



Rubberex

annual report 2005

年次報告書 二零零五

Rubberex Corporation (M) Berhad



Rubberex Corporation (M) Berhad *(Company No. 372642-L)*

Lot 138201, Off 3/4 Mile, Jalan Bercham,
Kawasan Perindustrian Bercham,
31400 Ipoh, Perak Darul Ridzuan, Malaysia.

Rubberex

Rubberex Corporation (M) Berhad **annualreport2005**

年次報告書



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of Rubberex Corporation (M) Berhad will be held at 10:00 a.m. on Wednesday, 10 May 2006 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 2005 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 the Articles of Association of the Company:-
 - (i) Sharifuddin bin Shoib (Resolution 3)
 - (ii) Dato' Abdul Rahim bin Abdul Halim (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, to pass the following Ordinary Resolution:-

Ordinary Resolution

- Proposed Renewal of Authority for RUBBEREX CORPORATION (M) BERHAD to purchase its own ordinary shares of RM1.00 each representing up to 10% of the issued and paid-up share capital of the Company.

"THAT, subject to the provisions of the Companies Act, 1965, the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad and any applicable laws, rules, orders, requirements, regulations and guidelines for the time being in force or as may be amended, modified or re-enacted from time to time and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to purchase such number of ordinary shares of RM1.00 each in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company ("Directors") from time to time through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company provided that the total aggregate number of shares purchased pursuant to this resolution shall not exceed 10% of the total issued and paid-up share capital of the Company at any point in time of the said purchase(s); and that the Directors of the Company shall allocate an amount of fund which will not be more than the aggregate sum of the retained profits and share premium of the Company for the Proposed Share Buy-Back;

AND THAT upon completion of the purchase by the Company of its own shares, the Directors are authorised to decide at their discretion to cancel all the shares so purchased and/or to retain the shares so purchased as treasury shares of which may be distributed as dividends to shareholders and/or to resell on the market of Bursa Malaysia Securities Berhad and/or to retain part thereof as treasury shares and cancel the remainder;

AND THAT the Directors be and are hereby authorised and empowered to do all acts and things and to take all such steps and to enter into and execute all commitments, transactions, deeds, agreements, arrangements, undertakings, indemnities, transfers, assignments and/or guarantees as they may deem fit, necessary, expedient and/or appropriate in order to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments, as may be required or imposed by any relevant authority or authorities;

AND THAT the Directors be and are hereby empowered immediately upon the passing of this Ordinary Resolution until the conclusion of the next annual general meeting of the Company at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed either unconditionally or subject to conditions; or the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or the earlier revocation or variation of their authority through a general meeting whichever is the earliest, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date” (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 (MAICSA 0810287)
CHANG POOI YEE (MAICSA 7036213)

Secretaries

Ipoh
17 April 2006

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 41, Jalan Medan Ipoh 6, Bandar Baru Medan Ipoh, 31400 Ipoh, Perak Darul Ridzuan not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

Ordinary Resolution

- Proposed Renewal of Authority for RUBBEREX CORPORATION (M) BERHAD to purchase its own ordinary shares of RM1.00 each representing up to 10% of the issued and paid-up share capital of the Company.

The resolution, if passed, will empower the Directors of the Company to purchase the Company's shares up to ten percent (10%) of the issued and paid-up capital of the Company by utilising the funds allocated which shall not exceed the total retained profits and share premium of the Company. Please refer to the Share Buy-Back Statement dated 17 April 2006, which is dispatched together with the Company's Annual Report 2005.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

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

- (i) Sharifuddin bin Shoib (retiring pursuant to the Articles of Association of the Company); and
- (ii) Dato' Abdul Rahim bin Abdul Halim (retiring pursuant to the Articles of Association of the Company).

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

Four Board Meetings were held during the financial year from 01 January 2005 to 31 December 2005. Details of attendance of Directors at Board Meetings are stated in the Statement of Corporate Governance on page ** of the Annual Report.

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

The Tenth Annual General Meeting of the Company will be held at 10:00 a.m. on Wednesday, 10 May 2005 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 6 of the Annual Report.

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

The Company:-

Please refer to page 22 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.

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
(Chairman)

Ping Kok Koh
(Managing Director)

Dr. Nawawi bin Mat Awin

Sharifuddin bin Shoib

Poh Choo Lim

Yap Jek Nan

Y. Bhg. Dato' Abdul Rahim bin Abdul Halim

Voon Chong Kian
(Alternate 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

41, Jalan Medan Ipoh 6,

Bandar Baru Medan Ipoh,

31400 Ipoh, Perak Darul Ridzuan.

Tel no. : 605 545 1222

Fax no.: 605 545 9222

REGISTRARS

PFA Registration Services Sdn. Bhd.

41, Jalan Medan Ipoh 6,

Bandar Baru Medan Ipoh,

31400 Ipoh, Perak Darul Ridzuan.

STOCK EXCHANGE LISTING

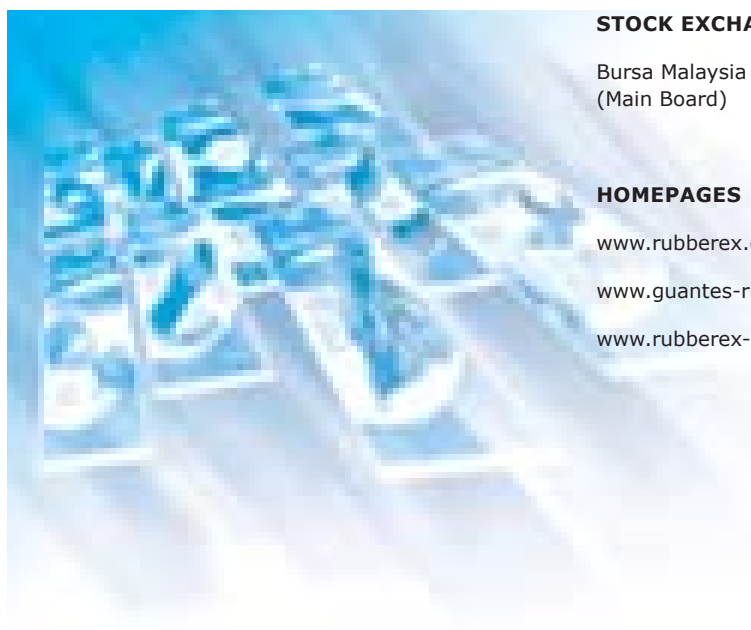
Bursa Malaysia Securities Berhad
(Main Board)

HOME PAGES

www.rubberex.com.my

www.guantes-rubberex.com

www.rubberex-spain.es



DIRECTORS' PROFILE

Dato' Mohamed bin Hamzah

Aged 64, 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 53, 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 Ip Muda Berhad and IJM Corporation Berhad.

Mr. Voon Chong Kian

Aged 48, 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 68, 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 MBM Resources Berhad and Kennedy Burkill & Company Berhad. He also sits on the Board of Directors of Perak Corporation Berhad, Clearwater Golf Sanctuary Management Berhad and Clearwater Sanctuary Golf Resort Sdn Bhd.

DIRECTORS' PROFILE

En. Sharifuddin bin Shoib

Aged 58, 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 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 55, 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 40, a Malaysian, is a non-independent non-executive director of the Company. He was appointed to the Board of the Company on 24 October 1996. Mr. Yap Jek Nan was also appointed as a member of the Audit Committee on 25 November 1998 but resigned on 09 August 2001. After completing his studies in the United States in 1988, he spent 10 years working in manufacturing and property development companies within the IGB Corporation Berhad group of companies. He is currently the director of Gunung Lang Development Sdn Bhd, a property development company.

Dato' Abdul Rahim bin Abdul Halim

Aged 56, 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. Prior to this, he was 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"), and Daihatsu Malaysia Sdn Bhd, where he is presently the Chairman.



Rubberex Superior Silvers Gloves

Ideal for Household & Professional Use

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 2005.

The world economy was surprisingly buoyant despite spiraling oil prices trending upwards to record levels during the year. Global output in 2005 grew slightly above 4% according to IMF's World Economic Outlook. The United States again continued to spur the growth albeit worryingly and amid concerns about its sustainability with its current account deficit now above 6% of the GDP.

The soaring oil prices nevertheless caused significant increase in energy costs and pushed the prices of chemicals and other oil related products higher and higher. Prices of oil went up from USD45 per barrel in early 2005 to USD65 per barrel in December 2005. Coupled with world demand exceeding supply on raw materials such as latex, production costs also continued to rise alarmingly. Bulk latex raw material price for example, rose 40% from RM3.04 per kg to RM4.27 per kg in financial year 2005.

Despite the scenario, the Group performance for the year improved moderately. Turnover increased from RM113.2 million in 2004 to RM123.3 million in 2005, an increase of 9%. Operating profit before interests, depreciation and taxes also increased by 10% from RM23.4 million in 2004 to RM25.7 million in 2005. Margins were lower because of the rising raw material and energy costs but these were mitigated through production efficiencies and cost saving measures such as the implementation of our biomass units. Product prices to customers were also increased during the year to cushion the impact.

FINANCIAL RESULTS

Group turnover for the year increased by 9% from RM113.2 million in 2004 to RM123.3 million in 2005. Higher sales volume, better prices and sales mix contributed to the improved turnover.

Group pretax profit also increased by 11% to RM14.5 million from RM13.1 million previously. The profits attributable to shareholders were RM11.4 million compared to RM9.8 million in 2004 while Group's earnings per share was marginally lower at 15.4 sen against 15.7 sen in the previous year after taking into account the increase in ordinary shares through the conversion of warrants and exercise of options under ESOS.



Rubberex Maxx Grip Multi Task Gloves

Specially for Work & Garden

CHAIRMAN'S STATEMENT

DIVIDENDS

The Board is pleased to be able to continue with its policy of giving good dividends as in prior years. A total gross annual dividend of 20% less tax was paid for the financial year ended 31 December 2005, the same rate as in the previous year. The first interim dividend of 10 sen less tax (2004: 10 sen less tax) was paid on 13 May 2005 while the second interim dividend of 10 sen less tax (2004: 10 sen less tax) was paid on 05 January 2006.

As a matter of record, between 1998 and 2005 the Company has paid an average net dividend of more than 16 sen a year. During the period a total of 28.4 million new ordinary shares were also issued as bonus shares. The dividend declared for 2005 was its ninth consecutive year of dividend payment. In addition, since its listing in 1997 the Company has paid in total a net cash dividend of RM60.4 million to its shareholders.

TRANSFER TO THE MAIN BOARD

The transfer of the Company's entire issued and paid-up capital from the Second Board to the Main Board of Bursa Malaysia Securities Berhad was effected on 11 April 2005. The Board is pleased to note a greater participation of institutional and retail investors arising from this development.

WARRANTS

The warrants, which were issued and listed on Bursa Malaysia Securities Berhad on 08 February 2001, expired on 27 May 2005. A total of 10.2 million warrants out of 16.4 million warrants issued were exercised and converted into ordinary shares at an exercise price of RM1.82 per warrant. The high percentage of the conversion of the warrants was indeed encouraging and it contributed to the increase in the Company's capital base.

CHAIRMAN'S STATEMENT

FUTURE PROSPECTS

Barring unforeseen circumstances, the Group foresees further sales growth for the year 2006 compared to 2005. Profitability however will be under great pressure especially in the ensuing first quarter due to the unprecedented significant rise in the price of raw latex. The price of latex was the highest in 20 years and rose above 35% in just under the month in January 2006. Steps have been taken to increase the price of our products to minimise this impact.

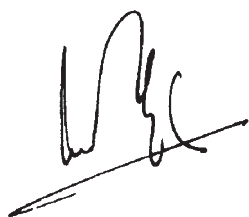
Overseas operations in China and Europe are expected to commence by the second quarter of the year. However, the Management does not expect these to have any significant impact on the Group's 2006 performance.

Meanwhile, efforts are continuing to implement fuel saving measures, improve production efficiencies and develop new products with better margins.

APPRECIATION AND ACKNOWLEDGEMENT

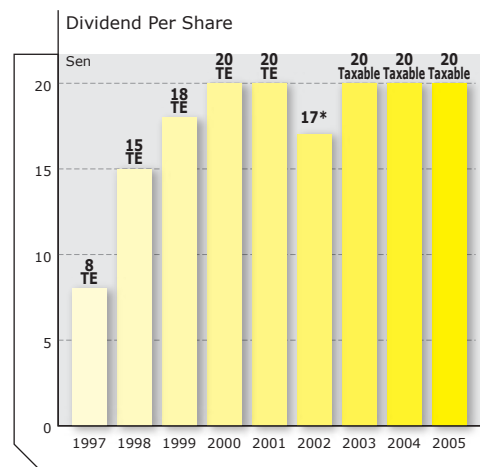
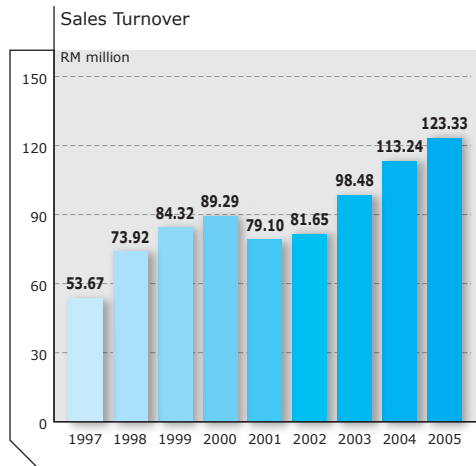
On behalf of the Board I wish to express our appreciation to the management and staff of the Group for their hard work and dedication. Our thanks also go towards the Malaysian government, the relevant authorities, our customers, shareholders, bankers, advisors and business associates for their valued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

Thank you.

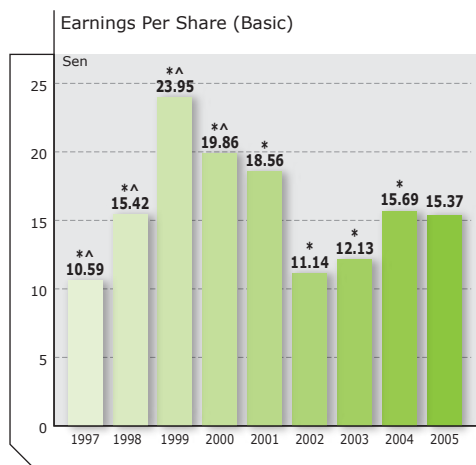


Dato' Mohamed bin Hamzah
Chairman

FINANCIAL HIGHLIGHTS



TE: Tax-exempt
*TE 10 sen, Taxable 7 sen



* Adjusted for Bonus Issue of 1 for 3 completed in 2004
^ Adjusted for Bonus Issue of 2 for 5 completed in 2000 and 1 for 3 completed in 2004

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 Bursa Malaysia Securities 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 2005. 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 Bursatra Sdn Bhd and complied with the Continuous Education Programme requirements.

Four Board Meetings were held during the financial year ended 31 December 2005. The attendance record of each director 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 Bursa Malaysia Securities Berhad's 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 2005 are as follows:-

1. Aggregate remuneration of directors categorised into appropriate components:

	Emoluments (RM)	Fees (RM)	Total (RM)
Executive Directors	282,000	-	282,000
Non-executive Directors	-	122,500	122,500

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 Malaysian Accounting Standards Board 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 Group. On a quarterly basis, the Company also releases to Bursa Malaysia Securities Berhad, details of the Group's performance for the information of the public and shareholders.

Shareholders

Shareholders are kept informed of all material business matters affecting the Group through disclosures to Bursa Malaysia Securities 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. : 605 545 1222
Fax no.: 605 545 9222

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 Bursa Malaysia Securities Berhad's 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 16 MARCH 2006

Authorised Share Capital	: RM100,000,000
Issued and Paid up Capital	: RM78,428,701
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 16 MARCH 2006 ORDINARY SHARES OF RM1.00 EACH

Size of Shareholdings as at 16 March 2006	No. of Holders	% of Holders	No. of Shares	% of Shares
Less than 100	88	2.45	4,270	0.01
100 - 1,000	421	11.73	358,360	0.46
1,001 - 10,000	2,606	72.61	9,031,379	11.51
10,001 - 100,000	421	11.73	10,537,038	13.43
100,001 to less than 5% of issued shares	50	1.39	33,689,853	42.96
5% and above of issued shares	3	0.09	24,807,801	31.63
TOTAL	3,589	100.00	78,428,701	100.00

30 LARGEST SECURITIES ACCOUNT HOLDERS FOR ORDINARY SHARES as at 16 March 2006

No.	Name	No. of Shares	%
1	Duvest Holdings Sdn Bhd	9,175,601	11.70
2	Med-Bumikar Mara Sdn Bhd	8,965,533	11.43
3	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Med-Bumikar Mara Sdn Bhd	6,666,667	8.50
4	Teng Cheng Bon @ Teng Kim Tee	3,444,592	4.39
5	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Aun Huat & Brothers Sdn Bhd	3,000,000	3.83
6	Aun Huat & Brothers Sdn Bhd	2,654,761	3.39
7	Aun Huat & Brothers Sdn Bhd	2,498,334	3.19
8	HSBC Nominees (Asing) Sdn Bhd - MSCO NY for Liberty Square Strategic Partners IV (Asia) Offshore, L.P.	2,000,000	2.55
9	Sumbang Permai Sdn Bhd	1,562,100	1.99
10	Kon Choi Ying	1,467,319	1.87
11	Amanah Raya Nominees (Tempatan) Sdn Bhd - Public Islamic Balanced Fund	1,413,800	1.80
12	Amanah Raya Nominees (Tempatan) Sdn Bhd - Public Islamic Opportunities Fund	1,321,700	1.69
13	Ping Kok Koh	1,273,676	1.62
14	Kurnia Insurans (Malaysia) Berhad	1,115,700	1.42
15	Sharifuddin bin Shoib	1,082,271	1.38
16	Malaysian Reinsurance Berhad	997,000	1.27
17	BHLB Trustee Berhad - TA Small Cap Fund	895,900	1.14
18	Tok Peck Hong	700,667	0.89
19	A.A. Assets Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Voon Chong Kian	700,000	0.89
20	Malaysian Reinsurance Berhad	606,700	0.77
21	Amanah Raya Berhad - SBB Dana Al-Faiz	465,200	0.59
22	Employees Provident Fund Board	458,700	0.59
23	Wong Kit Peng	400,300	0.51
24	Soo Soon Yew	373,623	0.48
25	TA Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Wong Ah Tim @ Ong Ah Tin	340,000	0.43
26	Teng Cheng Bon @ Teng Kim Tee	337,366	0.43
27	Woi Yoon Kim	332,667	0.43
28	Rampai Dedikasi Sdn Bhd	320,000	0.41
29	Dato' Mohamed bin Hamzah	290,246	0.37
30	Shum Yoke Chee	263,703	0.34
	TOTAL	55,124,126	70.29

STATEMENT OF SHAREHOLDINGS AS AT 16 MARCH 2006

SUBSTANTIAL SHAREHOLDERS AS AT 16 MARCH 2006 ORDINARY SHARES OF RM1.00 EACH

	No. of shares held			
	Direct	%	Indirect	%
Med-Bumikar Mara Sdn Bhd	15,632,200	19.93	-	-
Duvest Holdings Sdn Bhd	9,175,601	11.70	-	-
Teng Cheng Bon @ Teng Kim Tee	3,789,058	4.83	9,175,601	11.70 *
Aun Huat & Brothers Sdn Bhd	8,174,496	10.42	-	-
Ping Kok Koh	1,273,676	1.62	10,908,387	13.91 \\
Sharifuddin bin Shoib	1,109,328	1.41	9,175,601	11.70 *
Poh Chee Meng @ Fook Fatt	26,000	0.03	8,312,096	10.60 ^
P & F Holdings Sdn Bhd	185,333	0.24	8,174,496	10.42 ++
Poh Cheong Meng & Sons Sdn Bhd	185,333	0.24	8,174,496	10.42 ++
Poh Yin Hoe & Sons Holding Sdn Bhd	-	-	8,174,496	10.42 ++
Poh Chee Meng & Sons Holdings Sdn Bhd	137,600	0.18	8,174,496	10.42 ++

* 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 16 MARCH 2006 ORDINARY SHARES OF RM1.00 EACH

	No. of shares held			
	Direct	%	Indirect	%
Dato' Mohamed bin Hamzah	290,246	0.37	-	-
Dr. Nawawi bin Mat Awai	-	-	-	-
Sharifuddin bin Shoib	1,109,328	1.41	9,175,601	11.70
Poh Choo Lim	-	-	-	-
Yap Jek Nan	-	-	-	-
Dato' Abdul Rahim bin Abdul Halim	-	-	-	-
Ping Kok Koh	1,273,676	1.62	10,908,387	13.91
Voon Chong Kian (Alternate Director)	701,357	0.89	-	-

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DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

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 2005.

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:

	Group RM	Company RM
Profit before tax	14,463,897	6,752,917
Income tax expense	(3,074,634)	(1,333,331)
Profit after tax	11,389,263	5,419,586
Minority interest	(26,595)	-
Net profit for the year	11,362,668	5,419,586

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 10%, less tax, amounting to RM4,702,156 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 2005:

- (a) A first interim dividend of 10%, less tax, amounting to RM5,315,520 was paid on 13 May 2005; and
- (b) A second interim dividend of 10%, less tax, amounting to RM5,617,394 was paid on 05 January 2006.

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.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

ISSUE OF SHARES AND DEBENTURES

During the current year, the issued and paid-up ordinary share capital of the Company was increased from RM65,307,733 to RM78,059,368 by way of:

- (a) an issue of 2,577,267 new ordinary shares of RM1.00 each for cash pursuant to the Executive Share Option Scheme of the Company at an exercise price of RM1.49 per ordinary share; and
- (b) an issue of 10,174,368 new ordinary shares of RM1.00 each for cash by virtue of the exercise of Warrants on the basis of one (1) new ordinary share for every one (1) Warrant exercised at an exercise price of RM1.82 per Warrant.

The resulting premium arising from the shares issued as shown in (a) and (b) of RM1,262,861 and RM8,342,982 respectively have been credited to the share premium account.

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

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

ISSUE OF BONDS WITH DETACHABLE WARRANTS

The RM25,000,000 5% Redeemable Unsecured Bonds 2000/2005 was issued with 12,308,400 detachable Warrants on a "bought deal" basis at 100% nominal value. RM12,500,000 nominal value of the Bonds were redeemed on 06 October 2003 by the Company. On 01 July 2005, the Company fully redeemed the remaining RM12,500,000 nominal value of the Bonds.

The Warrants were listed on Bursa Malaysia Securities Berhad on 08 February 2001. Pursuant to the Company's bonus issue, an additional 4,102,799 Warrants were issued and listed on Bursa Malaysia Securities Berhad on 15 December 2004. The exercise price of the Warrants has been revised downwards from RM2.42 to RM1.82 after the bonus issue.

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 28 May and 28 November of each year during the five (5) years in which they remain outstanding. The first interest payment was made on 28 May 2001. The last payment of interest shall be made on the maturity date of the Bonds;
- (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 (4 ½) years commencing from the date of issue thereof. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid; and

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

- (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 Warrants exercised and lapsed during the financial year are as follows:

Issue date	Expiry date	Exercise price per Warrant RM	Balance as at 01.01.2005	Number of Warrants 2000/2005		Balance as at 31.12.2005
				Exercised	Lapsed	
08.02.2001	27.05.2005	1.82	16,411,199	(10,174,368)	(6,236,831)	-

Warrants which have not been exercised at the date of expiry will lapse and cease to be valid. The Warrants were officially removed from the official list of Bursa Malaysia Securities Berhad on 30 May 2005.

SHARE OPTIONS

Under the Company's Executive Share Option Scheme ("ESOS") which became effective on 08 July 2004, 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) eligible persons are confirmed executives and full time Executive Directors of the Group, who have served for at least 12 continuous months and at least 18 years of age prior to the date of offer. The eligibility for participation in the ESOS and the allotment of shares shall be at the discretion of the option committee appointed by the Board of Directors;
- (b) the total number of shares to be offered shall not exceed 15% of the issued and paid-up capital of the Company at any point of time during the duration of the ESOS provided always that the Company does not purchase its own shares and thereby diminishing its issued and paid-up capital, in such an event, the ESOS shall remain valid and exercisable in accordance with the Bye-Laws of the ESOS;
- (c) the maximum number of shares allocated to the Executive Directors and Senior Management in aggregate shall not exceed 50% of the shares available under the ESOS;
- (d) the maximum number of shares allocated to any individual Executive Director or executive who, either singly or collectively through persons connected with such Executive Director or executive, holds 20% or more of the issued and paid-up capital of the Company, shall not exceed 10% of the shares available under the ESOS. The phrase "persons connected" shall have the same meaning given in relation to persons connected with a director or major shareholder as defined in the Listing Requirements of Bursa Malaysia Securities Berhad;
- (e) the option price of each share shall be the higher of the average of the mean market quotation shown in the Daily Official List issued by Bursa Malaysia Securities Berhad for the five market days preceding the date of offer, subject always to a maximum of 10% discount or the par value of the shares;
- (f) no offer shall be made for less than 100 shares nor more than the maximum allowable allotment as set out in the Bye-Laws 4 of the ESOS to any eligible persons and the shares shall be exercised in the multiple of and not less than 100 shares; and
- (g) the ESOS shall be in force for a period of five (5) years from 08 July 2004 to 07 July 2009.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

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 01.01.2005	Exercised	Lapsed due to resignation	Balance as at 31.12.2005
08.07.2004	1.49	8,132,000	(2,577,267)	(80,334)	5,474,399

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 had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

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

- (a) which would render the amount written off as bad debts or the amount of 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 2005

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 91 of the Company's Articles of Association, Sharifuddin bin Shoib and Dato' Abdul Rahim bin Abdul Halim 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 31.12.2005
	Balance as at 01.01.2005	Bought	Sold	
Shares in the Company				
Registered in the name of directors				
Dato' Mohamed bin Hamzah	225,747	64,499	-	290,246
Ping Kok Koh	1,273,676	-	-	1,273,676
Sharifuddin bin Shoib	1,109,328	-	-	1,109,328
Voon Chong Kian (alternate to Ping Kok Koh)	496,074	1,811,283	(1,806,000)	501,357
Indirect interest				
Ping Kok Koh	10,458,387	550,000	(100,000)	10,908,387
Sharifuddin bin Shoib	9,175,601	-	-	9,175,601

In addition to the above, the following directors are deemed to have interests 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 08 July 2004:

	Number of ordinary shares of RM1.00 each			Balance as at 31.12.2005
	Balance as at 01.01.2005	Granted	Exercised	
Ping Kok Koh	906,667	-	-	906,667
Voon Chong Kian (alternate to Ping Kok Koh)	906,667	-	(906,667)	-

By virtue of their interests in the shares of 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 had beneficial interest in the shares of the Company or its subsidiary companies during the financial year.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

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 16 to the Financial Statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for options granted to certain directors pursuant to the Company's ESOS as disclosed above and in Note 21 to the Financial Statements.

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, 23 March 2006

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

We have audited the accompanying balance sheets as at 31 December 2005 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. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

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 Malaysian Accounting Standards Board 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 2005 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 Companies Act, 1965 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 Companies Act, 1965 to be kept by the Company and by the subsidiary companies of which we have acted as auditors, have been properly kept in accordance with the provisions of the Companies Act, 1965.

We have considered the financial statements of the subsidiary companies, of which we have not acted as auditors, as mentioned under Note 12 to the Financial Statements, being financial statements that have been included in the consolidated financial statements.

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 Companies Act, 1965.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

YEOH SIEW MING
2421/05/07(J/PH)
Partner

Ipoh, 23 March 2006

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	Note	Group		Company	
		2005 RM	2004 RM	2005 RM	2004 RM
Revenue	4	123,326,988	113,243,572	7,037,520	27,042,720
Other operating income	7	17,355	19,088	-	-
Changes in inventories of finished goods, trading goods and work-in-progress		9,435,816	6,349,851	-	-
Purchase of finished goods and trading goods		(10,514,879)	(6,925,548)	-	-
Raw materials and consumables used		(63,350,024)	(56,789,775)	-	-
Directors' remuneration	6	(1,056,525)	(1,336,119)	(122,500)	(122,500)
Staff costs	7	(16,905,104)	(16,429,435)	-	-
Depreciation of property, plant and equipment	11	(10,081,441)	(9,250,631)	-	-
Amortisation of goodwill	13	(121,453)	(121,453)	-	-
Other operating expenses	7	(15,161,220)	(14,703,712)	(222,369)	(510,204)
Profit from operations		15,589,513	14,055,838	6,692,651	26,410,016
Interest on fixed deposits		60,709	89,023	60,709	20,898
Finance costs	8	(1,186,325)	(1,091,873)	(443)	-
Profit before tax		14,463,897	13,052,988	6,752,917	26,430,914
Income tax expense	9	(3,074,634)	(2,366,111)	(1,333,331)	(6,741,443)
Profit after tax		11,389,263	10,686,877	5,419,586	19,689,471
Minority interest		(26,595)	(882,580)	-	-
Net profit for the year		11,362,668	9,804,297	5,419,586	19,689,471
Earnings per ordinary share:					
Basic (sen)	10	15.37	15.69		
Fully diluted (sen)	10	14.32	15.04		

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

BALANCE SHEETS
AS AT 31 DECEMBER 2005

	Note(s)	Group		Company	
		2005 RM	2004 RM	2005 RM	2004 RM
ASSETS					
Property, plant and equipment	11	64,026,075	57,797,998	-	-
Investments in subsidiary companies	12	-	-	33,353,102	27,353,102
Goodwill on consolidation	13	2,793,422	2,914,875	-	-
Current Assets					
Inventories	14	46,620,720	32,342,131	-	-
Trade receivables	15	23,012,960	19,881,685	-	-
Amount owing by subsidiary companies	16	-	-	54,762,643	61,455,001
Other receivables, deposits and prepaid expenses	15 & 16	5,869,313	1,716,251	1,000	1,000
Tax recoverable		1,925,890	1,478,836	105,574	121,919
Cash and bank balances		10,398,506	2,633,794	5,959,144	187,020
Total Current Assets		87,827,389	58,052,697	60,828,361	-
Current Liabilities					
Trade payables	17	9,543,035	7,898,168	-	-
Other payables and accrued expenses	16 & 17	6,252,254	6,683,858	212,002	407,969
Short-term borrowings	18	19,364,272	2,683,000	-	-
Tax liabilities		243,404	-	-	-
Dividend payable	23	5,617,394	4,702,156	5,617,394	4,702,156
Total Current Liabilities		41,020,359	21,967,182	5,829,396	5,110,125
Net Current Assets		46,807,030	36,085,515	54,998,965	56,654,815
Long-term and Deferred Liabilities					
Deferred tax liabilities	19	5,844,999	4,602,333	-	-
Bonds	20	-	12,500,000	-	12,500,000
Total Long- term and Deferred Liabilities		(5,844,999)	(17,102,333)	-	(12,500,000)
Minority interest		(5,192,121)	-	-	-
Net Assets		102,589,407	79,696,055	88,352,067	71,507,917
Represented by:					
Issued capital	21	78,059,368	65,307,733	78,059,368	65,307,733
Reserves	22	24,530,039	14,388,322	10,292,699	6,200,184
Shareholders' Equity		102,589,407	79,696,055	88,352,067	71,507,917

The accompanying Notes form an integral part of the Financial Statements

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

Group	Note	Non-distributable Reserves			Distributable Reserve		Total Shareholders' Equity RM
		Issued Capital RM	Reserve on Consolidation RM	Share Premium RM	Translation Reserve RM	Unappropriated Profit RM	
Balance as at 01 January 2004		44,924,400	3,380,178	2,153,200	-	19,332,325	69,790,103
Net profit for the year		-	-	-	-	9,804,297	9,804,297
Issue of shares:	21						
Bonus issue		16,079,933	-	(5,473,556)	-	(10,606,377)	-
Private placement		2,350,000	-	2,702,500	-	-	5,052,500
Exercise of share options under ESOS		1,953,400	-	1,101,976	-	-	3,055,376
Dividends	23	-	-	-	-	(8,006,221)	(8,006,221)
Balance as at 31 December 2004		65,307,733	3,380,178	484,1203	-	10,524,024	79,696,055
Currency translation differences		-	-	-	102,988	-	102,988
Net profit for the year		-	-	-	-	11,362,668	11,362,668
Issue of shares:	21						
Exercise of Warrants		10,174,368	-	8,342,982	-	-	18,517,350
Exercise of share options under ESOS		2,577,267	-	1,262,861	-	-	3,840,128
Accretion arising from issue of shares of a subsidiary company		-	-	-	-	3,132	3,132
Dividends	23	-	-	-	-	(10,932,914)	(10,932,914)
Balance as at 31 December 2005		78,059,368	3,380,178	10,089,963	102,988	10,956,910	102,589,407
Company							
Balance as at 01 January 2004		44,924,400	-	2,153,200	-	4,639,191	51,716,791
Net profit for the year		-	-	-	-	19,689,471	19,689,471
Issue of shares:	21						
Bonus issue		16,079,933	-	(5,473,556)	-	(10,600,377)	-
Private placement		2,350,000	-	2,702,500	-	-	5,052,500
Exercise of share options under ESOS		1,953,400	-	1,101,976	-	-	3,055,376
Dividends	23	-	-	-	-	(8,006,221)	(8,006,221)
Balance as at 31 December 2004		65,307,733	-	484,120	-	5,716,064	71,507,917
Net profit for the year		-	-	-	-	5,419,586	5,419,586
Issue of shares:	21						
Exercise of Warrants		10,174,368	-	8,342,982	-	-	18,517,350
Exercise of share options under ESOS		2,577,267	-	1,262,861	-	-	3,840,128
Dividends	23	-	-	-	-	(10,932,914)	(10,932,914)
Balance as at 31 December 2005		78,059,368	-	10,089,963	-	202,736	88,352,067

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

CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

Group	Note	2005 RM	2004 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit before tax		14,463,897	13,052,988
Adjustments for:			
Depreciation of property, plant and equipment		10,081,441	9,250,631
Finance costs		1,186,325	1,091,873
Amortisation of goodwill		121,453	121,453
Allowance for doubtful debts		65,463	-
Tax penalty		16,900	-
Interest income		(60,709)	(89,023)
Gain on disposal of property, plant and equipment		(3,993)	(19,088)
Allowance for doubtful debts no longer required		(3,800)	-
Operating Profit Before Working Capital Changes		25,866,977	23,408,834
Increase in:			
Inventories		(14,278,589)	(10,020,780)
Trade receivables		(3,192,938)	(1,579,000)
Other receivables, deposits and prepaid expenses		(2,553,062)	(1,213,372)
Increase/(Decrease) in:			
Trade payables		1,644,867	983,365
Other payables and accrued expenses		(457,100)	2,877,451
Cash From Operations		7,030,155	14,456,498
Income tax paid		(2,052,519)	(2,475,885)
Net Cash From Operating Activities		4,977,636	11,980,613
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Interest on fixed deposits received		60,709	89,023
Purchase of property, plant and equipment	25(a)	(17,880,029)	(12,869,755)
Proceeds from disposal of property, plant and equipment		-	24,786
Acquisition of additional shares in a subsidiary company		-	(4,800,000)
Net Cash Used In Investing Activities		(17,819,320)	(17,555,946)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from issuance of shares		22,357,478	8,107,876
Proceeds from bills payable		15,257,000	2,683,000
Proceeds from issuance of shares to minority shareholders		5,100,000	-
Repayment of bonds		(12,500,000)	-
Dividends paid		(10,017,676)	(6,529,849)
Finance costs paid		(1,186,325)	(1,091,873)
Net Cash From Financing Activities		19,010,477	3,169,154
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		6,168,793	(2,406,179)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,633,794	5,039,973
Effect of exchange differences		171,647	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	25(b)	8,974,234	2,633,794

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

CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

Company	Note	2005 RM	2004 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit before tax		6,752,917	26,430,914
Adjustments for:			
Finance costs		443	-
Dividend income		(7,037,520)	(27,042,720)
Interest income		(60,709)	(20,898)
Operating Loss Before Working Capital Changes		(344,869)	(632,704)
Increase in other receivables, deposits and prepaid expenses		(174,607)	-
(Decrease)/Increase in other payables and accrued expenses		(142,176)	132,996
Cash Used In Operations		(661,652)	(499,708)
Dividends received from subsidiary companies		5,711,014	20,285,329
Income tax refunded/(paid)		9,520	(1,731)
Net Cash From Operating Activities		5,058,882	19,783,890
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Net repayment from subsidiary companies		6,866,965	-
Interest on advances to subsidiary company received		312,647	624,996
Interest on fixed deposits received		60,709	20,898
Acquisition of a subsidiary company		(6,000,000)	-
Acquisition of additional shares in a subsidiary company		-	(4,800,000)
Net advances granted to subsidiary companies		-	(18,056,267)
Net Cash From/(Used In) Investing Activities		1,240,321	(22,210,373)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from issuance of shares		22,357,478	8,107,876
Repayment of bonds		(12,500,000)	-
Dividends paid		(10,017,676)	(6,529,849)
Finance costs paid		(366,881)	(628,425)
Net Cash (Used In)/From Financing Activities		(527,079)	949,602
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		5,772,124	(1,476,881)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		187,020	1,663,901
CASH AND CASH EQUIVALENTS AT END OF YEAR	25(b)	5,959,144	187,020

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

1. GENERAL INFORMATION

The Company is a limited liability company, incorporated and domiciled in Malaysia and listed on the Main Board of Bursa Malaysia Securities 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 1,007 (2004: 1,030). 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 41, Jalan Medan Ipoh 6, Bandar Baru Medan Ipoh, 31400 Ipoh, Perak Darul Ridzuan.

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

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 March 2006.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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, unless otherwise indicated in the accounting policies stated below.

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 2005.

A subsidiary company is a company where the Group has control through the power to govern the financial and operating policies of the subsidiary so as to obtain benefits therefrom. Control is presumed to exist when the Group owns, directly or indirectly through subsidiary companies more than one half of the voting rights of the subsidiary.

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, balances and resulting unrealised gains are eliminated on consolidation. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

Revenue Recognition

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

Commission income from sale of goods are recognised when transfer of risk and rewards associated with goods sold have been completed.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

Foreign Currency

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, the assets and liabilities are converted at approximate exchange rates prevailing at that date. All foreign exchange gains or losses are taken up in the income statements.

For the purpose of consolidation, the financial statements of foreign incorporated subsidiaries have been translated in Ringgit Malaysia as follows:

Assets and liabilities	-	at closing rate
Issued capital	-	at historical rate
Revenue and expenses	-	at average rate

The closing rates per unit of Ringgit Malaysia used in the translation of foreign incorporated subsidiary companies' financial statements are as follows:

Currency	2005
Hong Kong Dollar	2.0498
Chinese Renminbi	2.1343
Euro	0.2232
Sterling Pound	0.1537

All translation gains or losses are taken up and reflected in the translation reserve account under shareholders' equity. Such translation gain or losses are recognised as income or expenses in the income statements, in the period in which the subsidiaries are disposed of.

Deferred Taxation

Deferred tax is accounted for in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilised.

Property, Plant and Equipment

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

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	4.5% to 5%
Plant and machinery	9% to 25%
Factory and office equipment, furniture and fittings	18% to 25%
Motor vehicles	18% to 20%

Investments

Investments in subsidiary companies, which are eliminated on consolidation, are stated in the Company's financial statements at cost less accumulated impairment losses, if any.

Goodwill/Reserve

Goodwill arising on consolidation represents the excess of the purchase consideration over the share of the fair values of the identifiable net assets of a subsidiary company at the date of acquisition.

Goodwill is recognised as an asset and amortised on a systematic basis following an assessment of the economic useful life of the asset, subject to a maximum of 25 years.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

Impairment of Assets

At each balance sheet date, the Group and the Company review the carrying amounts of assets (other than inventories and financial assets, which are dealt with in their respective policies) to determine if there is any indication that those assets may be impaired. If any such indication exists, the asset's recoverable amount, which is the higher of net selling price and value in use, is estimated.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statements. An impairment loss in respect of goodwill is not reversed unless the loss is caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event. In respect of other assets, an impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal is recognised in the income statements.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the "First-in, First-out" and "Weighted Average" methods. The cost of raw materials, packing materials, trading goods, 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

Receivables are 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.

Employee Benefits

Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plan

As required by law, companies in Malaysia make monthly contributions to the Employees' Provident Fund ("EPF"), a statutory defined contribution plan for all its eligible employees based on certain prescribed rates of the employees' salaries. The Group's contributions to the EPF are disclosed separately. The employees' contributions to EPF are included in salaries and wages. Foreign subsidiary companies make contributions to their own country's statutory defined contribution plan. Such contributions are recognised as an expense in the income statements as incurred.

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 the Company's 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

4. REVENUE

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Sales of household and industrial rubber gloves	120,123,409	113,243,572	-	-
Trading of gloves, household items, kitchen items and personal protective products	3,203,579	-	-	-
Dividends (gross) received from subsidiary companies	-	-	7,037,520	27,042,720
	123,326,988	113,243,572	7,037,520	27,042,720

5. SEGMENT REPORTING

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 2005	Europe RM	North and South America RM	Rest of the world RM	Total RM
Revenue	67,005,404	36,165,334	20,156,250	123,326,988
Results				
Segment results	14,331,270	5,104,128	3,455,698	22,891,096
Unallocated expenses				(7,301,583)
Profit from operations				15,589,513
Interest on fixed deposits				60,709
Finance costs				(1,186,325)
Profit before tax				14,463,897
Income tax expense				(3,074,634)
Profit after tax				11,389,263
Group 2004	Europe RM	North and South America RM	Rest of the world RM	Total RM
Revenue	62,996,556	32,369,515	17,877,501	113,243,572
Results				
Segment results	12,147,411	6,954,202	4,188,767	23,290,380
Unallocated expenses				(9,234,542)
Profit from operations				14,055,838
Interest on fixed deposits				89,023
Finance costs				(1,091,873)
Profit before tax				13,052,988
Income tax expense				(2,366,111)
Profit after tax				10,686,877

No disclosure is made for segment assets, liabilities, capital additions and depreciation and amortisation by location of customers 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

During the financial year, the Group ventured to China to take advantage of its lower costs of production and market potential. The project in China has started with site preparation and building construction and expected to be completed in the next financial year. In addition, foreign subsidiaries were acquired in Spain and United Kingdom to enable the Group to market and distribute its products more extensively in the European region.

The following is an analysis of the Group's segment assets and additions to property, plant and equipment by geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2005 RM	2004 RM	2005 RM	2004 RM
Malaysia	141,757,009	117,286,734	10,689,906	12,869,755
The People's Republic of China	10,153,169	-	7,212,158	-
Other countries	810,818	-	3,461	-
	152,720,996	117,286,734	17,905,525	12,869,755

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	
	2005 RM	2004 RM	2005 RM	2004 RM
Executive directors:				
Salaries, allowances and bonuses	836,689	1,086,455	-	-
Contributions to EPF	97,336	127,164	-	-
	934,025	1,213,619	-	-
Non-executive directors:				
Fees	122,500	122,500	122,500	122,500
	1,056,525	1,336,119	122,500	122,500

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 (2004: RM3,000).

7. OTHER OPERATING INCOME/(EXPENSES) AND STAFF COSTS

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

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Gain on disposal of property, plant and equipment	3,993	19,088	-	-
Allowance for doubtful debts no longer required	3,800	-	-	-
Auditors remuneration:				
Statutory audit	(92,034)	(70,500)	(13,500)	(11,500)
Non-audit services	(1,000)	(9,800)	-	(6,800)
Preliminary expenses written off	(79,808)	(3,000)	-	-
Allowance for doubtful debts	(65,463)	-	-	-
Rental of premises	(6,842)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

8. FINANCE COSTS

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Interest on:				
Bills payable	447,497	246	-	-
Bonds	312,647	624,996	-	-
Bank overdrafts	8,871	28,526	-	-
Bank charges and commitment fees	417,310	438,105	443	-
	1,186,325	1,091,873	443	-

Interest on bonds which was borne by a subsidiary company, was set off against interest on advances received from the said subsidiary.

9. INCOME TAX EXPENSE

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Income tax:				
Current year	(1,838,494)	(1,062,609)	(1,333,000)	(6,745,000)
Prior years	6,526	63,029	(331)	3,557
	(1,831,968)	(999,580)	(1,333,331)	(6,741,443)
Deferred tax (Note 19):				
Relating to origination and reversal of temporary differences	(1,253,870)	(1,377,735)	-	-
Relating to crystallisation of deferred tax liability on revaluation surplus of freehold land and factory buildings of certain subsidiaries	11,204	11,204	-	-
	(1,242,666)	(1,366,531)	-	-
	(3,074,634)	(2,366,111)	(1,333,331)	(6,741,443)

A numerical reconciliation of income tax expense at the applicable income tax rate to income tax expense at the effective income tax rate is as follows:

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Profit before tax	14,463,897	13,052,988	6,752,917	26,430,914
Income tax at the applicable tax rate of 28%	(4,050,000)	(3,655,000)	(1,891,000)	(7,401,000)
Tax effects of:				
Reinvestment allowances claimed	1,397,000	990,000	-	-
Expenses that are not deductible in determining taxable profit	(294,160)	(215,140)	(86,000)	(159,000)
Temporary differences arising from property, plant and equipment	(211,000)	397,000	-	-
Expenses subject to double deduction	-	15,000	-	-
Income that are not taxable in determining taxable profit	-	-	644,000	815,000
Effect of difference in tax rate applicable to small and medium scale companies	77,000	39,000	-	-
Income tax - prior years	6,526	63,029	(331)	3,557
Income tax expense for the year	(3,074,634)	(2,366,111)	(1,333,331)	(6,741,443)

As at 31 December 2005, the Company has tax credits and tax-exempt accounts balances of approximately RM1,022,000 (2004: RM5,274,000) and RM15,539,000 (2004: RM13,239,000) respectively. The tax-exempt accounts, arising from claims for abatement of statutory income for exports under Section 36 of the Promotion of Investment Act, 1986 and chargeable income waived in 1999 in accordance with the Income Tax (Amendment) Act, 1999, are available for distribution as tax-exempt dividends to the shareholders of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

As at 31 December 2005, certain subsidiary companies have tax credits and tax-exempt accounts balances of approximately RM6,235,000 (2004: RM4,568,000) and RM5,090,000 (2004: RM2,583,000) respectively. The tax-exempt accounts arose from reinvestment allowances claimed and utilised under Schedule 7A of the Income Tax Act, 1967 and profits derived from the pioneer products during the pioneer period. The tax-exempt accounts, which are subject to approval by the tax authorities, are available for distribution as tax-exempt dividends to the shareholder of the subsidiary companies.

10. EARNINGS PER ORDINARY SHARE

Basic	Group	
	2005 RM	2004 RM
Net profit attributable to ordinary shareholders	11,362,668	9,804,297
	Shares	Shares
Number of ordinary shares in issue as at 01 January	65,307,733	44,924,400
Exercise of Warrants	7,672,153	-
Exercise of ESOS	961,928	901,467
Bonus issue	-	16,079,933
Issue of shares	-	587,500
Weighted average number of ordinary shares in issue	73,941,814	62,493,300
	Sen	Sen
Basic earnings per ordinary share	15.37	15.69

Fully Diluted	Group	
	2005 RM	2004 RM
Net profit attributable to ordinary shareholders	11,362,668	9,804,297
	Shares	Shares
Weighted average number of ordinary shares in issue	73,941,814	62,493,300
Effect of ESOS exercised	2,906,736	2,674,034
Effect of Warrants exercised	2,502,217	-
Adjusted weighted average number of ordinary shares for calculating fully diluted earnings per ordinary share	79,350,767	65,167,334
	Sen	Sen
Fully diluted earnings per ordinary share	14.32	15.04

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

11. PROPERTY, PLANT AND EQUIPMENT

Group	At beginning of year RM	Additions RM	At Cost		At end of year RM
			Disposals RM	Reclassification RM	
Freehold land	3,519,496	-	-	-	3,519,496
Factory buildings	15,311,778	562,033	-	-	15,873,811
Long-term leasehold land	1,474,383	-	-	-	1,474,383
Plant and machinery	101,231,821	6,266,277	(12,553,567)	3,745,670	98,690,201
Factory and office equipment, furniture and fittings	4,415,598	809,066	(11,353)	-	5,213,311
Motor vehicles	647,583	319,784	-	-	967,367
Land use rights	-	5,041,386	-	-	5,041,386
Capital work-in-progress	1,195,066	4,906,979	-	(3,745,670)	2,356,375
Total	127,795,725	17,905,525	(12,564,920)	-	133,136,330

Group	At beginning of year RM	Accumulated Depreciation		At end of year RM	Net Book Value	
		Charge for the year RM	Disposals RM		2005 RM	2004 RM
Freehold land	-	-	-	-	3,519,496	3,519,496
Factory building	4,800,907	773,109	-	5,574,016	10,299,795	10,510,871
Long-term leasehold land	109,200	27,312	-	136,512	1,337,871	1,365,183
Plant and machinery	60,873,694	8,876,790	(10,957,560)	58,792,924	39,897,277	40,358,127
Factory and office equipment, furniture and fittings	3,830,440	295,269	(11,353)	4,114,356	1,098,955	585,158
Motor vehicles	383,486	108,961	-	492,447	474,920	264,097
Land use rights	-	-	-	-	5,041,386	-
Capital work-in-progress	-	-	-	-	2,356,375	1,195,066
Total	69,997,727	10,081,441	(10,968,913)	69,110,255	64,026,075	57,797,998

Long-term leasehold land and factory buildings of a subsidiary company with carrying amounts of RM1,365,183 and RM5,143,551 respectively in 2004 are pledged to a licensed bank as security for banking facilities granted to the subsidiary as mentioned in Note 18.

Pursuant to a Land Use Right Contract between a subsidiary company incorporated in the People's Republic of China and the relevant town authority on 24 January 2005, the subsidiary has been granted the right to use the land where the factory under construction is located. However, the said land is subject to final survey and approval by the State-owned Land Resource Bureau. The Group expects the land title to be issued in June 2006. Factory under construction of RM1,963,966 was included under work-in-progress. Land use rights are amortised on the straight-line method over 50 years upon commencement of business operations.

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

	Group	
	2005 RM	2004 RM
At cost:		
Plant and machinery	18,302,396	24,571,826
Factory and office equipment, furniture and fittings	3,507,679	3,240,311
Motor vehicles	269,675	218,675
	22,079,750	28,030,812

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

12. INVESTMENTS IN SUBSIDIARY COMPANIES

	Group	
	2005 RM	2004 RM
Unquoted shares, at cost:		
In Malaysia	27,353,102	27,353,102
Outside Malaysia	6,000,000	-
	33,353,102	27,353,102

The subsidiary companies are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2005 %	2004 %	
Direct subsidiary companies				
Rubberex (M) Sdn. Berhad	Malaysia	100	100	Manufacturing and sales of household and industrial rubber gloves.
Filrex (Malaysia) Sdn. Bhd.	Malaysia	100	100	Manufacturing and sales of industrial rubber gloves.
Diamond Grip (M) Sdn. Bhd.	Malaysia	100	100	Manufacturing and sales of industrial rubber gloves.
Pioneer Vantage Limited *	Hong Kong	60	-	Investment holding.
Indirect subsidiary companies				
Held through Rubberex (M) Sdn. Berhad				
Rubberex Marketing (M) Sdn Bhd	Malaysia	70	100	Trading of gloves, household items, kitchen items and personal protective products.
Diamond Grip (UK) Limited **	United Kingdom	100	-	Pre-operating.
Rubberex Spain, S.L. **	Spain	100	-	Pre-operating.
Held through Diamond Grip (M) Sdn. Bhd.				
Biogreen Medical Sdn. Bhd. (formerly known as Biogreen Growth Sdn. Bhd.)	Malaysia	60	-	Pre-operating.
Held through Pioneer Vantage Limited				
LPL (Hui Zhou) Glove Co. Limited *	People's Republic of China	60	-	Pre-operating.

* The financial statements of these companies are examined by auditors other than the auditors of the Company.

** The financial statements of these companies are not required to be audited by law of its country of incorporation.

During the financial year, the Group acquired the following subsidiary companies:

- a) 100% equity interest in Diamond Grip (UK) Limited, a company incorporated in the United Kingdom, for a total consideration of RM66,000. As at the date of acquisition, the net asset acquired comprised cash on hand of RM66,000;
- b) 100% equity interest in Rubberex Spain, S.L., a company incorporated in Spain, for a total consideration of RM45,900. As at the date of acquisition, the net asset acquired comprised cash on hand of RM45,900;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

- a) 60% equity interest in Biogreen Medical Sdn. Bhd. (formerly known as Biogreen Growth Sdn. Bhd.), a company incorporated in Malaysia, for a total consideration of RM6. As at the date of acquisition, the net asset acquired comprised cash on hand of RM6;
- b) 60% equity interest in Pioneer Vantage Limited, a company incorporated in Hong Kong, for a total consideration of RM3. As at the date of acquisition, the net asset acquired comprised cash on hand of RM3; and
- c) 60% equity interest in LPL (Hui Zhou) Glove Co. Limited, a company incorporated in the People's Republic of China, for a total consideration of RM7,799. As at the date of acquisition, the net asset acquired comprised bank balance of RM7,799.

13. GOODWILL ON CONSOLIDATION

	Group	
	2005 RM	2004 RM
Goodwill:		
At beginning of year	3,036,328	-
Goodwill arising from acquisition of additional shares in a subsidiary company	-	3,036,328
At end of year	3,036,328	3,036,328
Cumulative amortisation:		
At beginning of year	121,453	-
Current amortisation	121,453	121,453
At end of year	(242,906)	(121,453)
Net	2,793,422	2,914,875

14. INVENTORIES

	Group	
	2005 RM	2004 RM
At cost:		
Finished goods	29,074,338	20,275,473
Raw materials	14,621,742	9,763,879
Packing materials	1,162,717	1,199,115
Work-in-progress	722,184	771,411
Trading goods	686,178	-
Parts and consumables	353,561	332,253
	46,620,720	32,342,131

15. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

Trade receivables comprise amounts receivable for the sale of goods. The credit period granted for sale of goods ranged from 30 to 180 days (2004: 30 to 180 days).

	Group	
	2005 RM	2004 RM
Trade receivables	23,106,519	19,913,581
Less: Allowance for doubtful debts	(93,559)	(31,896)
Net	23,012,960	19,881,685

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

Other receivables, deposits and prepaid expenses consist of:

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Other receivables	5,654,092	1,612,813	-	-
Refundable deposits	112,590	82,980	-	-
Prepaid expenses	102,631	20,458	1,000	1,000
	5,869,313	1,716,251	1,000	1,000

Other receivables comprise mainly proceeds receivable from the disposal of plant and machinery, advances granted to employees of the subsidiary companies and advance payments to suppliers for purchase of raw materials which are unsecured and interest-free.

Transactions with related parties are disclosed in Note 16.

16. 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% (2004: 5%) per annum.

Other than as disclosed elsewhere in the financial statements, the related parties and their relationship with the Company and its subsidiary companies are as follows:

Names of related parties	Relationships
Rich (HK) Foreign Trade Co. Ltd. and Hui Zhou LPL Trading Co. Limited	Companies in which Mr. Wu Bai Jun, a director of a subsidiary company, has substantial financial interest.
Lifestyle Safety Products (Hui Zhou) Co. Limited	A company in which Mr. Khoo Chin Leng and Mr. Wu Bai Jun, directors of subsidiary companies, are directors and have substantial financial interests. A company in which Mr. Voon Chong Kian, a director of the Company, is a director and has substantial financial interest.

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

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Subsidiary companies				
Advances granted	-	-	8,137,502	71,922,232
Dividend income	-	-	7,037,520	27,042,720
Interest on advances received	-	-	312,647	624,996
Other related parties				
Rich (HK) Foreign Trade Co. Ltd. Advances received	10,172	-	-	-
Mr. Khoo Chin Leng Advances granted	89,769	-	-	-
Hui Zhou LPL Trading Co. Limited Advances granted	129,730	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

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

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Related parties				
Rich (HK) Foreign Trade Co. Ltd. Advances received	10,172	-	-	-
Mr. Khoo Chin Leng Advances granted	89,769	-	-	-
Hui Zhou LPL Trading Co. Limited Advances granted	129,730	-	-	-

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.

17. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

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 (2004: 30 to 60 days).

Other payables and accrued expenses consist of:

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Other payables for consumables, utilities, services, maintenance of property, plant and equipment and advances received	5,284,261	5,121,249	91,002	234,178
Accruals for directors' fees, salaries and related expenses	967,993	1,508,818	121,000	120,000
Accrual for interest on bonds	-	53,791	-	53,791
	6,252,254	6,683,858	212,002	407,969

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

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

Transactions with related parties are disclosed in Note 16.

18. SHORT-TERM BORROWINGS

	Group	
	2005 RM	2004 RM
Unsecured:		
Bills payable	17,940,000	2,683,000
Bank overdrafts	1,424,272	-
	19,364,272	2,683,000

The bank overdraft and other credit facilities of a subsidiary company amounting to RM4,000,000 are 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 above charges were discharged during the year.

The effective interest rates per annum are as follows:

	Group	
	2005 %	2004 %
Bank overdrafts	6.75 - 7.25	6.50 - 7.15
Bills payable	2.99 - 3.70	3.15 - 3.25

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

19. DEFERRED TAX LIABILITIES

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

	2005	Group	2004
	RM		RM
Deferred tax assets	763,000		2,119,000
Deferred tax liabilities	(6,607,999)		(6,721,333)
	(5,844,999)		(4,602,333)

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

	2005	Group	2004
	RM		RM
At beginning of year	(4,602,333)		(3,235,802)
Transfer from income statements (Note 9)	(1,242,666)		(1,366,531)
At end of year	(5,844,999)		(4,602,333)

Represented by:

	2005	Group	2004
	RM		RM
Tax effects of:			
Temporary differences arising from:			
Property, plant and equipment	(6,378,000)		(6,481,000)
Revaluation surplus on freehold land and factory buildings	(229,999)		(240,333)
Unabsorbed tax capital allowances	701,000		2,026,000
Unutilised tax losses	50,000		50,000
Others	12,000		43,000
	(5,844,999)		(4,602,333)

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. RM12,500,000 nominal value of the Bonds were redeemed on 06 October 2003 and the remaining RM12,500,000 were fully redeemed on 01 July 2005.

	Group and Company	2004
	2005	RM
	RM	
At beginning of year	12,500,000	12,500,000
Redemption during the year	(12,500,000)	-
At end of year	-	12,500,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

21. SHARE CAPITAL

	2005 Number of shares	Group and Company		
		2004 Number of shares	2005 RM	2004 RM
Authorised:				
Ordinary shares of RM1.00 each:	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid:				
Ordinary shares of RM1.00 each:				
At beginning of year	65,307,733	44,924,400	65,307,733	44,924,400
Issued during the year:				
Exercise of share options under ESOS	2,577,267	1,953,400	2,577,267	1,953,400
Exercise of Warrants	10,174,368	-	10,174,368	-
Bonus issue	-	16,079,933	-	16,079,933
Private placement	-	2,350,000	-	2,350,000
At end of year	78,059,368	65,307,733	78,059,368	65,307,733

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM65,307,733 to RM 78,059,368 by way of:

- an issue of 2,577,267 new ordinary shares of RM1.00 each for cash pursuant to the ESOS of the Company at an exercise price of RM1.49 per ordinary share; and
- an issue of 10,174,368 new ordinary shares of RM1.00 each for cash by virtue of the exercise of Warrants on the basis of one (1) new ordinary share for every one (1) Warrant exercised at an exercise price of RM1.82 per Warrant.

The resulting premium arising from the shares issued as shown in (a) and (b) of RM1,262,861 and RM8,342,982 respectively have 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 08 July 2004, options to subscribe for unissued new ordinary shares of RM1.00 each in the Company were granted to eligible executives 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 31.12.2005
		Balance as at 01.01.2005	Exercised	Lapsed due to resignation	
08.07.2004	1.49	8,132,000	(2,577,267)	(80,334)	5,474,399

Details of share options exercised during the year and the fair values, at exercise date, of shares issued are as follows:

Exercise date	Exercise price RM	Consideration Received RM	Number of share options	Fair values of shares issued RM
January 2005	1.49	52,150	35,000	1.99 - 2.01
February 2005	1.49	22,350	15,000	2.02
March 2005	1.49	718,180	482,000	1.90 - 1.95
April 2005	1.49	99,830	67,000	1.94
May 2005	1.49	116,220	78,000	1.87
August 2005	1.49	166,880	112,000	2.01
September 2005	1.49	180,290	121,000	1.96
October 2005	1.49	853,174	572,600	1.96 - 2.01
November 2005	1.49	1,571,454	1,054,667	2.02 - 2.03
December 2005	1.49	59,600	40,000	1.93
Total		3,840,128	2,577,267	

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

22. RESERVES

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Non-distributable reserves:				
Reserve on consolidation	3,380,178	3,380,178	-	-
Share premium	10,089,963	484,120	10,089,963	484,120
Translation reserve	102,988	-	-	-
	13,573,129	3,864,298	10,089,963	484,120
Distributable reserve:				
Unappropriated profit	10,956,910	10,524,024	202,736	5,716,064
	24,530,039	14,388,322	10,292,699	6,200,184

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 as mentioned in Note 9, the unappropriated profit of the Company as at 31 December 2005 is available for distribution in full by way of cash dividends without additional tax liabilities being incurred.

23. DIVIDENDS

	Group and Company			
	2005 RM	2004 RM	2005 Net dividend per share sen	2004 Net dividend per share sen
First interim dividend paid - 10%, less tax	5,315,520	3,304,065	7.2	7.2
Second interim dividend payable - 10%, less tax	5,617,394	4,702,156	7.2	7.2
	10,932,914	8,006,221	14.4	14.4

24. FINANCIAL INSTRUMENTS

Financial instruments are contracts that give rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financial Risk Management Objectives and Policies

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

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

Interest rate risk

The Group enters into various interest rate risk management transactions for the purpose of reducing net interest costs and to achieve interest rates within predictable, desired ranges.

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 terms, are covered under export credit insurance.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

Liquidity risk

The Group and the Company practice 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 and the Company review their cash flow position regularly to manage their exposure to fluctuations in future cash flows associated with their monetary financial instruments.

Financial Assets

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

The Company's principal financial assets are cash and bank balances and amount owing by subsidiary companies.

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, short-term borrowings and dividend payable.

The Company's principal financial liabilities are other payables and dividend payable.

Short-term borrowings 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 exchange rates. These instruments are not recognised in the financial statements on inception.

Foreign Currency Forward Contracts

In order to manage its exposure to foreign exchange risks, the Group enters into foreign currency forward contracts.

As at 31 December 2005, the Group had contracted to sell the following under forward contracts:

	Contractual amount in Ringgit Malaysia	
	2005	2004
	RM	RM
United States Dollar	32,866,984	24,725,839
Euro	4,027,269	9,675,060
Sterling Pound	286,263	1,831,497
Swiss Franc	229,600	332,250
	37,410,116	36,564,646

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

Fair Values of Financial Assets and Liabilities

Cash and cash equivalents, trade and other receivables, trade and other payables, bills payable and dividend payable

The carrying amounts of the short-term financial assets and liabilities approximate their fair values due to the short-term maturity of these instruments.

Amount owing by subsidiary companies

No disclosure is made as it is impractical to determine their fair values with sufficient reliability given these balances have no fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

Foreign currency forward contracts

	2005	Group	2004
	RM		RM
Off Balance Sheet Item:			
Carrying amount	37,410,116		36,564,646
Fair value	37,362,668		37,668,704

The fair values of foreign currency forward contracts are calculated by reference to the current rates for contracts with similar maturity profiles.

25. CASH FLOW STATEMENTS

(a) Purchase of property, plant and equipment

Property, plant and equipment were acquired by the following means:

	2005	Group	2004
	RM		RM
Cash purchase	17,880,029		12,869,755
Other payables	25,496		-
	17,905,525		12,869,755

(b) Cash and cash equivalents

Cash and cash equivalents comprise the following:

	Group		Company	
	2005	2004	2005	2004
	RM	RM	RM	RM
Cash and bank balances	10,398,506	2,633,794	5,959,144	187,020
Bank overdrafts	(1,424,272)	-	-	-
	8,974,234	2,633,794	5,959,144	187,020

26. CAPITAL COMMITMENTS

As at 31 December 2005, the Group has the following capital expenditure in respect of property, plant and equipment:

	2005	Group	2004
	RM		RM
Capital expenditure approved and contracted for	7,867,924		-

27. LEASE COMMITMENTS

As at the end of the financial year, lease commitments pertaining to the Group in respect of rental of premises are as follows:

	Future Minimum Lease Payments	
	Group	
	2005	2004
	RM	RM
Financial years ending 31 December:		
2006	63,951	-
2007	32,777	-
	96,728	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

28. COMPARATIVE FIGURES

Certain comparative figures in the financial statements have been reclassified to conform with the current year's presentation.

Group	As previously reported RM	As restated RM
Income Statement		
Other operating expenses	15,141,817	14,703,712
Finance costs	653,768	1,091,873
Cash Flow Statement		
Cash Flows From/(Used In) Operating Activities		
Adjustment for finance costs	653,768	1,091,873
Cash Flows From/(Used In) Financing Activities		
Finance costs paid	(653,768)	(1,091,873)
Notes to the Financial Statements		
Finance costs		
Bank charges and commitment fees	-	438,105
Segment reporting		
Unallocated expenses	9,672,647	9,234,542
Finance costs	653,768	1,091,873

PROPERTIES HELD BY THE COMPANY AND ITS SUBSIDIARIES

as at 31 December 2005

Location	Tenure/ Expiry Date	Description of existing use	Land area (sq. m)	Date of Acquisition/ [Revaluation]	Age (years)/ Net Book Value (RM'000)
PT 138201, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	Freehold/-	Manufacturing, warehouse and office	37,258	[1996]	11.5/3,520
PT 218274, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	Leasehold (60 years)/ 23 April 2055	Manufacturing, warehouse and office	32,382	1999	10.0/1,338
Factory buildings located at PT 138201, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	-	Manufacturing, warehouse and office	12,620	[1996]	11.5/5,075
Factory buildings located at PT 218274, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	-	Manufacturing, warehouse and office	10,860	1999	6.0/5,224

STATEMENT BY DIRECTORS

The directors of **RUBBEREX CORPORATION (M) BERHAD** state that, in their opinion, the accompanying balance sheets and the related 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 Malaysian Accounting Standards Board 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 2005 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,
23 March 2006

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 the related 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 23rd day of March, 2006.

Before me,

Mohd. Yusof Bin Harun, PJK, PNPBB, KPP
(A 112)
COMMISSIONER FOR OATHS



RUBBEREX CORPORATION (M) BERHAD
(Company no. 372642-U)

FORM OF PROXY

I/We.....
of.....
.....
being a Member/Members of the abovenamed Company, hereby appoint.....
.....
of.....
.....

or failing him, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us and on my/our behalf at the Tenth Annual General Meeting of the Company to be held at Kinta Room, First Floor, Casuarina Ipoh Hotel, 18, Jalan Gopeng, 30250 Ipoh, Perak Darul Ridzuan on Wednesday, 10 May 2006 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 for the financial year ended 31 December 2005		
2.	To approve the payment of Directors' fees		
3.	Re-election of Director – Sharifuddin bin Shoib		
4.	Re-election of Director – Dato' Abdul Rahim bin Abdul Halim		
5.	To appoint Auditors and to authorise the Directors to fix their remuneration		
6.	As Special Business – Ordinary Resolution on Proposed Renewal of Authority for RUBBEREX CORPORATION (M) BERHAD to purchase its own ordinary shares of RM1.00 each representing up to 10% of the issued and paid-up share capital of the Company		

(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.....2006

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 41, Jalan Medan Ipoh 6, Bandar Baru Medan Ipoh, 31400 Ipoh, Perak Darul Ridzuan not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

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**AFFIX
STAMP**

The Company Secretary
RUBBEREX CORPORATION (M) BERHAD
41, Jalan Medan Ipoh 6
Bandar Baru Medan Ipoh,
31400 Ipoh,
Perak Darul Ridzuan, Malaysia.

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