment and advances received	2,788,459	2,588,348	114,410	114,616
Accruals for directors' fees, salaries and related expenses	951,956	914,170	98,000	98,000
Accruals for bonds interest	57,220	117,120	57,220	117,120
	<b>3,797,635</b>	<b>3,619,638</b>	<b>269,630</b>	<b>329,736</b>

The amounts owing to other payables are unsecured and interest-free.

The currency exposure profile of trade and other payables is mainly in United States Dollars.

**18. BANK OVERDRAFTS**

	Group	
	2003 RM	2002 RM
Bank overdrafts:		
Secured	-	283,539
Unsecured	226,173	49,414
	<b>226,173</b>	<b>332,953</b>

The bank overdraft facility of a subsidiary company amounting to RM2,500,000 (2002: 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 bank overdraft facilities of RM9,400,000 (2002: RM9,400,000) granted to other subsidiary companies are unsecured.

The bank overdrafts of the Group bear interest rates ranging from 0.50% to 0.80% (2002: 0.50% to 0.80%) per annum above the base lending rates of the lending banks.

**NOTES TO THE FINANCIAL STATEMENTS**

for the financial year ended 31 December 2003

**19. DEFERRED TAX (LIABILITIES)/ASSETS**

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority. The following amount determined after appropriate offsetting, is shown in the balance sheet:

	Group	
	2003 RM	2002 RM
Deferred tax assets	3,000,000	-
Deferred tax liabilities	(6,235,802)	(3,594,151)
	(3,235,802)	(3,594,151)

The movement of net deferred tax liabilities during the financial year (after offsetting) are as follows:

	Group	
	2003 RM	2002 RM
At beginning of year:		
As previously reported	(3,331,000)	(2,990,000)
Effect of adopting MASB 25	(263,151)	(274,355)
	(3,594,151)	(3,264,355)
Restated balance (Note 25)	358,349	(329,796)
Transfer to/(from) income statements (Note 9)		
	(3,235,802)	(3,594,151)

**Represented by:**

Tax effect of temporary differences between tax capital allowances and book depreciation of property, plant and equipment	(5,983,855)	(3,331,000)
Tax effect of revaluation surplus on freehold land and factory buildings	(251,947)	(263,151)
Tax effect of unabsorbed tax capital allowances	3,000,000	-
	(3,235,802)	(3,594,151)

As at 31 December 2003, 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	
	2003 RM	2002 RM
Tax effects of:		
Temporary differences between tax capital allowances and book depreciation of property, plant and equipment	-	(2,882,000)
Unabsorbed tax capital allowances	171,000	3,445,000
Unutilised tax losses	50,000	50,000
	221,000	613,000

The unabsorbed tax capital allowances and unutilised tax losses are subject to agreement by the tax authorities.

**20. BONDS**

The RM25,000,000 5% Redeemable Unsecured Bonds 2000/2005 was issued with 12,308,400 detachable Warrants on a "bought deal" basis at 100% nominal value. The Warrants were listed on the Malaysia Securities Exchange Berhad on 08 February 2001. RM12,500,000 nominal value of the Bonds was redeemed on 06 October 2003 by the Company.

	Group and Company	
	2003 RM	2002 RM
At beginning of year	25,000,000	25,000,000
Redemption during the year	(12,500,000)	-
	12,500,000	25,000,000

**NOTES TO THE FINANCIAL STATEMENTS**  
for the financial year ended 31 December 2003

**21. SHARE CAPITAL**

	Group and Company			
	2003 Number of shares	2002 Number of shares	2003 RM	2002 RM
<b>Authorised:</b>				
Ordinary shares of RM1.00 each	<b>100,000,000</b>	100,000,000	<b>100,000,000</b>	100,000,000
<b>Issued and fully paid:</b>				
Ordinary shares of RM1.00 each:				
At beginning of year	<b>44,168,200</b>	43,434,800	<b>44,168,200</b>	43,434,800
Exercise of options under ESOS	<b>756,200</b>	733,400	<b>756,200</b>	733,400
At end of year	<b>44,924,400</b>	44,168,200	<b>44,924,400</b>	44,168,200

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM44,168,200 to RM44,924,400 by the issue of 756,200 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 RM483,968 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 exercised and lapsed during the financial year are as follows:

Exercisable from	Exercise price per ordinary share RM	Number of ordinary shares of RM1.00 each under options			
		Balance as at 01.01.2003	Exercised	Lapsed	Balance as at 31.12.2003
30.03.1999	1.64	1,722,000	(756,200)	-	965,800
25.07.2000	3.03	196,000	-	-	196,000
		<b>1,918,000</b>	<b>(756,200)</b>	<b>-</b>	<b>1,161,800</b>

Details of share options exercised during the financial year are as follows:

Expiry date	<b>29 March 2004</b>
Exercise price per share (RM)	<b>1.64</b>
Aggregate issue proceeds (RM)	<b>1,240,168</b>

**22. RESERVES**

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Non-distributable reserves:				
Reserve on consolidation	<b>3,380,178</b>	3,380,178	-	-
Share premium	<b>2,153,200</b>	1,669,232	<b>2,153,200</b>	1,669,232
	<b>5,533,378</b>	5,049,410	<b>2,153,200</b>	1,669,232
Distributable reserve:				
Unappropriated profit	<b>19,332,325</b>	18,431,922	<b>4,639,191</b>	2,050,379
	<b>24,865,703</b>	23,481,332	<b>6,792,391</b>	3,719,611

**Reserve on consolidation**

**The Group**

Reserve on consolidation represents the excess of the fair values of the identifiable net assets of the subsidiary companies over the purchase consideration as at the date of acquisition.



**NOTES TO THE FINANCIAL STATEMENTS**  
for the financial year ended 31 December 2003

**Share premium**

Share premium arose from the following:

	<b>Group and Company</b>	
	<b>2003</b>	<b>2002</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>	227,456
Exercise of share options of 733,400 ordinary shares of RM1.00 each issued at a premium of RM0.64 per ordinary share in 2002	<b>469,376</b>	469,376
Exercise of share options of 756,200 ordinary shares of RM1.00 each issued at a premium of RM0.64 per ordinary share in 2003	<b>483,968</b>	-
	<b>2,153,200</b>	1,669,232

**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 accounts balances, the unappropriated profit of the Company as at 31 December 2003 is available for distribution in full by way of cash dividends without additional tax liabilities being incurred. Dividends declared and proposed out of the aforesaid tax-exempt accounts will be tax exempted in the hands of the shareholders.

**23. DIVIDENDS**

	<b>Group and Company</b>	
	<b>2003</b>	<b>2002</b>
	<b>RM</b>	<b>RM</b>
First interim dividend - 10%, less tax for 2003; 10%, tax-exempt for 2002	<b>3,198,470</b>	4,402,760
Second interim dividend - 10%, less tax for 2003; 7%, less tax for 2002	<b>3,234,557</b>	2,226,077
	<b>6,433,027</b>	6,628,837

A first interim dividend of 10%, less tax, amounting to RM3,198,470 was paid on 15 July 2003 in respect of the current financial year.

A second interim dividend of 10%, less tax, amounting to RM3,234,557 was paid on 15 January 2004 in respect of the current financial year.

Net dividend per share during the year is 14 sen (2002: 15 sen).

**24. FINANCIAL INSTRUMENTS**

**Financial Risk Management Objectives and Policies**

The operations of the Group is subject to a variety of financial risks, including foreign currency exchange risk, interest rate risk, market risk, credit risk, liquidity risk and cash flow risk. The Group has formulated a financial risk management framework whose principal objective is to minimise the Group's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group.

Various risk management policies are made and approved by the Board for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments.

**Foreign currency exchange risk**

The Group is exposed to currency risk as a result of the foreign currency transactions entered into by the subsidiary companies in currencies other than their functional currency.

The Group enters into forward foreign currency exchange contracts in the normal course of business to manage its exposure against foreign currency fluctuations on sales transactions denominated in foreign currencies.

## NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2003

### **Interest rate risk**

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and deposits, and is managed through the use of fixed and floating rate debt and derivative financial instruments. Derivative financial instruments are used, where appropriate, to generate the desired interest rate profile.

### **Market risk**

The Group has in place policies to manage the Group's exposure to fluctuations in the prices of the key raw materials and commodities used in the operations.

### **Credit risk**

Credit risk arises when derivative instruments are used or sales are made on deferred credit terms. The Group seeks to invest cash assets safely and profitably. It also seeks to control credit risk by setting sales limits and ensuring that sale of products are made to customers with an appropriate credit history. Credit risk from foreign customers is further mitigated as all overseas sales except for those sales where payments are on letter of credit term, are covered under export credit insurance.

### **Liquidity risk**

The Group practices prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

### **Cash flow risk**

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

### **Financial Assets**

The Group's principal financial assets are fixed deposits, cash and bank balances and trade and other receivables.

The accounting policies applicable to the major financial assets are as disclosed in Note 3.

### **Financial Liabilities**

The Group's principal financial liabilities are trade and other payables and bank overdrafts.

Bank overdrafts are recorded at proceeds received net of direct issue costs. Finance charges are accounted for on accrual basis.

### **Off Balance Sheet Derivative Financial Instruments**

The Group enters into various financial derivative transactions to control and manage financial risks arising from its operations. The use of derivative instruments is to manage its exposure to fluctuations in foreign currency exchange rates. These instruments are not recognised in the financial statements on inception.

### **Forward Foreign Currency Exchange Contracts**

Forward foreign currency exchange contracts are entered into to limit the exposure of the Group to fluctuations in foreign currency exchange rates on foreign currency receipts.

As at 31 December 2003, the Group had contracted to sell the following under forward contracts:

	<b>Contractual amount in Ringgit Malaysia</b>	
	<b>2003</b>	<b>2002</b>
Swiss Franc	211,082	243,930
Euro	5,441,792	6,755,916
Sterling Pound	2,798,521	1,702,038
United States Dollar	17,094,539	18,179,283
	<b>25,545,934</b>	<b>26,881,167</b>

All of these contracts mature within six months from the balance sheet date.

### **Credit Risk**

The Group is exposed to credit risk with respect to forward foreign currency exchange contracts in the event of non-performance by the counterparties to these financial instruments which are major financial institutions. The directors are of the opinion that the risk of incurring material losses related to this credit risk is remote.

## NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2003

### Fair Values

#### Cash and cash equivalents, trade and other receivables and trade and other payables

The carrying amounts approximate fair values because of the short maturity of these instruments.

#### Forward foreign currency exchange contracts

	Group RM
Off Balance Sheet Item:	
Carrying amount	25,545,934
Fair value	26,142,885

The fair value of forward foreign currency exchange contracts is calculated by reference to the current rate for contracts with similar maturity profiles.

## 25. PRIOR YEAR ADJUSTMENT

During the financial year, the Group adopted the provisions of MASB 25, Income Taxes. The effects of the adoption of MASB 25 have been applied retrospectively, and the effects on prior financial years have been taken up as prior year adjustments in the financial statements. Accordingly, the following accounts in prior years have been restated to reflect the effects of the accounting changes:

	As previously reported RM	Adjustment RM	As restated RM
<b>For the financial year ended 31 December 2002</b>			
Net profit for the year	6,666,309	11,204	6,677,513
Income tax expense	2,993,291	(11,204)	2,982,087
<b>As at 31 December 2002</b>			
Deferred tax liabilities	3,331,000	263,151	3,594,151
Reserve on consolidation	3,721,757	(341,579)	3,380,178
Unappropriated profit	18,353,494	78,428	18,431,922
<b>As at 31 December 2001</b>			
Deferred tax liabilities	2,990,000	274,355	3,264,355
Reserve on consolidation	3,721,757	(341,579)	3,380,178
Unappropriated profit	18,316,022	67,224	18,383,246

## 26. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Fixed deposits	4,000,000	7,400,000	1,500,000	5,400,000
Cash and bank balances	1,266,146	1,401,647	163,901	348,083
Bank overdrafts	(226,173)	(332,953)	-	-
	<b>5,039,973</b>	<b>8,468,694</b>	<b>1,663,901</b>	<b>5,748,083</b>

## 27. CAPITAL COMMITMENTS

As at 31 December 2003, the Group has the following capital expenditure in respect of property, plant and equipment:

	Group	
	2003 RM	2002 RM
Contracted but not provided for	-	82,900

**PROPERTIES HELD BY THE COMPANY AND ITS SUBSIDIARIES***as at 31 December 2003*

<b>Location</b>	<b>Tenure/ Expiry Date</b>	<b>Description of existing use</b>	<b>Land area (sq. m)</b>	<b>Age(years)/ Net book value (RM'000)</b>
PT 138201, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan	Freehold/-	Manufacturing, warehouse and office	37,258	9.5/3,520
PT 218274, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan	Leasehold (60 years)/ 23 April 2055	Manufacturing, warehouse and office	32,382	8.0/1,392
Factory buildings located at PT 138201, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan.	-	Manufacturing, warehouse and office	12,620	9.5/5,616
Factory buildings located at PT 218274, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan.	-	Manufacturing, warehouse and office	10,860	4.0/5,445



**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 Eighth Annual General Meeting of the Company to be held at Kinta Room, First Floor, Casuarina Ipoh Hotel, 18, Jalan Gopeng, 30250 Ipoh, Perak on Monday, 24 May 2004 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 2003		
2.	To approve the payment of Directors' fees		
3.	Re-election of Director – Dato' Mohamed bin Hamzah		
4.	Re-election of Director – Poh Choo Lim		
5.	To appoint Auditors and to authorise the Directors to fix their remuneration		
6.	As Special Business – To authorise the Directors to issue shares in the Company not exceeding ten per centum (10%) of issued share capital of the Company		
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.....2004

**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 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 BY DIRECTORS

The directors of **RUBBEREX CORPORATION (M) BERHAD** state that, in their opinion, the accompanying balance sheets and statements of income, changes in equity and cash flows 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 2003 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,

**PING KOK KOH**

**DATO' MOHAMED BIN HAMZAH**

Ipoh, 27 February 2004

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

I, **KHOO CHIN LENG**, the officer primarily responsible for the financial management of **RUBBEREX CORPORATION (M) BERHAD**, do solemnly and sincerely declare that the accompanying balance sheets and statements of income, changes in equity and cash flows 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.

**KHOO CHIN LENG**

Subscribed and solemnly declared by the abovenamed **KHOO CHIN LENG** at **IPOH** this 27<sup>th</sup> day of February, 2004.

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

**COMMISSIONER FOR OATHS**

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AFFIX  
STAMP

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

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