ANNUAL REPORT 2006

Rubberex Rubberex Corporation (M) Berhad

Rubberex Corporation (M) Berhad Annual Report 2006

Contents

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of Rubberex Corporation (M) Berhad will be held at 10:00 a.m. on Thursday, 31 May 2007 at Kinta Room, First Floor, Impiana Casuarina Hotel, 18, Jalan Raja Dr. Nazrin Shah, 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 2006 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) Dato' Mohamed bin Hamzah (Resolution 3)
   (ii) Yap Jek Nan (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 funds 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
09 May 2007

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 share 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 09 May 2007, which is dispatched together with the Company's Annual Report 2006.

Statement Accompanying
The Notice of Annual General Meeting

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

(i) Dato' Mohamed bin Hamzah (retiring pursuant to the Articles of Association of the Company); and
(ii) Yap Jek Nan (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 2006 to 31 December 2006. Details of attendance of Directors at Board Meetings are stated in the Statement of Corporate Governance on page 18 of the Annual Report.

3. Date, time and venue of Board Meeting:-

The Eleventh Annual General Meeting of the Company will be held at 10:00 a.m. on Thursday, 31 May 2007 at Kinta Room, First Floor, Impiana Casuarina Hotel, 18, Jalan Raja Dr. Nazrin Shah, 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 23 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

AUDITOR
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

REGISTRAR
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)

HOMEPAGES
www.rubberex.com.my
www.rubberex-spain.es
www.gentletouchgloves.co.uk
www.condomfactory.biz

Directors' Profile

Dato' Mohamed bin Hamzah
Aged 65, 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 54, a Malaysian, is a non-independent Managing Director of the Company. He is a Fellow Member of the Association of Chartered Certified Accountants. He joined Rubberex (M) Sdn Berhad, a wholly owned subsidiary of the Company, in 1994 as the Financial Controller and was appointed to the Board of Rubberex (M) Sdn Berhad on 06 September 1995. Mr. Ping Kok Koh was subsequently appointed to the Board of the Company on 19 March 1998 and assumes his present position on 01 January 1999. He is a member of the Audit Committee. He was previously attached to IGB Corporation Berhad where he worked as the Accountant and later as Group Accountant from 1981 to 1994. He was also formerly a director of Ipmuda Berhad and IJM Corporation Berhad.

Mr. Voon Chong Kian
Aged 49, 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 69, 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 Borad of Directors of Perak Corporation Berhad, Clearwater Golf Sanctuary Management Berhad and Clearwater Sanctuary Golf Resort Sdn Bhd.

En. Sharifuddin bin Shoib
Aged 59, 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 56, 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 41, a Malaysian, is an independent non-executive director of the Company. He was appointed to the Board of the Company on 24 October 1996. Mr. Yap Jek Nan was also appointed as a member of the Audit Committee on 25 November 1998 but resigned on 09 August 2001. After completing his studies in the United States in 1988, he spent 10 years working in manufacturing and property development companies within the IGB Corporation Berhad group of companies. He is currently the director of Gunung Lang Development Sdn Bhd, a property development company.

Dato' Abdul Rahim bin Abdul Halim
Aged 57, 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.

Chairman's Statement

INTRODUCTION

On behalf of the Board I present the Annual Report of the Company for the financial year ended 31 December 2006.

According to the IMF, the global economic expansion in 2006 was broad based with activity in most regions meeting expectation. Growth was particularly strong in the US. The expansion gathered momentum in the EURO area and the Japanese economy continued to expand while growth in China accelerated further. Overall global output increased briskly and is estimated to be at 5.1% for the year, up from 4.1% in 2005.

Under such a scenario, prices of oil, chemicals and commodities continued to remain high. In some cases like bulk latex it surged even rapidly in a short span when demand exceeded supply. It rose by more than 40% during the year from RM4.27/kg in 2005 to RM6.10/kg in 2006. In the month of January 2006 alone the price of raw latex increased by more than 30%, a factor which was not possible to fully pass to the customers.

Group performance for the year was therefore significantly affected. Group turnover reduced slightly by 2% to RM121.4 million and operating profit before interest, depreciation and taxes decreased by 19% from RM25.7 million in 2005 to RM20.9 million in 2006. Margins were lower mainly because of the spiraling raw material cost of latex. Product prices to customers had to be increased on several occasions during the year to cushion the impact.

FINANCIAL RESULTS

The Group achieved a sales turnover of RM121.4 million in 2006 as compared against RM123.3 million in 2005. Group pre-tax profit however decreased by 43% to RM8.2 million from RM14.5 million previously.

DIVIDENDS

The Board will continue with its policy of paying dividends depending on the Group performance. The first interim dividend of 10 sen less tax (2005:10 sen less tax) was paid on 28 July 2006 while the second interim dividend of another 5 sen tax-exempt (2005: 10 sen less tax) was paid on 31 January 2007.

CORPORATE EXERCISES

Medium Term Notes (“MTN”) Programme

Early in 2006, the Company undertook an issuance of medium term notes exercise under a Medium Term Notes Programme of up to RM50.0 million. The proceeds raised from the MTN Programme was utilised to part finance the development and construction of the factory expansion in China and Malaysia as well as to meet working capital requirements of the Group. In the financial year just ended, the Company has issued and utilised RM35.0 million of the proceeds from the MTN Programme.

Rights Issue and Increase in Authorised Share Capital

In addition to the above exercise, the Company has further proposed a renounceable rights issue of 4%, 5-year irredeemable convertible unsecured loan stocks (“ICULS”) with free detachable warrants, on the basis of RM2.00 nominal value of ICULS together with 1 free warrant for every 3 existing ordinary shares of RM1.00 each in the Company. The primary purpose of this exercise is to fund the capital expansion projects in China and this Rights Issue is expected to raise gross proceeds of approximately RM55.7 million.

The Board is of the view that the proposed Rights Issue is currently the most appropriate avenue of fund raising for the Group based on the following:-

(a) The proposed Rights Issue will raise funds for the capital expansion in China at a relatively lower cost compared to obtaining bank borrowings without an immediate dilution in earnings per share;

(b) The additional shares to be issued pursuant to the conversion of the ICULS and exercise of warrants will increase the capital base of the Company to a level that commensurate with the value of its assets employed, as well as provide an opportunity to the shareholders of Rubberex to further increase their equity participation in the Company; and

(c) The issuance of free warrants with the ICULS is intended to provide additional incentive to the shareholders to subscribe for their respective entitlements under the proposed Rights Issue. In addition, the subsequent exercise of the warrants into new shares would also raise additional funds for the Group to finance future working capital requirements.

An application on this proposal was submitted to the Securities Commission and approval was granted to the Company on 18 April 2007.

In order to facilitate the implementation of the Rights Issue exercise, the Board is also proposing to increase the authorised share capital of the Company from RM100,000,000 to RM200,000,000 to enable the Company to accommodate the increase in its issued and paid-up share capital pursuant to the proposed Rights Issue as well as any future issuance of shares by the Company.

The Board is of the opinion that these proposals are in the best interest of the Company and accordingly, recommend that you vote in favour of the resolutions to be tabled at the forthcoming Extraordinary General Meeting.

FUTURE PROSPECTS

Barring unforeseen circumstances, the Group foresees further sales growth for the year 2007 compared to 2006 with production coming on stream from the various phases of factory expansion in China. Profitability however will continue to be under great pressure due to the steep price of natural raw latex which the customers are quite resistant to accept and the gestation period required to generate revenue and profits from the new investments.

Nevertheless, the diversification of the product ranges of the Group using synthetic material has helped to lower its dependency on the traditional natural rubber glove market. In addition, the Group’s entry into the disposable glove market will quickly speed up the growth potential and place it in a stronger position to penetrate the glove market.

APPRECIATION AND ACKNOWLEDGMENT

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

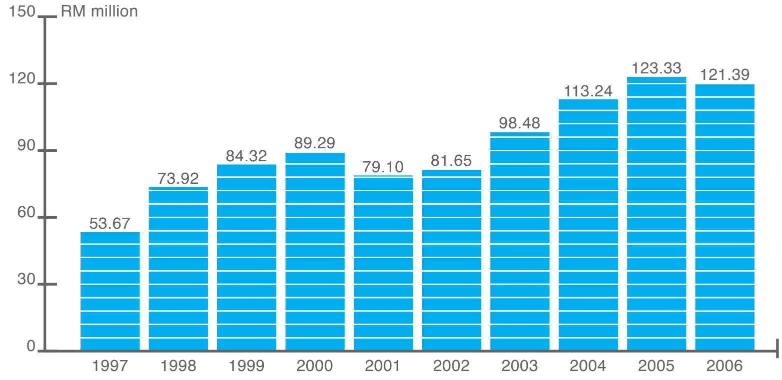
Rubberex Trading Items

- Cleaning Products
- Glove Division
- Non Woven Products

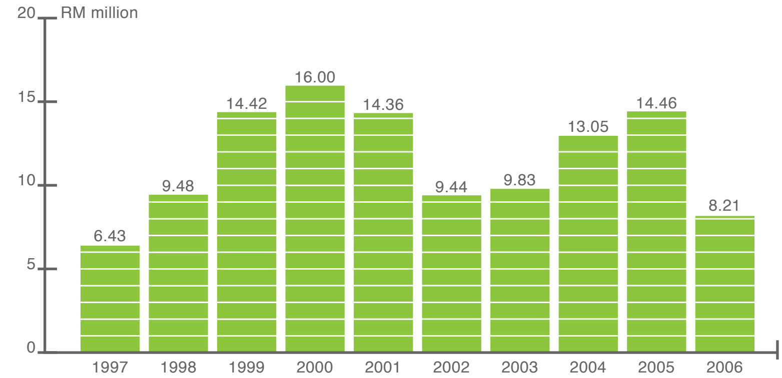

U. K
Spain
China
Rubberex
overseas office
and factory

Financial Highlights

Sales Turnover

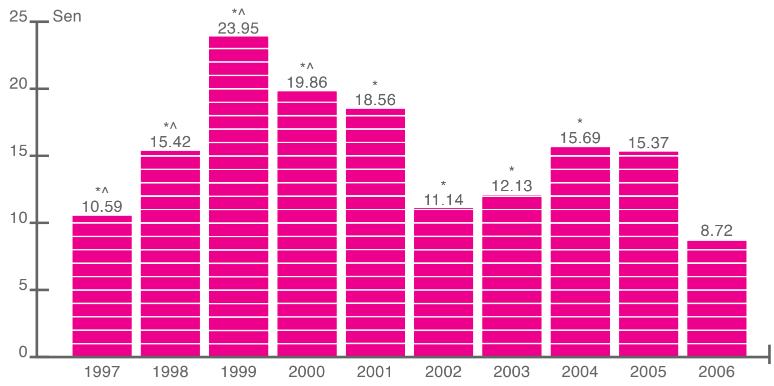


Profit Before Tax



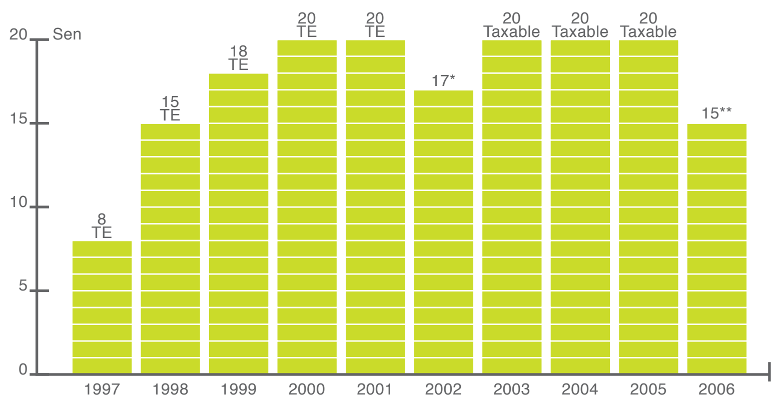
Financial Highlights

Earnings Per Share (Basic)



* 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

Dividend Per Share



TE: Tax-exempt
*TE 10 sen, Taxable 7 sen
** Taxable 10 sen, TE 5 sen

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 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.

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 2006. 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

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 2006. 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	4/4
Dato' Abdul Rahim bin Abdul Halim	3/4
Ping Kok Koh	4/4
Voon Chong Kian (alternate to Ping Kok Koh)	4/4

The Board composition in respect of the ratio of independent directors is two or 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

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 2006 are as follows:-

1. Aggregate remuneration of directors categorised into appropriate components:

	Emoluments (RM)	Fees (RM)	Total (RM)
Executive Directors	306,381	-	306,381
Non-executive Directors	-	122,500	122,500

Number of Directors whose remuneration falls into the following bands:

2. Range of remuneration

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	-	-
Above RM300,000	1	-

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

Shareholders

Shareholders are kept informed of all material business matters affecting the Company through disclosures to 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 the Listing Requirements i.e. two independent directors forming the majority and a member that is a qualified accountant. The Audit Committee meets periodically to carry out its functions and duties pursuant to its terms of reference. Other Board members also attend meetings upon the invitation of the Audit Committee.

During the financial year, the Audit Committee has also verified that the allotment of options under the Company's Executive Share Option Scheme (ESOS) is in accordance with the conditions set out in the ESOS bye-laws.

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 09 April 2007

Authorised Share Capital	: RM100,000,000
Issued and Paid up Capital	: RM79,388,702
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 09 APRIL 2007

Size of Shareholdings *as at 09 April 2007*	No. of Holders	% of Holders	No. of Shares	% of Shares
Less than 100	155	4.34	7,653	0.01
100 - 1,000	440	12.30	377,507	0.48
1,001 - 10,000	2,521	70.50	8,985,134	11.32
10,001 - 100,000	405	11.33	10,132,997	12.76
100,001 to less than 5% of issued shares	52	1.45	34,077,610	42.92
5% and above of issued shares	3	0.08	25,807,801	32.51
TOTAL	3,576	100.00	79,388,702	100.00

30 LARGEST SECURITIES ACCOUNT HOLDERS FOR ORDINARY SHARES
as at 09 April 2007

No.	Name	No. of Shares	%
1	Med-Bumikar Mara Sdn Bhd	9,965,533	12.55
2	Duvest Holdings Sdn Bhd	9,175,601	11.56
3	Public Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Med-Bumikar Mara Sdn Bhd	6,666,667	8.40
4	Teng Cheng Bon @ Teng Kim Tee	3,444,592	4.34
5	Public Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Aun Huat & Brothers Sdn Bhd	3,000,000	3.78
6	HSBC Nominees (Asing) Sdn Bhd – Exempt AN for Morgan Stanley & Co Incorporated	3,000,000	3.78
7	Aun Huat & Brothers Sdn Bhd	2,654,761	3.34
8	Aun Huat & Brothers Sdn Bhd	2,498,334	3.15
9	Sumbang Permai Sdn Bhd	1,489,400	1.88
10	Kon Choi Ying	1,467,319	1.85
11	Amanah Raya Nominees (Tempatan) Sdn Bhd – Public Islamic Balanced Fund	1,411,800	1.78
12	Kurnia Insurans (Malaysia) Berhad	1,397,100	1.76
13	Ping Kok Koh	1,273,676	1.60
14	Sharifuddin bin Shoib	1,082,271	1.36
15	Amanah Raya Nominees (Tempatan) Sdn Bhd – Public Islamic Opportunities Fund	1,021,700	1.29
16	Malaysian Reinsurance Berhad	997,000	1.26
17	Tok Peck Hong	685,667	0.86
18	Malaysian Reinsurance Berhad	606,700	0.76
19	TA Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Liew Yam Fee	600,000	0.76
20	MNRB Holdings Berhad	500,000	0.63
21	Teng Cheng Bon @ Teng Kim Tee	431,466	0.54
22	Wong Kit Peng	400,300	0.50
23	Rampai Dedikasi Sdn Bhd	400,000	0.50
24	Koh Yit Ming @ Quek Yit Ming	375,200	0.47
25	Amanah Raya Nominees (Tempatan) Sdn Bhd – PB Islamic Equity Fund	370,600	0.47
26	Woi Yoon Kim	332,667	0.42
27	Dato' Mohamed bin Hamzah	290,246	0.37
28	Shum Yoke Chee	263,703	0.33
29	Amanah Raya Berhad – SBB Dana Al-Faiz	256,400	0.32
30	Mayban Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Ping Kok Koh	223,200	0.28
	TOTAL	56,281,903	70.89

SUBSTANTIAL SHAREHOLDERS AS AT 09 APRIL 2007
ORDINARY SHARES OF RM1.00 EACH

	No. of shares held				
	Direct	%	Indirect	%	
Med-Bumikar Mara Sdn Bhd	16,632,200	20.95	-	-	
Duvest Holdings Sdn Bhd	9,175,601	11.56	-	-	
Teng Cheng Bon @ Teng Kim Tee	3,869,158	4.87	9,175,601	11.56	*
Aun Huat & Brothers Sdn Bhd	8,174,496	10.30	-	-	
Ping Kok Koh	1,273,676	1.60	10,908,387	13.74	\\
Sharifuddin bin Shoib	1,109,328	1.40	9,175,601	11.56	*
Poh Chee Meng @ Fook Fatt	26,000	0.03	8,312,096	10.47	^
P & F Holdings Sdn Bhd	185,333	0.23	8,174,496	10.30	++
Poh Cheong Meng & Sons Sdn Bhd	185,333	0.23	8,174,496	10.30	++
Poh Yin Hoe & Sons Holding Sdn Bhd	-	-	8,174,496	10.30	++
Poh Chee Meng & Sons Holdings Sdn Bhd	137,600	0.17	8,174,496	10.30	++

* 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 09 APRIL 2007
ORDINARY SHARES OF RM1.00 EACH

	No. of shares held			
	Direct	%	Indirect	%
Dato' Mohamed bin Hamzah	290,246	0.37	-	-
Dr. Nawawi bin Mat Awin	-	-	-	-
Sharifuddin bin Shoib	1,109,328	1.40	9,175,601	11.56
Poh Choo Lim	-	-	-	-
Yap Jek Nan	-	-	-	-
Dato' Abdul Rahim bin Abdul Halim	-	-	-	-
Ping Kok Koh	1,273,676	1.60	10,908,387	13.74
Voon Chong Kian (Alternate Director)	201,357	0.25	-	-

Financial Statements

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 2006.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

The principal activities of the subsidiary companies are disclosed in Note 14 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.

SIGNIFICANT EVENT

During the financial year, the Company subscribed to a 7-year Medium Term Notes Programme ("MTN Programme") to part finance the subsidiary companies' capital expenditure in China and Malaysia. The Medium Term Notes bear interest rate of 7.50% per annum.

The salient features of the MTN Programme are as follows:

(a) During the 7-year tenure of the MTN Programme, the Company may issue MTNs comprising one or more series of interest bearing notes in bearer form and evidencing a promise to pay the stated Ringgit sums on specified dates. Each series of MTNs issued will have a maturity of between one (1) year and seven (7) years, provided that no MTNs shall mature beyond the expiry of the tenure of the MTN Programme. The aggregate outstanding amount of the face value of the MTNs issued shall not exceed the amount of RM50.00 million at any one time;

(b) MTNs issued and maturing within the 7-year tenure of the MTN Programme shall not be reissued or rolled over. The limit of the MTN Programme shall be reduced accordingly by the face value of MTNs so maturing or redeemed;

(c) The MTNs will be issued via private placement of a best effort basis or bought deal basis without prospectus to selected investor(s) ("Private Placement Investor(s)" or "Primary Subscriber(s)" respectively) specified under Schedule 2 or Section 38(1)(b), or Schedule 3 or Section 39(1)(b), and Schedule 5 or Section 66(2) of the Securities Commission Act, 1993 ("SCA"), as identified by our MTN Lead Arranger and Facility Agent, RHB Investment Bank Berhad (formerly known as RHB Sakura Merchant Bankers Berhad);

(d) The MTNs shall be issued at a discount to face value, at par or at premium to face value. Interest/coupon rate and the Yield to Maturity of each series of MTNs will be determined at the point of issuance upon agreement between RHB Investment Bank Berhad and the Private Placement Investor(s) and/or the Primary Subscriber(s), as the case may be; and

(e) The obligations represented by the MTNs shall constitute our direct, unsecured, unconditional and unsubordinated obligations under Malaysian laws, ranking pari passu among themselves and in priority to all of our present and future unsecured and unsubordinated obligations (other than such obligations or rights which are preferred by applicable laws).

(f) The MTN Programme is secured by a charge over designated accounts opened by the Company as disclosed in note 28(b) to the Financial Statements.

As at 31 December 2006, a total of RM35.00 million MTNs has been subscribed by the Company.

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	8,207,998	11,526,369
Income tax expense	(1,625,174)	(1,996,176)
Profit for the year	6,582,824	9,530,193
Attributable to:		
Equity holders of the Company	6,878,533	9,530,193
Minority interests	(295,709)	-
	6,582,824	**9,530,193**

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 other than the change in accounting policies arising from the adoption of all the new and revised Standards and Interpretations issued by Malaysian Accounting Standards Board ("MASB") as disclosed in Note 2 to the Financial Statements.

DIVIDENDS

A second interim dividend of 10%, less tax, amounting to RM5,617,394 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 2006:

(a) A first interim dividend of 10%, less tax, amounting to RM5,676,961 was paid on 28 July 2006; and

(b) A second interim dividend of 5%, tax-exempt, amounting to RM3,965,135 was paid on 31 January 2007.

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

A first interim dividend of 6%, tax-exempt, in respect of the financial year ending 31 December 2007 will be payable on 25 May 2007.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM78,059,368 to RM79,287,702 by way of an issue of 1,228,334 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.

The resulting premium arising from the shares issued of RM601,883 has been credited to the share premium account.

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

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

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.

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 01.01.2006	Exercised	Lapsed due to resignation	Balance as at 31.12.2006
08.07.2004	1.49	5,474,399	(1,228,334)	(48,734)	4,197,331

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 there are no bad debts to be 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 necessitates the writing off any bad debts or render 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 financial year in which this report is made other than those disclosed in Note 31 to the Financial Statements and the change in accounting policies arising from the adoption of all the new and revised Standards and Interpretations issued by MASB as disclosed in Note 2 to the Financial Statements.

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, Dato' Mohamed bin Hamzah and Yap Jek Nan 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:

Shares in the Company	Number of ordinary shares of RM1.00 each			
Registered in the name of directors	Balance as at 01.01.2006	Bought	Sold	Balance as at 31.12.2006
Dato' Mohamed bin Hamzah	290,246	-	-	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)	501,357	323,100	(623,100)	201,357
Indirect interest				
Ping Kok Koh	10,908,387	-	-	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:

	Number of options over ordinary shares of RM1.00 each			
	Balance as at 01.01.2006	Granted	Exercised	Balance as at 31.12.2006
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' 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 18 to the Financial Statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for options granted to certain directors pursuant to the Company's ESOS as disclosed above and in Note 20 to the Financial Statements.

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, 18 April 2007

Report of The Auditors To The Members of Rubberex Corporation (M) Berhad
(Incorporated in Malaysia)

We have audited the accompanying balance sheets as at 31 December 2006 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 2006 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 14 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

18 April 2007

Income Statements
for the financial year ended 31 December 2006

	Note	Group 2006 (RM)	Group 2005 (RM)	Company 2006 (RM)	Company 2005 (RM)
Revenue	4	**121,389,527**	123,326,988	**13,396,700**	7,037,520
Investment revenue	6	**86,546**	60,709	**38,922**	60,709
Other gains and losses	7	**113,155**	3,993	**(1,045,198)**	-
Other operating income	9	**-**	13,362	**-**	
Changes in inventories of finished goods, trading goods and work-in-progress		**8,844,497**	9,435,816	**-**	-
Purchase of finished goods and trading goods		**(10,173,206)**	(10,514,879)	**-**	-
Raw materials and consumables used		**(62,922,434)**	(63,350,024)	**-**	-
Directors' remuneration	8	**(1,046,554)**	(1,056,525)	**(122,500)**	(122,500)
Employee benefits expense	9	**(17,927,088)**	(16,905,104)	**-**	-
Depreciation expense	13	**(10,405,954)**	(10,081,441)	**-**	-
Amortisation of goodwill		**-**	(121,453)	**-**	-
Finance costs	10	**(2,329,559)**	(1,186,325)	**(140,803)**	(443)
Other expenses	9	**(17,420,932)**	(15,161,220)	**(600,752)**	(222,369)
Profit before tax		**8,207,998**	14,463,897	**11,526,369**	6,752,917
Income tax expense	11	**(1,625,174)**	(3,074,634)	**(1,996,176)**	(1,333,331)
Profit for the year		**6,582,824**	11,389,263	**9,530,193**	5,419,586
Attributable to:					
Equity holders of the Company		**6,878,533**	11,362,668	**9,530,193**	5,419,586
Minority interests		**(295,709)**	26,595	**-**	-
		6,582,824	11,389,263	**9,530,193**	5,419,586
Earnings per share					
Basic (sen per share)	12	**8.72**	15.37		
Diluted (sen per share)	12	**8.56**	14.32		

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

Balance Sheets
as at 31 December 2006

	Note(s)	Group 2006 (RM)	Group 2005 (RM)	Company 2006 (RM)	Company 2005 (RM)
ASSETS					
Non-current assets					
Property, plant and equipment	13	**86,707,161**	64,026,075	**-**	-
Investments in subsidiary companies	14	**-**	-	**36,713,102**	33,353,102
Goodwill on consolidation	15	**2,793,422**	2,793,422	**-**	-
Total non-current assets		**89,500,583**	66,819,497	**36,713,102**	33,353,102
Current assets					
Inventories	16	**56,864,200**	46,620,720	**-**	-
Trade and other receivables	17&18	**25,139,709**	28,667,052	**-**	-
Amount due by subsidiary companies	18	**-**	-	**92,312,734**	54,762,643
Current tax assets	11	**1,071,966**	1,925,890	**72,679**	105,574
Other assets	19	**3,617,113**	215,221	**1,000**	1,000
Cash and bank balances		**9,857,084**	10,398,506	**164,548**	5,959,144
Total current assets		**96,550,072**	87,827,389	**92,550,961**	60,828,361
Total assets		**186,050,655**	154,646,886	**129,264,063**	94,181,463
EQUITY AND LIABILITIES					
Capital and reserves					
Issued capital	20	**79,287,702**	78,059,368	**79,287,702**	78,059,368
Reserves	21	**8,804,915**	10,192,951	**10,691,846**	10,089,963
Retained earnings	22	**11,573,525**	14,337,088	**90,833**	202,736
Equity attributable to equity holders of the Company		**99,666,142**	102,589,407	**90,070,381**	88,352,067
Minority interest		**7,146,795**	5,192,121	**-**	-
Total equity		**106,812,937**	107,781,528	**90,070,381**	88,352,067
Non-current liabilities					
Deferred tax liabilities	11	**5,284,665**	5,844,999	**-**	-
Medium Term Notes	24	**35,000,000**	-	**35,000,000**	-
Borrowings	25	**3,546,131**	-	**-**	-
Total non-current liabilities		**43,830,796**	5,844,999	**35,000,000**	-
Current liabilities					
Trade and other payables	18&26	**12,296,376**	14,827,296	**106,047**	91,002
Borrowings	25	**17,528,406**	19,364,272	**-**	-
Current tax liabilities	11	**83,045**	243,404	**-**	-
Accrued expenses		**1,533,960**	967,993	**122,500**	121,000
Dividend payable	23	**3,965,135**	5,617,394	**3,965,135**	5,617,394
Total current liabilities		**35,406,922**	41,020,359	**4,193,682**	5,829,396
Total liabilities		**79,237,718**	46,865,358	**39,193,682**	5,829,396
Total equity and liabilities		**186,050,655**	154,646,886	**129,264,063**	94,181,463

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

Statements of Changes In Equity
for the financial year ended 31 December 2006

		Attributable to Equity Holders of the Company							
			Non-distributable Reserves			Non-distributable Reserves			
	Note	Issued Capital (RM)	Reserve on Consolidation (RM)	Share Premium (RM)	Translation Reserve (RM)	Retained Earnings (RM)	Subtotal (RM)	Minority Interest (RM)	Total Equity (RM)
Group									
Balance as at 01 January 2005		65,307,733	3,380,178	484,120	-	10,524,024	79,696,055	-	79,696,055
Exchange differences arising on translation of foreign subsidiaries		-	-	-	102,988	-	102,988	68,658	171,646
Profit for the year		-	-	-	-	11,362,668	11,362,668	26,595	11,389,263
Total recognised income and expense		-	-	-	102,988	11,362,668	11,465,656	95,253	11,560,909
Dividends	23	-	-	-	-	(10,932,914)	(10,932,914)	-	(10,932,914)
Issue of shares:	20								
Exercise of Warrants		10,174,368	-	8,342,982	-	-	18,517,350	-	18,517,350
Exercise of share options under ESOS		2,577,267	-	1,262,861	-	-	3,840,128	-	3,840,128
Accretion arising from issue of shares of a subsidiary company		-	-	-	-	3,132	3,132	(3,132)	-
Issuance of shares to minority shareholders		-	-	-	-	-	-	5,100,000	5,100,000
Balance as at 31 December 2005		78,059,368	3,380,178	10,089,963	102,988	10,956,910	102,589,407	5,192,121	107,781,528
Balance as at 01 January 2006									
As previously stated		78,059,368	3,380,178	10,089,963	102,988	10,956,910	102,589,407	5,192,121	107,781,528
Effect of changes in accounting policy for business combinations		-	(3,380,178)	-	-	3,380,178	-	-	-
Restated balance		78,059,368	-	10,089,963	102,988	14,337,088	102,589,407	5,192,121	107,781,528
Exchange differences arising on translation of foreign subsidiaries		-	-	-	(1,989,919)	-	(1,989,919)	10,383	(1,979,536)
Profit for the year		-	-	-	-	6,878,533	6,878,533	(295,709)	6,582,824
Total recognised income and expense		-	-	-	(1,989,919)	6,878,533	4,888,614	(285,326)	4,603,288
Dividends	23	-	-	-	-	(9,642,096)	(9,642,096)	-	(9,642,096)
Issue of shares:									
Exercise of share options under ESOS	20	1,228,334	-	601,883	-	-	1,830,217	-	1,830,217
Issuance of shares to minority shareholders		-	-	-	-	-	-	2,240,000	2,240,000
Balance as at 31 December 2006		79,287,702	-	10,691,846	(1,886,931)	11,573,525	99,666,142	7,146,795	106,812,937

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

Statements Of Changes In Equity
for the financial year ended 31 December 2006

	Note	Issued Capital (RM)	Non-distributable Reserve Share Premium (RM)	Distributable Reserve Retained Earnings (RM)	Total Equity (RM)
Company					
Balance as at 01 January 2005		65,307,733	484,120	5,716,064	71,507,917
Profit for the year		-	-	5,419,586	5,419,586
Issue of shares:	20				
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
Profit for the year		-	-	9,530,193	9,530,193
Issue of shares:					
Exercise of share options under ESOS	20	1,228,334	601,883	-	1,830,217
Dividends	23	-	-	(9,642,096)	(9,642,096)
Balance as at 31 December 2006		79,287,702	10,691,846	90,833	90,070,381

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

Cash Flow Statement
for the financial year ended 31 December 2006

	Note	2006 (RM)	2005 (RM)
Group			
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year		**6,582,824**	11,389,263
Adjustments for:			
Depreciation of property, plant and equipment		**10,405,954**	10,081,441
Finance costs		**2,329,559**	1,186,325
Income tax expense recognised in profit or loss		**1,625,174**	3,074,634
Allowance for doubtful debts		**1,082,608**	65,463
Investment revenue recognised in profit or loss		**(86,546)**	(60,709)
Gain on disposal of property, plant and equipment		**(810)**	(3,993)
Tax penalty		**(115)**	16,900
Amortisation of goodwill		**-**	121,453
Allowance for doubtful debts no longer required		**-**	(3,800)
		21,938,648	25,866,977
Movements in working capital:			
(Increase)/Decrease in:			
Inventories		**(10,227,533)**	(14,278,589)
Trade and other receivables		**1,762,460**	(5,634,217)
Other assets		**(3,403,339)**	(111,783)
Increase/(Decrease) in:			
Trade and other payables		**(2,647,756)**	1,782,383
Other liabilities		**565,894**	(594,616)
Cash Generated From Operations		**7,988,374**	7,030,155
Income tax paid		**(1,491,828)**	(2,052,519)
Net Cash Generated From Operating Activities		**6,496,546**	4,977,636
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Interest on fixed deposits received		**86,546**	60,709
Proceeds from disposal of property, plant and equipment		**5,270**	-
Purchase of property, plant and equipment	28(a)	**(33,206,109)**	(17,880,029)
Net Cash Used In Investing Activities		**(33,114,293)**	(17,819,320)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from Medium Term Notes		**35,000,000**	-
Proceeds from term loan		**4,609,970**	-
Proceeds from issuance of shares to minority shareholders		**2,240,000**	5,100,000
Proceeds from issuance of shares to equity holders of the Company		**1,830,217**	22,357,478
Dividends paid		**(11,294,355)**	(10,017,676)
(Repayment of)/Proceeds from bills payable		**(3,951,000)**	15,257,000
Finance costs paid		**(2,329,559)**	(1,186,325)
Repayment of bonds		**-**	(12,500,000)
Net Cash Generated From Financing Activities		**26,105,273**	19,010,477
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(512,474)**	6,168,793
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**8,974,234**	2,633,794
Effect of exchange rate changes on the balance of cash held in foreign currencies		**(1,080,243)**	171,647
CASH AND CASH EQUIVALENTS AT END OF YEAR	28(b)	**7,381,517**	8,974,234

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

	Note	2006 (RM)	2005 (RM)
Company			
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year		**9,530,193**	5,419,586
Adjustments for:			
Income tax expense recognised in income statement		**1,996,176**	1,333,331
Unrealised loss on foreign exchange		**1,045,198**	-
Finance costs		**140,803**	443
Dividend income		**(13,396,700)**	(7,037,520)
Investment revenue recognised in profit or loss		**(38,922)**	(60,709)
		(723,252)	(344,869)
Movements in working capital:			
Increase in trade and other receivables		**-**	(174,607)
(Decrease)/Increase in:			
Trade and other payables		**15,045**	(143,176)
Other liabilities		**1,500**	1,000
Cash Used In Operations		**(706,707)**	(661,652)
Dividends received from subsidiary companies		**11,400,524**	5,711,014
Income tax refunded		**32,895**	9,520
Net Cash Generated From Operating Activities		**10,726,712**	5,058,882
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Interest on advances to subsidiary companies received		**800,000**	312,647
Interest on fixed deposits received		**38,922**	60,709
(Advances granted to)/Repayment from subsidiary companies - Net		**(38,595,289)**	6,866,965
Acquisition of additional shares in a subsidiary company		**(3,360,000)**	-
Acquisition of a subsidiary company		**-**	(6,000,000)
Net Cash (Used In)/Generated From Investing Activities		**(41,116,367)**	1,240,321
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from Medium Term Notes		**35,000,000**	-
Proceeds from issuance of shares to equity holders of the Company		**1,830,217**	22,357,478
Dividends paid		**(11,294,355)**	(10,017,676)
Finance costs paid		**(940,803)**	(366,881)
Repayment of bonds		**-**	(12,500,000)
Net Cash Generated From/(Used In) Financing Activities		**24,595,059**	(527,079)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(5,794,596)**	5,772,124
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**5,959,144**	187,020
CASH AND CASH EQUIVALENTS AT END OF YEAR	28(b)	**164,548**	5,959,144

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

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 14.

There have been no significant changes in the nature of the activities of the Company and its subsidiary companies during the 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 18 April 2007.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRS")

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

During the financial year, the Group and the Company adopted all of the new and revised Standards and Interpretations issued by MASB that are relevant to their operations and effective for accounting periods beginning on or after 01 January 2006. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the accounting policies of the Group and of the Company except as follows:

(a) FRS 2 : Share-based Payment

Prior to 01 January 2006, no compensation expense was recognised in Income Statement for share options granted. The Company recognised an increase in share capital and share premium account when the options were exercised. Upon the adoption of FRS 2, the total fair value of share options granted to executives is recognised as an employee cost with a corresponding increase in the equity-settled employee benefits reserve within equity over the vesting period.

The Company have not applied FRS 2 for its existing share options as they were granted before 31 December 2004.

(b) FRS 3 : Business Combination

The adoption of this FRS has resulted in the Group ceasing annual goodwill amortisation. Goodwill is carried at cost less accumulated impairment losses and is now tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment loss is recognised in profit or loss and subsequent reversal is not allowed. Prior to 01 January 2006, goodwill was amortised on a straight-line basis over its estimated useful life of 25 years. This change in accounting policy has been accounted for prospectively for business combinations where the agreement date is on or after 01 January 2006. Based on the transitional provisions of FRS 3, the Group is required to eliminate at 01 January 2006 the carrying amount of the accumulated amortisation of RM242,906 against the carrying amount of goodwill. The carrying amount of goodwill as at 01 January 2006 of RM2,793,422 ceased to be amortised.

FRS 3 also requires any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisitions, previously known as negative goodwill, be reassessed and recognised immediately to the profit or loss. In accordance with the transitional provisions of FRS 3, negative goodwill of the Group amounting to RM3,380,178 as at 01January 2006 need to be derecognised with a corresponding increase in retained earnings.

The adoption of FRS 3 has the following effect on the Group's consolidated balance sheet and income statements for the year ended 31 December 2006:

	Increase/(Decrease)	
	Effect on consolidated income statement (RM)	Effect on consolidated balance sheet (RM)
Amortisation of goodwill	121,453	121,453
Profit for the year	121,453	121,453
Earnings per share: Basic (sen per share)	0.15	-
Diluted (sen per share)	0.15	-

(c) FRS 101 : Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the year, showing separately the amounts attributable to equity holders of the Company and to minority interest.

The current year's presentation of the Group's and the Company's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current year's presentation.

At the date of authorisation of these financial statements for issue, the following Standards and Interpretations were issued but were not yet adopted by the Group and the Company:

Standards	Title	Effective for annual periods beginning on or after
FRS 6	Exploration for and Evaluation of Mineral Resources	01 January 2007
FRS 117	Leases	01 October 2006
FRS 124	Related Party Disclosures	01 October 2006
Amendments to FRS 119_{2004}	Actuarial Gains and Losses, Group Plans and Disclosures	01 January 2007
Amendments to FRS 121	Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	01 July 2007

IC Interpretation (Int.)	Title	Effective for annual periods beginning on or after
Int. 1	Changes in Existing Decommissioning, Restoration & Similar Liabilities	01 July 2007
Int. 2	Members' Shares in Co-operative Entities & Similar Instruments	01 July 2007
Int. 5	Rights to Interests arising from Decommissioning, Restoration & Environmental Rehabilitation Funds	01 July 2007
Int. 6	Liabilities arising from Participating in a Specific Market - Waste Electrical & Electronic Equipment	01 July 2007
Int. 7	Applying the Restatement Approach under FRS129_{2004} Financial Reporting in Hyperinflationary Economies	01 July 2007
Int. 8	Scope of IFRS 2	01 July 2007

FRS 117: Leases

The adoption of the revised FRS 117 will result in retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for entering into the leasehold represents prepaid lease payments and are amortised on a straight-line basis over the lease term. A lease of land and building is apportioned into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interests in the land element and the building element of the lease at the inception of the lease. Leasehold land is currently classified as property, plant and equipment and is stated at cost less accumulated depreciation and impairment losses.

Upon the adoption of the revised FRS 117, the unamortised revalued amount of leasehold land will be retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions of the revised FRS 117. The reclassification of leasehold land as prepaid lease payments will be accounted for retrospectively.

Other than as disclosed above, the directors anticipate that the adoption of FRS 117 in the financial year ending 31 December 2007 will have no material impact on the financial statements of the Group and of the Company.

FRS 124: Related Party Transactions

The directors anticipate that the adoption of FRS 124 in the financial year ending 31 December 2007 will have no material impact on the financial statements of the Group and of the Company.

MASB has also issued FRS 139, Financial Instruments: Recognition and Measurement but has yet to announce the effective date of this standard. The Group and the Company have not early adopted FRS 139 and by virtue of the exemption in paragraph 103AB of FRS 139, the impact of applying FRS 139 on their financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed.

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.

The principal accounting policies are set out 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 2006.

A subsidiary company is a company where the Group has control over 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.

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.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intragroup transactions, balances and resulting unrealised gains are eliminated in full on consolidation. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

Minority interests in the net assets (excluding goodwill) of consolidated subsidiary companies are identified separately from the Group's equity therein. Minority interests consist of amount of those interests at the date of the original business combination stated at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 3 Business Combinations are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of sales tax, trade discounts and customer returns.

Sale of goods

Revenue from sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the customer the significant risks and rewards of ownership of the goods;

- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Commission income

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

Interest income

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

Dividend income

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

Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia, which is the functional currency of the Company, and also the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the date of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

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

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

Exchange differences arising on translation are taken up in foreign currency translation reserve under equity. On disposal of a foreign subsidiary, the accumulated translation differences are included in the determination of profit or loss on disposal.

The principal closing rates used in the translation of foreign currency amounts are as follows:

Foreign Currency	**31.12.2006**	31.12.2005
	(RM)	(RM)
1 United States Dollar	**3.5298**	3.7594
1 Hong Kong Dollar	**0.4524**	0.4878
1 Chinese Renminbi	**0.4541**	0.4685
1 Euro Dollar	**4.5896**	4.4803
1 Sterling Pound	**6.8800**	6.5062

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

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

The Group is required by law to 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 recognised as an expense when employees have rendered service entitling them to the contributions and 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 profit or loss 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.

Property, plant and equipment

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

Depreciation is charged so as to write off the cost of assets, other than freehold land and capital work-in-progress, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

Investments in subsidiary companies

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

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group and the Company review the carrying amounts of their tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but the increased carrying amount would not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit or loss.

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 for inventories and all estimated costs of completion and costs necessary to make the sale.

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.

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.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's and the Company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets in the next financial year include the recoverability of receivables and the recoverable amount of goodwill. Note 15 to the Financial Statements contain information about the assumptions relating to goodwill impairment testing.

4. REVENUE

	Group		Company	
	2006 (RM)	2005 (RM)	**2006 (RM)**	2005 (RM)
Sales of household and industrial rubber gloves	**93,424,488**	120,123,409	**-**	-
Trading of gloves, household items, kitchen items and personal protective products	**27,595,020**	3,203,579	**-**	-
Sales of disposable gloves	**370,019**	-	**-**	-
Dividends (gross) received from subsidiary companies	**-**	-	**13,396,700**	7,037,520
	121,389,527	123,326,988	**13,396,700**	7,037,520

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 2006	**Europe (RM)**	**North and South America (RM)**	**Rest of the world (RM)**	**Total (RM)**
Revenue	78,506,176	26,083,554	16,799,797	121,389,527
Results				
Segment results	13,431,874	4,830,382	2,944,252	21,206,508
Unallocated expenses				(10,755,497)
Profit from operations				10,451,011
Interest on short-term and fixed deposits				86,546
Finance costs				(2,329,559)
Profit before tax				8,207,998
Income tax expense				(1,625,174)
Profit for the year				6,582,824

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 short-term and fixed deposits				60,709
Finance costs				(1,186,325)
Profit before tax				14,463,897
Income tax expense				(3,074,634)
Profit for the year				11,389,263

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.

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	
	2006 (RM)	2005 (RM)	**2006 (RM)**	2005 (RM)
Malaysia	**123,536,592**	141,757,009	**10,007,010**	10,689,906
The People's Republic of China	**44,970,797**	10,153,169	**23,326,910**	7,212,158
Other countries	**16,471,300**	810,818	**10,560**	3,461
	184,978,689	152,720,996	**33,344,480**	17,905,525

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, industrial and disposable rubber gloves.

6. INVESTMENT REVENUE

	Group		Company	
	2006 (RM)	2005 (RM)	**2006 (RM)**	2005 (RM)
Interest income from:				
Short-term deposits	**47,624**	-	-	-
Fixed deposits	**38,922**	60,709	**38,922**	60,709
	86,546	60,709	**38,922**	60,709

7. OTHER GAINS AND LOSSES

	Group		Company	
	2006 (RM)	2005 (RM)	**2006 (RM)**	2005 (RM)
Realised gain on foreign exchange	**112,345**	-	**-**	-
Gain on disposal of property, plant and equipment	**810**	3,993	**-**	-
Unrealised loss on foreign exchange	**-**	-	**(1,045,198)**	-
	113,155	3,993	**(1,045,198)**	-

8. DIRECTORS' REMUNERATION

	Group		Company	
	2006 (RM)	2005 (RM)	**2006 (RM)**	2005 (RM)
Executive directors:				
Salaries, allowances and bonuses	**828,054**	836,689	**-**	-
Contributions to EPF	**96,000**	97,336	**-**	-
	924,054	934,025	**-**	-
Non-executive directors:				
Fees	**122,500**	122,500	**122,500**	122,500
	1,046,554	1,056,525	**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 RM2,400 (2005: RM3,000).

9. OTHER OPERATING INCOME/(EXPENSES) AND EMPLOYEE BENEFITS EXPENSE

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

	Group		Company	
	2006 (RM)	2005 (RM)	**2006 (RM)**	2005 (RM)
Allowance for doubtful debts no longer required	**-**	3,800	**-**	-
Allowance for doubtful debts	**(1,082,608)**	(65,463)	**-**	-
Auditors remuneration:				
Statutory audit	**(193,978)**	(92,034)	**(30,000)**	(13,500)
Non-audit services	**(51,856)**	(1,000)	**-**	-
Rental of premises	**(135,939)**	(6,842)	**-**	-
Rental of motor vehicle	**(1,932)**	-	**-**	-
Preliminary expenses written off	**-**	(79,808)	**-**	-

Included in employee benefits expense are contributions made by the Group to the EPF (defined contribution plan) of RM1,085,118 (2005: RM836,143).

10. FINANCE COSTS

	Group		Company	
	2006 (RM)	2005 (RM)	**2006 (RM)**	2005 (RM)
Interest on:				
Medium Term Notes	**940,087**	-	**140,087**	-
Bills payable	**739,220**	447,497	**-**	-
Bank overdrafts	**97,545**	8,871	**-**	-
Term loan	**30,066**	-	**-**	-
Bonds	**-**	312,647	**-**	-
Bank charges and commitment fees	**522,641**	417,310	**716**	443
	2,329,559	1,186,325	**140,803**	443

Interest on Medium Term Notes of RM800,000 (2005: RMNil) which were borne by subsidiary companies, were set off against interest on advances received from the subsidiaries.

11. INCOME TAX EXPENSE

	Group		Company	
	2006 (RM)	2005 (RM)	**2006 (RM)**	2005 (RM)
Income tax expense comprises:				
Current tax expense	**(2,323,045)**	(1,838,494)	**(1,996,176)**	(1,333,000)
Adjustment recognised in the current year in relation to the income tax of prior years	**137,537**	6,526	**-**	(331)
	(2,185,508)	(1,831,968)	**(1,996,176)**	(1,333,331)
Deferred tax:				
Relating to origination and reversal of temporary differences	**549,130**	(1,253,870)	**-**	-
Relating to crystallisation of deferred tax liability on revaluation surplus of freehold land and factory buildings of certain subsidiaries	**11,204**	11,204	**-**	-
	560,334	(1,242,666)	**-**	-
Net income tax expense	**(1,625,174)**	(3,074,634)	**(1,996,176)**	(1,333,331)

The income tax expense for the year can be reconciled to the accounting profit as follows:

	Group		Company	
	2006 (RM)	2005 (RM)	**2006 (RM)**	2005 (RM)
Profit before tax	**8,207,998**	14,463,897	**11,526,369**	6,752,917
Income tax expense calculated at 28%	**(2,298,000)**	(4,050,000)	**(3,227,000)**	(1,891,000)
Tax effects of:				
Reinvestment allowances utilised	**1,388,000**	1,397,000	**-**	-
Expenses that are not deductible in determining taxable profit	**(899,711)**	(294,160)	**(524,076)**	(86,000)
Temporary differences arising from property, plant and equipment	**(3,000)**	(211,000)	**-**	-
Income that are not taxable in determining taxable profit	**-**	-	**1,754,900**	644,000
Effect of difference in tax rate applicable to small and medium scale companies	**50,000**	77,000	**-**	-
Adjustment recognised in the current year in relation to the income tax of prior years	**137,537**	6,526	**-**	(331)
Income tax expense for the year	**(1,625,174)**	(3,074,634)	**(1,996,176)**	(1,333,331)

	Group		Company	
	2006 (RM)	2005 (RM)	**2006 (RM)**	2005 (RM)
Current tax assets				
Tax refund receivable	**1,071,966**	1,925,890	**72,679**	105,574
Current tax liabilities				
Income tax payable	**83,045**	243,404	-	-

As at 31 December 2006, the Company has tax credits and tax-exempt accounts balances of approximately RM774,000 (2005: RM1,022,000) and RM16,749,000 (2005: RM15,539,000) respectively. The tax-exempt accounts, arising from tax-exempt dividends received under Section 23(6) of the Promotion of Investments 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.

As at 31 December 2006, certain subsidiary companies have tax credits and tax-exempt accounts balances of approximately RM5,259,000 (2005: RM6,235,000) and RM3,119,000 (2005: RM5,090,000) 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 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.

Deferred tax balance

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

	Group	
	2006 (RM)	2005 (RM)
Deferred tax assets	**-**	763,000
Deferred tax liabilities	**(5,284,665)**	(6,607,999)
	(5,284,665)	(5,844,999)

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

	Group	
	2006 (RM)	2005 (RM)
At beginning of year	**(5,844,999)**	(4,602,333)
Transfer to/(from) income statements	**560,334**	(1,242,666)
At end of year	**(5,284,665)**	(5,844,999)

Represented by:

	Group	
	2006 (RM)	2005 (RM)
Tax effects of:		
Temporary differences arising from:		
Property, plant and equipment	**(5,796,000)**	(6,378,000)
Revaluation surplus on freehold land and factory buildings	**(218,665)**	(229,999)
Unrealised gain on inventories	**730,000**	-
Unabsorbed tax capital allowances	**-**	701,000
Unutilised tax losses	**-**	50,000
Others	**-**	12,000
	(5,284,665)	(5,844,999)

12. EARNINGS PER SHARE

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

	Group	
	2006 (RM)	2005 (RM)
Basic		
Profit for the year attributable to equity holders of the Company	**6,878,533**	11,362,668
	Shares	Shares
Number of ordinary shares in issue as at 01 January	**78,059,368**	65,307,733
Exercise of ESOS	**784,751**	961,928
Exercise of Warrants	**-**	7,672,153
Weighted average number of ordinary shares in issue	**78,844,119**	73,941,814
Basic earnings per ordinary share (sen)	**8.72**	15.37
Fully Diluted		
Profit for the year attributable to equity holders of the Company	**6,878,533**	11,362,668
	Shares	Shares
Weighted average number of ordinary shares in issue	**78,844,119**	73,941,814
Effect of ESOS exercised	**1,466,284**	2,906,736
Effect of Warrants exercised	**-**	2,502,217
Adjusted weighted average number of ordinary shares for calculating fully diluted earnings per ordinary share	**80,310,403**	79,350,767
Fully diluted earnings per ordinary share (sen)	**8.56**	14.32

13. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land (RM)	Factory buildings (RM)	Long-term leasehold land (RM)	Plant and machinery (RM)	Factory and office equipment, furniture and fittings (RM)	Electrical installation (RM)	Motor vehicles (RM)	Land use rights (RM)	Capital work-in progress (RM)	Total (RM)
Cost										
As at 01 January 2005	3,519,496	15,311,778	1,474,383	101,231,821	4,415,598	-	647,583	-	1,195,066	127,795,725
Additions	-	562,033	-	6,266,277	809,066	-	319,784	5,041,386	4,906,979	17,905,525
Disposals	-	-	-	(12,553,567)	(11,353)	-	-	-	-	(12,564,920)
Reclassifications	-	-	-	3,745,670	-	-	-	-	(3,745,670)	-
As at 31 December 2005/01 January 2006	3,519,496	15,873,811	1,474,383	98,690,201	5,213,311	-	967,367	5,041,386	2,356,375	133,136,330
Additions	-	757,565	-	11,589,310	2,929,151	51,604	354,313	3,466,549	14,195,988	33,344,480
Disposals	-	-	-	-	(4,699)	-	(3,180)	-	-	(7,879)
Reclassifications	-	15,600	-	63,700	-	-	-	-	(79,300)	-
Net foreign currency exchange differences	-	-	-	-	(636)	-	(6,859)	(163,008)	(63,503)	(234,006)
As at 31 December 2006	3,519,496	16,646,976	1,474,383	110,343,211	8,137,127	51,604	1,311,641	8,344,927	16,409,560	166,238,925
Accumulated depreciation										
As at 01 January 2005	-	4,800,907	109,200	60,873,694	3,830,440	-	383,486	-	-	69,997,727
Charge for the year	-	773,109	27,312	8,876,790	295,269	-	108,961	-	-	10,081,441
Disposals	-	-	-	(10,957,560)	(11,353)	-	-	-	-	(10,968,913)
As at 31 December 2005/01 January 2006	-	5,574,016	136,512	58,792,924	4,114,356	-	492,447	-	-	69,110,255
Charge for the year	-	816,800	27,300	8,914,430	519,808	2,581	144,817	-	-	10,425,736
Disposals	-	-	-	-	(239)	-	(3,180)	-	-	(3,419)
Net foreign currency exchange differences	-	-	-	-	(60)	-	(748)	-	-	(808)
As at 31 December 2006	-	6,390,816	163,812	67,707,354	4,633,865	2,581	633,336	-	-	79,531,764
Carrying amount										
As at 31 December 2006	3,519,496	10,256,160	1,310,571	42,635,857	3,503,262	49,023	678,305	8,344,927	16,409,560	86,707,161
As at 31 December 2005	3,519,496	10,299,795	1,337,871	39,897,277	1,098,955	-	474,920	5,041,386	2,356,375	64,026,075

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. The land title has been issued on 05 February 2007. Factory under construction of RM13,197,753 was included under work-in-progress. Land use rights are amortised evenly over the lease period of 50 years.

During the financial year, depreciation expense was charged to the following:

	Group 2006 (RM)	Group 2005 (RM)
Profit or loss	**10,405,954**	10,081,441
Capitalised under capital work-in-progress	**19,782**	-
	10,425,736	10,081,441

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%
Electrical installation	10%
Motor vehicles	18% to 20%

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

	Group	
	2006	2005
	(RM)	(RM)
At cost:		
Plant and machinery	**28,881,606**	18,302,396
Factory and office equipment, furniture and fittings	**3,611,133**	3,507,679
Motor vehicles	**400,692**	269,675
	32,893,431	22,079,750

14. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2006	2005
	(RM)	(RM)
Unquoted shares, at cost:		
In Malaysia	**27,353,102**	27,353,102
Outside Malaysia	**9,360,000**	6,000,000
	36,713,102	33,353,102

The subsidiary companies are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2006 %	2005 %	Principal Activities
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**	60	Investment holding.
Indirect subsidiary companies				
Held through Rubberex (M) Sdn. Berhad				
Rubberex Marketing (M) Sdn. Bhd.	Malaysia	**70**	70	Trading of gloves, household items, kitchen items and personal protective products.
Gentle Touch Limited (formerly known as Diamond Grip (UK) Limited) *	United Kingdom	**100**	100	Trading of gloves, household items, kitchen items and personal protective products.
Rubberex Spain, S.L. *	Spain	**100**	100	Trading of gloves, household items, kitchen items and personal protective products.
Held through Diamond Grip (M) Sdn. Bhd.				
Biogreen Medical Sdn. Bhd.	Malaysia	**60**	60	Pre-operating.
Held through Pioneer Vantage Limited				
LPL (Hui Zhou) Glove Co. Limited *	People's Republic of China	**60**	60	Manufacturing and sales of industrial and disposable gloves.

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

15. GOODWILL ON CONSOLIDATION

	Group	
	2006 (RM)	2005 (RM)
Goodwill:		
At beginning of year	**3,036,328**	3,036,328
Elimination of amortisation accumulated prior to the adoption of FRS 3 (Note 2)	**(242,906)**	-
At end of year	**2,793,422**	3,036,328
Cumulative amortisation:		
At beginning of year	**242,906**	121,453
Current amortisation	**-**	121,453
Elimination of amortisation accumulated prior to the adoption of FRS 3 (Note 2)	**(242,906)**	-
At end of year	**-**	(242,906)
Net	**2,793,422**	2,793,422

Impairment tests for cash-generating units (CGU) containing goodwill

Carrying amount of goodwill is allocated to Diamond Grip (M) Sdn. Bhd.'s manufacturing operations and related sales function.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on budget approved by management and a financial forecast covering subsequent six year period. The following key assumptions are used to generate the financial forecast:

Sales volume growth rate	5.00% per annum
Inflation rate	4.00% per annum
Discount rate	3.70%

Receivables and payables turnover period is estimated to be consistent with the current financial year.

The assumptions applied for the budget and financial forecast were determined based on business past performance and management's expectations of market development.

The Group believes that any reasonable possible changes in the assumptions applied are not likely to materially cause recoverable amounts to be lower then its carrying amount.

16. INVENTORIES

	Group	
	2006 (RM)	2005 (RM)
At cost:		
Finished goods	**27,537,032**	29,074,338
Raw materials	**15,899,959**	14,621,742
Trading goods	**10,657,342**	686,178
Packing materials	**1,225,730**	1,162,717
Work-in-progress	**1,132,822**	722,184
Parts and consumables	**411,315**	353,561
	56,864,200	46,620,720

The cost of inventories recognised as an expense during the year was RM152,519,537 (2005: RM137,313,636).

17. TRADE AND OTHER RECEIVABLES

	Group	
	2006 (RM)	2005 (RM)
Trade receivables	**20,760,875**	23,106,519
Less: Allowance for doubtful debts	**(1,176,167)**	(93,559)
	19,584,708	23,012,960
Other receivables	**5,555,001**	5,654,092
	25,139,709	28,667,052

The currency profile of trade receivables is as follows:

	Group	
	2006 (RM)	2005 (RM)
United States Dollar	**11,313,166**	13,979,033
Sterling Pound	**5,487,509**	8,535,469
Euro Dollar	**2,784,035**	498,458
Ringgit Malaysia	**1,176,165**	93,559
	20,760,875	23,106,519

Trade receivables comprise amounts receivable for the sale of goods. The credit period granted on sale of goods ranged from 30 to 180 days (2005: 30 to 180 days).

Other receivables comprise mainly advances granted to employees of the subsidiary companies and advance payments to suppliers for purchase of raw materials which are unsecured and interest-free.

Movement in the allowance for doubtful debts

	Group	
	2006 (RM)	2005 (RM)
At beginning of year	**93,559**	31,896
Increase in allowance recognised in profit or loss	**1,082,608**	65,463
Amounts recovered during the year	**-**	(3,800)
At end of year	**1,176,167**	93,559

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Transactions with related parties are disclosed in Note 18.

18. RELATED PARTY TRANSACTIONS

The amount owing by subsidiary companies arose mainly from advances and expenses paid on behalf which are unsecured and interest-free except for certain advances granted to certain subsidiary companies which bear interest rate of 7.50% (2005: 5.00%) per annum.

The currency profile of amount owing by subsidiary companies is as follows:

	Company	
	2006 (RM)	2005 (RM)
Ringgit Malaysia	**68,903,908**	54,542,013
Hong Kong Dollar	**23,408,826**	46,023
Chinese Renminbi	**-**	174,607
	92,312,734	54,762,643

The amounts owing by subsidiary companies are repayable upon demand and has therefore be classified as current assets.

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		**Relationship**
Rich (HK) Foreign Trade Co. Ltd. & Hui Zhou LPL Trading Co. Ltd.	-	Companies in which Mr. Wu Bai Jun, a director of a subsidiary company, has substantial financial interest.
Lifestyle Safety Products (Hui Zhou) Co. Ltd.	-	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.
Mr. Khoo Chin Leng	-	A director of subsidiary companies.

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

	Group		Company	
	2006 (RM)	2005 (RM)	**2006 (RM)**	2005 (RM)
Subsidiary companies				
Dividend income	**-**	-	**13,396,700**	7,037,520
Advances granted	**-**	-	**7,900,000**	8,137,502
Interest on advances received	**-**	-	**800,000**	312,647
Other related parties				
Rich (HK) Foreign Trade Co. Ltd.				
Advances received	**20,617**	10,172	**-**	-
Mr. Khoo Chin Leng				
Advances granted	**-**	89,769	**-**	-
Hui Zhou LPL Trading Co. Ltd.				
Advances granted	**138,866**	129,730	**-**	-
Lifestyle Safety Products (Hui Zhou) Co. Ltd.				
Advances granted	**2,140,808**	-	**-**	-

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

	Group	
	2006 (RM)	2005 (RM)
Related parties		
Rich (HK) Foreign Trade Co. Ltd.		
Advances received	**30,789**	10,172
Mr. Khoo Chin Leng		
Advances granted	**-**	89,769
Hui Zhou LPL Trading Co. Ltd.		
Advances granted	**268,596**	129,730
Lifestyle Safety Products (Hui Zhou) Co. Ltd.		
Advances granted	**2,140,808**	-

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.

19. OTHER ASSETS

	Group		Company	
	2006 (RM)	2005 (RM)	**2006 (RM)**	2005 (RM)
Refundable deposits	**1,971,513**	112,590	**-**	-
Prepaid expenses	**1,645,600**	102,631	**1,000**	1,000
	3,617,113	215,221	**1,000**	1,000

Refundable deposits comprise mainly deposit paid by a subsidiary for the acquisition of plant and machinery amounting to RM1,618,959.

Prepaid expenses comprise mainly amounts prepaid for training fees and for purchase of raw materials of a subsidiary amounting to RM1,226,438.

20. SHARE CAPITAL

	Group and Company			
	2006 Number of shares	2005 Number of shares	**2006 (RM)**	2005 (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	**78,059,368**	65,307,733	**78,059,368**	65,307,733
Issued during the year:				
Exercise of share options under ESOS	**1,228,334**	2,577,267	**1,228,334**	2,577,267
Exercise of Warrants	**-**	10,174,368	**-**	10,174,368
At end of year	**79,287,702**	78,059,368	**79,287,702**	78,059,368

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM78,059,368 to RM79,287,702 by way of an issue of 1,228,334 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.

The resulting premium arising from the shares issued of RM601,883 has been credited to the share premium account.

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

Under the Company's ESOS which became effective on July 8, 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:

		Number of ordinary shares of RM1.00 each under options			
Exercisable from	**Exercise price per ordinary share (RM)**	**Balance as at 01.01.2006**	**Exercised**	**Lapsed due to resignation**	**Balance as at 31.12.2006**
08.07.2004	1.49	5,474,399	(1,228,334)	(48,734)	4,197,331

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 2006	1.49	31,290	21,000	2.01
February 2006	1.49	519,016	348,333	2.02
March 2006	1.49	329,290	221,000	2.02
May 2006	1.49	129,630	87,000	1.98
June 2006	1.49	163,900	110,000	1.95
July 2006	1.49	210,587	141,334	1.99
September 2006	1.49	151,980	102,000	1.92
October 2006	1.49	8,940	6,000	1.90
November 2006	1.49	285,584	191,667	1.97
Total		1,830,217	1,228,334	

21. RESERVES

	Group		Company	
	2006 (RM)	2005 (RM)	**2006 (RM)**	2005 (RM)
Non-distributable reserves:				
Share premium	**10,691,846**	10,089,963	**10,691,846**	10,089,963
Foreign currency translation reserve	**(1,886,931)**	102,988	**-**	-
	8,804,915	10,192,951	**10,691,846**	10,089,963

Share premium

Share premium represents the excess of the issue price over the par value of the ordinary shares of the Company at the date of allotment.

Share premium arose from the following:

	Group and Company	
	2006 (RM)	2005 (RM)
Exercise of share options in 2004	**484,120**	484,120
Exercise of warrants and share options in 2005	**9,605,843**	9,605,843
Exercise of share options in 2006	**601,883**	-
	10,691,846	10,089,963

Foreign currency translation reserve

Exchange differences arising on translation of foreign subsidiaries' financial statements are taken up and reflected in the foreign currency translation reserve account under shareholders' equity. Such exchange differences are recognised as income or expense in the profit or loss, in the period in which the foreign subsidiaries are disposed of.

22. RETAINED EARNINGS

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 11, the retained earnings of the Company as at 31 December 2006 is available for distribution in full by way of cash dividends without additional tax liabilities being incurred.

23. DIVIDENDS

	Group and Company			
			Net dividend per share	
	2006 (RM)	2005 (RM)	**2006 (sen)**	2005 (sen)
First interim dividend paid – 10%, less tax (2005: 10%, less tax)	**5,676,961**	5,315,520	**7.2**	7.2
Second interim dividend payable – 5%, tax-exempt (2005: 10%, less tax)	**3,965,135**	5,617,394	**5.0**	7.2
	9,642,096	10,932,914	**12.2**	14.4

A first interim dividend of 6%, tax-exempt, in respect of the financial year ending 31 December 2007 will be payable on 25 May 2007.

24. MEDIUM TERM NOTES

	Group and Company	
	2006 (RM)	2005 (RM)
Medium Term Notes	**35,000,000**	-

During the financial year, the Company subscribed to a 7-year Medium Term Notes Programme ("MTN Programme") to part finance the subsidiary companies' capital expenditure in China and Malaysia. The Medium Term Notes bear interest rate of 7.50% per annum.

The salient features of the MTN Programme are as follows:

(a) During the 7-year tenure of the MTN Programme, the Company may issue MTNs comprising one or more series of interest bearing notes in bearer form and evidencing a promise to pay the stated Ringgit sums on specified dates. Each series of MTNs issued will have a maturity of between one (1) year and seven (7) years, provided that no MTNs shall mature beyond the expiry of the tenure of the MTN Programme. The aggregate outstanding amount of the face value of the MTNs issued shall not exceed the amount of RM50.00 million at any one time;

(b) MTNs issued and maturing within the 7-year tenure of the MTN Programme shall not be reissued or rolled over. The limit of the MTN Programme shall be reduced accordingly by the face value of MTNs so maturing or redeemed;

(c) The MTNs will be issued via private placement of a best effort basis or bought deal basis without prospectus to selected investor(s) ("Private Placement Investor(s)" or "Primary Subscriber(s)" respectively) specified under Schedule 2 or Section 38(1)(b), or Schedule 3 or Section 39(1)(b), and Schedule 5 or Section 66(2) of the Securities Commission Act, 1993 ("SCA"), as identified by our MTN Lead Arranger and Facility Agent, RHB Investment Bank Berhad (formerly known as RHB Sakura Merchant Bankers Berhad);

(d) The MTNs shall be issued at a discount to face value, at par or at premium to face value. Interest/coupon rate and the Yield to Maturity of each series of MTNs will be determined at the point of issuance upon agreement between RHB Investment Bank Berhad and the Private Placement Investor(s) and/or the Primary Subscriber(s), as the case may be; and

(e) The obligations represented by the MTNs shall constitute our direct, unsecured, unconditional and unsubordinated obligations under Malaysian laws, ranking pari passu among themselves and in priority to all of our present and future unsecured and unsubordinated obligations (other than such obligations or rights which are preferred by applicable laws).

(f) The MTN Programme is secured by a charge over designated accounts opened by the Company as disclosed in note 28(b) to the Financial Statements.

25. BORROWINGS

	Group	
	2006 (RM)	2005 (RM)
Unsecured:		
Bills payable	**13,989,000**	17,940,000
Term loan	**4,609,970**	-
Bank overdrafts	**2,475,567**	1,424,272
	21,074,537	19,364,272
Less: Amount due within 12 months (shown under current liabilities)	**(17,528,406)**	(19,364,272)
Non-current portion	**3,546,131**	-

The non-current portion is repayable as follows:

	Group	
	2006 (RM)	2005 (RM)
Financial years ending December 31:		
2008	**1,773,066**	-
2009	**1,773,065**	-
	3,546,131	-

The effective interest rates per annum are as follows:

	Group	
	2006 %	2005 %
Bills payable	**2.99 - 4.20**	2.99 - 3.70
Term loan	**3.81 - 4.31**	-
Bank overdrafts	**6.50 - 7.25**	6.75 - 7.25

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2006 (RM)	2005 (RM)	**2006 (RM)**	2005 (RM)
Trade payables	**4,952,626**	9,543,035	**-**	-
Other payables for consumables, utilities, services, maintenance of property, plant and equipment and advances received	**7,343,750**	5,284,261	**106,047**	91,002
	12,296,376	14,827,296	**106,047**	91,002

The currency profile of trade and other payables are as follows:

	Group		Company	
	2006 (RM)	2005 (RM)	**2006 (RM)**	2005 (RM)
Ringgit Malaysia	**11,471,036**	14,802,120	**106,047**	91,002
United States Dollar	**449,376**	1,526	**-**	-
Euro Dollar	**316,567**	-	**-**	-
Hong Kong Dollar	**30,789**	23,650	**-**	-
Sterling Pound	**28,608**	-	**-**	-
	12,296,376	14,827,296	**106,047**	91,002

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 (2005: 30 to 60 days).

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

Transactions with related parties are disclosed in Note 18.

27. 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.

(a) Financial Risk Management Objectives

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

(i) **Foreign currency risk**

The Group is exposed to foreign currency risk as a result of its trade and non-trade activities where the currency base differs from the local currency, Ringgit Malaysia ("RM"). Material foreign currency exposures are hedged, mainly with derivative financial instruments such as forward foreign currency contracts.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the balance sheet date are disclosed in Notes 17, 18 and 26.

Forward foreign currency contracts

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

As at 31 December 2006, the Group had contracted to sell the following under forward contracts:

	Contractual amount in Ringgit Malaysia		**Fair Value**	
	2006 (RM)	2005 (RM)	**2006 (RM)**	2005 (RM)
Euro Dollar	**17,369,781**	4,027,269	**17,260,515**	3,883,631
United States Dollar	**15,289,872**	32,866,984	**14,938,750**	32,965,006
Sterling Pound	**4,313,279**	286,263	**4,289,171**	282,791
Swiss Franc	**-**	229,600	**-**	231,240
	36,972,932	37,410,116	**36,488,436**	37,362,668

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

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

(ii) **Interest rate risk**

The Group finances its operations by a mixture of internal funds and bank and other borrowings. The Group regularly reviews the interest rate profile of borrowings against prevailing and anticipated market rates. The repayment and maturity profiles of borrowings are structured after taking into consideration the cash inflows expected to be generated from the underlying assets or operations and the economic life of the assets or operations being financed.

The Group's policy is to borrow both on the fixed and floating rate basis. The objective for the mix between fixed and floating rate borrowings is set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

(iii) **Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivables and, where appropriate, credit guarantee insurance cover is purchased.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk.

(iv) **Liquidity and cash flow risk**

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

(b) **Significant Accounting Policies**

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 3 to the financial statements.

(c) **Categories Of Financial Instruments**

	Group		Company	
	2006 (RM)	2005 (RM)	**2006 (RM)**	2005 (RM)
Financial assets				
Trade and other receivables	**25,139,709**	28,667,052	**-**	-
Amount owing by subsidiary companies	**-**	-	**92,312,734**	54,762,643
Cash and bank balances	**9,857,084**	10,398,506	**164,548**	5,959,144
Financial liabilities				
Trade and other payables	**12,296,376**	14,827,296	**106,047**	91,002
Borrowings	**56,074,537**	19,364,272	**35,000,000**	-
Dividend payable	**3,965,135**	5,617,394	**3,965,135**	5,617,394

(d) **Fair Values of Financial Instruments**

The carrying amounts of short-term financial assets and financial liabilities as reported in the balance sheets approximate their fair values because of the short-term maturities of these instruments.

28. CASH FLOW STATEMENTS

(a) Purchase of property, plant and equipment

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

	Group	
	2006 (RM)	2005 (RM)
Cash purchase	**33,206,109**	17,880,029
Other payables	**118,589**	25,496
Depreciation expense capitalised	**19,782**	-
	33,344,480	17,905,525

(b) Cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the cash flow statements can be reconciled to the related items in the balance sheets as follows:

	Group		Company	
	2006 (RM)	2005 (RM)	**2006 (RM)**	2005 (RM)
MTN Debt Reserve Account	13,216	-	13,216	-
MTN Disbursement Account	26,516	-	26,516	-
Cash and other bank balances	9,817,352	10,398,506	124,816	5,959,144
Bank overdrafts	(2,475,567)	(1,424,272)	-	-
	7,381,517	8,974,234	164,548	5,959,144

MTN Debt Reserve Account and MTN Disbursement Account are designated accounts opened under the MTN Programme. All moneys standing to the credit of the designated accounts including all its present and future rights, title and interest in respect of the designated accounts are charged to Malaysian Trustees Berhad.

29. CAPITAL COMMITMENTS

As at 31 December 2006, the Group has the following capital expenditure in respect of property, plant and equipment:

	Group	
	2006 (RM)	2005 (RM)
Capital expenditure:		
Approved but not contracted for	**50,000,000**	-
Approved and contracted for	**4,486,749**	7,867,924
	54,486,749	7,867,924

30. 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 2006 (RM)	2005 (RM)
Financial years ending 31 December:		
2006	**-**	63,951
2007	**82,515**	32,777
	82,515	96,728

31. SUBSEQUENT EVENTS

Subsequent to the financial year, the following events took place:

(a) On 30 January 2007, the Company made an announcement to Bursa Malaysia Securities Berhad on its proposal to undertake the following:

(i) Proposed renounceable rights issue of 4%, 5 year Irredeemable Convertible Unsecured Loan Stocks (“ICULS”) with free detachable Warrants in the Company (“Warrant”), on the basis of RM2.00 nominal value of ICULS together with 1 free Warrant for every 3 existing ordinary shares of RM1.00 each in the Company (“RCM Shares”) held (“Proposed Rights Issue”); and

(ii) Proposed increase in authorised share capital of the Company from RM100,000,000 comprising 100,000,000 RCM Shares to RM200,000,000 comprising 200,000,000 RCM Shares (“Proposed Increase In Authorised Share Capital”).

(b) On 31 January 2007, the Company acquired 1,800,000 ordinary shares of HKD1.00 each representing 60% equity interest in Billion Day International Limited, a company incorporated in Hong Kong for a total consideration of RM2,651,390.

Details of net assets acquired and goodwill are as follows:

	(RM)
Cash purchase consideration	2,651,390
Fair value of net assets acquired	(2,487,540)
Goodwill determined provisionally	163,850

Details of net assets acquired determined provisionally are as follows:

	Acquiree’s carrying value/fair value (RM)
Property, plant and equipment	6,022,667
Receivables	932,991
Bank balances	290,602
Payables	(3,100,360)
Minority interests	(1,658,360)
Net assets acquired	2,487,540

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 2006 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,
18 April 2007

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 18th day of April, 2007.

Before me,

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

Properties Held By The Company And Its Subsidiaries
as at 31 December 2006

Location	Tenure/ Expiry Date	Description of existing use	Land area (sq. m)	Date of Acquisition/ [Revaluation]	Age (years)/ Carrying amount (RM'000)
PT 138201, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	Freehold/-	Manufacturing, warehouse and office	37,258	[1996]	12.5/3,520
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	11.0/1,311
Daxiotang Village, Luoyang Town, Boluo County, Huizhou City, Guangdong Province, People's Republic of China.	Leasehold (50 years)/ 29 November 2056	Manufacturing, warehouse and office	104,597	2006	1.0/8,345
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]	12.5/4,806
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	7.0/5,176
Factory buildings located at Daxiotang Village, Luoyang Town, Boluo County, Huizhou City, Guangdong Province, People's Republic of China.	-	Manufacturing, warehouse and office	19,685	2006	1.0/13,471

Rubberex

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

FORM OF PROXY

I/We ____

of.____

____

being a Member/Members of the abovenamed Company, hereby appoint________________________

____

of____

____

or failing him, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us and on my/our behalf at the Eleventh Annual General Meeting of the Company to be held at Kinta Room, First Floor, Impiana Casuarina Hotel, 18, Jalan Raja Dr. Nazrin Shah, 30250 Ipoh, Perak Darul Ridzuan on Thursday, 31 May 2007 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 2006		
2.	To approve the payment of Directors' fees		
3.	Re-election of Director – Dato' Mohamed bin Hamzah		
4.	Re-election of Director – Yap Jek Nan		
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________________2007

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.

Please fold along this line (2)

Rubberex Corporation (M) Berhad (Company No. 372642-U)
Lot 138201, Off 3/4 Mile, Jalan Bercham,
Kawasan Perindustrian Bercham,
31400 Ipoh, Perak Darul Ridzuan, Malaysia.