

Rubberex Corporation (M) Berhad



ANNUAL REPORT 2008

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of Rubberex Corporation (M) Berhad will be held at 10:00 a.m. on Tuesday, 26 May 2009 at Crystal 2, Ground 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 2008 and the Reports of the Directors and the Auditors thereon. **(Resolution 1)**
2. To approve the payment of Directors' fees. **(Resolution 2)**
3. To re-elect the following Directors retiring in accordance with Article 91 of the Articles of Association of the Company:-
 - (i) Sharifuddin bin Shoib **(Resolution 3)**
 - (ii) Dato' Abdul Rahim bin Abdul Halim **(Resolution 4)**
4. To appoint Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**
5. As Special Business to consider and, if thought fit, to pass the following Ordinary Resolution:-

Ordinary Resolution

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

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

Notice of Annual General Meeting (cont'd)

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
30 April 2009

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 30 April 2009, which is dispatched together with the Company's Annual Report 2008.

Statement Accompanying The Notice of Annual General Meeting

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

- (i) Sharifuddin bin Shoib (retiring pursuant to Article 91 of the Articles of Association of the Company);
- (ii) Dato' Abdul Rahim bin Abdul Halim (retiring pursuant to Article 91 of the Articles of Association of the Company); and

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

Five Board Meetings were held during the financial year from 01 January 2008 to 31 December 2008. Details of attendance of Directors at Board Meetings are stated in the Statement of Corporate Governance on page 12 of the Annual Report.

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

The Thirteenth Annual General Meeting of the Company will be held at 10:00 a.m. on Tuesday, 26 May 2009 at Crystal 2, Ground 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 19 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 <i>Chairman</i>
	Ping Kok Koh <i>Managing Director</i>
	Sharifuddin bin Shoib
	Poh Choo Lim
	Yap Jek Nan
	Y. Bhg. Dato' Abdul Rahim bin Abdul Halim
	Mustapha bin Mohamed (appointed on 11 April 2008)
	Voon Chong Kian <i>Alternate to Ping Kok Koh</i>
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)
WEBSITES	www.rubberex.com.my www.rubberex-spain.es www.condomfactory.biz

Directors' Profile

Dato' Mohamed bin Hamzah, aged 67, 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 56, 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 was previously attached to IGB Corporation Berhad where he worked as the Accountant and later as Group Accountant from 1981 to 1994. He was also formerly a director of Ip Muda Berhad and IJM Corporation Berhad.

En. Sharifuddin bin Shoib, aged 61, 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 ("RTI"). The principal activities of RTI are the manufacture and export of extruded rubber threads.

Mr. Poh Choo Lim, aged 58, 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.

Directors' Profile (cont'd)

Mr. Yap Jek Nan, aged 43, a Malaysian, is an independent non-executive director of the Company. He was appointed to the Board of the Company on 24 October 1996. 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 59, 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) and Daihatsu Malaysia Sdn Bhd (DMSB). 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.

En. Mustapha bin Mohamed, aged 63, a Malaysian, is an independent non-executive director of the Company, appointed since 11 April 2008. He is also a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Board. He is a Fellow Member of the Association of Chartered Certified Accountants, a Chartered Accountant with the Malaysian Institute of Accountants and Certified Public Accountants (Malaysia). En. Mustapha bin Mohamed was previously with Coopers & Lybrand Malaysia (now known as Pricewaterhouse Coopers) for 22 years from 1971 to 1993 of which he was a Partner from 1987 to 1993. He previously served as director of Gadek Berhad, Gadek Capital Berhad, Ipmuda Berhad and Credit Corporation of Malaysia Berhad. He is currently a director of Ho Hup Construction Company Berhad and MHC Plantations Berhad and is also involved in his own business, providing advisory services in relation to his own profession.

Mr. Voon Chong Kian, aged 51, a Malaysian, is the alternate director to the Managing Director, Mr. Ping Kok Koh. Mr. Voon is the Executive Director 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.

Chairman's Statement

Introduction

On behalf of the Board I am pleased to present the Annual Report of the Company for the financial year ended 31 December 2008.

The global economic scene in 2008 will be remembered as one of the worst years in decades. The IMF, a worldwide organisation of 185 countries, said that economic growth across the world fell from 4.9% in 2007 to 3.4% in 2008, well below the more robust growth in previous years. What began as a modest slowdown in the US in 2007 deteriorated into a full blown credit and financial meltdown that spread to Europe, Asia and other parts of the globe.

This steep decline was however not so apparent during the year. Commodity prices experienced a global boom for everything from coal to corn, fueled by heated demand from China and India plus unbridled speculation in futures contracts. This led many commentators to believe that Asia had effectively decoupled from the US because of its strength in intra-Asia trade. The perceived immunity from the sharp decline and downturn in the US economy was severely tested and found floundering when the bubble of the record commodity prices popped in the closing months of 2008 across the board. The price of oil for example peaked in July 2008 at a record high of USD146 per barrel to plummet below USD50 by December, mostly in response to the deepening recession, the credit crunch and the financial crisis. Similarly, the natural rubber market saw a downward price trend following the dented global economy and the collapse of oil prices. Bulk latex prices hit a new high of over RM7.20/kg in the middle of the year and then nose-dived on falling oil prices to RM3.75/kg at the end of 2008.

However, against this volatile backdrop, the Group persevered on its expansion plans in China and the results of our investments have borne fruits. Our operating profit before interest, depreciation, amortisation and taxes increased notably by 148% from RM13.1 million in 2007 to RM32.5 million in 2008. The effect of better product selling prices and more favourable exchange rates had also contributed to the better performance of the Group.

Financial Results

The Group achieved a sales turnover of RM274.5 million in 2008 compared to RM144.9 million in 2007. This represented an increase of 89%, with significant contribution coming from our China operations where the earlier phases involving the production of vinyl disposable gloves had achieved maximum capacities. Our highest contributor of revenue growth came from the sales of vinyl disposable gloves which saw an increase of RM102.9 million itself for the financial year just ended.

Group pretax profits improved from a loss of RM4.5 million in 2007 to a profitability level of RM11.9 million in 2008, an increase of RM16.4 million achieved on the back of such revenue growth. Group profit after tax attributable to shareholders was RM8.6 million, a turnaround from a loss of RM1.6 million in 2007.

Dividends

The Board will continue with its policy of paying dividends as long as Group performance is satisfactory. The first interim dividend of 5 sen tax-exempt in respect of the financial just ended was paid on 12 February 2008. The Company also paid another dividend of 7 sen less tax in January 2009 in respect of financial year 2009.

Chairman's Statement (cont'd)

Future prospects

The worsening economic pain in early 2009 for the US and around the world is continuing to be felt and many economists predict a long global recession with even higher rates of unemployment to come. The IMF has highlighted its concern that global growth forecast may decelerate to just 0.5% in 2009 from 3.4% previously.

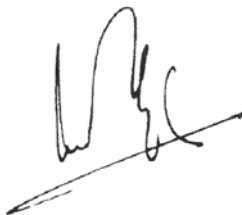
Despite this prognosis and the view that the new financial year 2009 will be challenging for businesses, the Board and management remain buoyant on our outlook in China's capacity expansion, our diversified product ranges and our trading offices in Europe and Hong Kong that have showed encouraging results.

Revenue and earnings growth for the Group will continue to increase in our ongoing expansion in the China plant. The disposable gloves segment of the market is seen as growing and resilient even in the face of an economic downturn as gloves are considered a necessity for key sectors such as the medical and food processing industries where high hygiene standards are required and strictly adhered to.

Appreciation and acknowledgment

On behalf of the Board, I wish to express our sincere 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

Terms of Reference of the Audit Committee

MEMBERS OF THE AUDIT COMMITTEE

Dato' Mohamed bin Hamzah	(Chairman, Independent Non-Executive Director)
Dato' Abdul Rahim bin Abdul Halim	(Independent Non-Executive Director)
Mustapha bin Mohamed	(Independent Non-Executive Director, appointed on 11 April 2008)
Dr. Nawawi bin Mat Awin	(Independent Non-Executive Director, deceased on 14 March 2008)

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. All members 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.

Terms of Reference of the Audit Committee (cont'd)

MEETINGS OF THE AUDIT COMMITTEE

1. Meetings shall be held not less than four times a year. The external auditor attends at least two of these meetings in a year.
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 2008. The attendance record of each member is as follows:-

Audit committee members:-	Attendance
Dato' Mohamed bin Hamzah	4/4
Dato' Abdul Rahim bin Abdul Halim	4/4
Mustapha bin Mohamed (appointed on 11 April 2008)	3/4
Dr. Nawawi bin Mat Awin (deceased on 14 March 2008)	1/4

Statement of Corporate Governance

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

The following are statements on application of the principles laid down in the Malaysian Code on Corporate Governance ("Code"). The Company has, throughout the financial year ended 31 December 2008, complied with the Code.

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, the directors have attended various conferences, seminars and public talks to keep abreast with developments in the business environment as well as new regulatory requirements in Malaysia and overseas.

Five Board Meetings were held during the financial year ended 31 December 2008. The attendance record of each director during the year is as follows:

Name	Attendance
Dato' Mohamed bin Hamzah	5/5
Ping Kok Koh	5/5
Sharifuddin bin Shoib	5/5
Poh Choo Lim	5/5
Yap Jek Nan	5/5
Dato' Abdul Rahim bin Abdul Halim	5/5
Mustapha bin Mohamed (appointed on 11 April 2008)	4/5
Voon Chong Kian (alternate to Ping Kok Koh)	5/5
Dr. Nawawi bin Mat Awin (deceased on 14 March 2008)	1/5

Statement of Corporate Governance (cont'd)

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
Mustapha bin Mohamed (appointed on 11 April 2008)

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 at least once every three years and subject to re-election at each Annual General Meeting.

Statement of Corporate Governance (cont'd)

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
Mustapha bin Mohamed (appointed on 11 April 2008)

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 directors of the Company comprising remuneration received or receivable from the Company and subsidiary companies during the financial year ended 31 December 2008 are as follows:-

- Aggregate remuneration of directors categorised into appropriate components:

	Emoluments RM	Fees RM	Total RM
Executive Directors	360,644	-	360,644
Non-executive Directors	-	102,500	102,500

- Number of Directors whose remuneration falls into the following bands:

Range of remuneration	Executive	Non-executive
Below RM50,000	-	6
RM250,001 to 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.

Statement of Corporate Governance (cont'd)

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(s):-

Chan Chee Kheong, Company Secretary
Chang Pooi Yee, Company Secretary
Tel no.: 605 548 0888
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.

Throughout the financial year, 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. The total costs incurred for the internal audit function during the year amounted to RM94,000.

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.

Relationship with External Auditors

The Audit Committee meets with the external auditors at least twice during the year and maintains an appropriate relationship that is both formal and transparent.

OTHER INFORMATION

Utilisation of Proceeds

The Company did not carry out any corporate exercise to raise funds during the financial year.

Statement of Corporate Governance (cont'd)

Share Buy-backs

A total of 2,748,900 shares were bought back and retained as treasury shares during the financial year as set out below:

Month	No. of shares purchased and retained as Treasury Shares	Highest price paid RM	Lowest price paid RM	Average price paid# RM	Total consideration paid RM
January	2,200	1.12	1.12	1.14	2,508
February	14,000	1.11	1.10	1.12	15,633
April	43,000	1.19	1.13	1.17	50,254
May	263,900	1.40	1.21	1.33	352,206
June	107,300	1.31	1.16	1.25	133,621
July	63,900	1.35	1.10	1.18	75,296
August	186,500	1.33	1.04	1.11	206,999
September	1,936,300	1.24	1.01	1.04	2,011,532
October	120,500	1.22	1.11	1.17	141,492
November	11,300	1.21	1.13	1.19	13,468
	2,748,900	1.40	1.01	1.09	3,003,009

inclusive of brokerage, commission, clearing house fee and stamp duty

None of the treasury shares held were resold or cancelled during the financial year.

Options, Warrants and Convertible Securities

A total of 3,625,822 ordinary shares of RM1.00 each were issued during the year pursuant to the conversion of irredeemable convertible unsecured loan stocks ("ICULS") by tendering RM1.70 nominal value of the ICULS for one(1) fully paid ordinary share in the Company.

There were no other issues of options, warrants or convertible securities during the financial year.

American Depository Receipt (ADR)/Global Depository Receipt (GDR) Programme

The Company did not sponsor any ADR or GDR Programmes during the financial year.

Imposition of Sanctions/Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by any local or foreign regulatory bodies during the financial year.

Non-audit fees

There are no non-audit fees paid to the external auditors during the financial year.

Statement of Corporate Governance (cont'd)

Variation in results

There was no material variance between the audited results of the Group for the financial year ended 31 December 2008 and unaudited results previously released on 26 February 2009.

Profit Estimate, Forecast of Projection and/or Profit Guarantee

The Company did not release any profit estimate, forecast, projection or guarantee for the financial year just ended.

Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving the directors and/or substantial shareholders or contracts relating to loans entered into by the Company and its subsidiaries during the financial year ended 31 December 2008.

Revaluation Policy on landed properties

There was no revaluation of landed properties during the financial year ended 31 December 2008.

Corporate Social Responsibility (CSR)

The Company and Group is committed to the ISO 14001 Environmental Management Systems and Standards accreditation where various efforts are implemented and/or intensified to minimise any adverse effects of our manufacturing processes to the environment. In addition, the Company also made some significant donations to various charities and welfare organisations during the financial year ended 31 December 2008.

Statement on 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 of 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 31 March 2009

Authorised Share Capital	:	RM200,000,000
Issued and Paid up Capital	:	RM83,123,524
Treasury Shares	:	Nil
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 31 MARCH 2009

Size of Shareholdings as at 31 March 2008	No. of Holders	% of Holders	No. of Shares	% of Shares
Less than 100	219	6.64	10,785	0.01
100 – 1,000	373	11.30	304,754	0.37
1,001 – 10,000	2,217	67.18	8,002,918	9.63
10,001 – 100,000	429	13.00	10,889,075	13.10
100,001 to less than 5% of issued shares	60	1.82	41,407,057	49.81
5% and above of issued shares	2	0.06	22,508,935	27.08
Total	3,300	100.00	83,123,524	100.00

30 LARGEST SECURITIES ACCOUNT HOLDERS FOR ORDINARY SHARES

No.	Name	Shares	%
1	Public Nominees (Tempatan) Sdn Bhd – Pledged Securities A/C for Med-Bumikar Mara Sdn Bhd (PIVB)	13,333,334	16.04
2	Duvest Holdings Sdn Bhd	9,175,601	11.04
3	Med-Bumikar Mara Sdn Bhd	4,033,666	4.85
4	Teng Cheng Bon @ Teng Kim Tee	3,444,592	4.14
5	Public Nominees (Tempatan) Sdn Bhd – Pledged Securities A/C for Aun Huat & Brothers Sdn Bhd (E-IMO/BCM)	3,000,000	3.61
6	Affin Nominees (Asing) Sdn Bhd – Exempt AN for Phillip Securities (Hong Kong) Ltd (Clients' Account)	2,850,000	3.43
7	Aun Huat & Brothers Sdn Bhd	2,654,761	3.19
8	Aun Huat & Brothers Sdn Bhd	2,498,334	3.01
9	Sumbang Permai Sdn Bhd	2,427,600	2.92
10	Kon Choi Ying	1,467,319	1.77
11	Kurnia Insurans (Malaysia) Berhad	1,338,000	1.61
12	RHB Capital Nominees (Tempatan) Sdn Bhd – Pledged Securities A/C for Ping Kok Koh (041005)	1,273,676	1.53
13	Khoo Chin Leng	1,120,467	1.35
14	RHB Capital Nominees (Tempatan) Sdn Bhd – Pledged Securities A/C for Sharifuddin bin Shoib (041004)	1,082,271	1.30
15	Diamond Silk International Sdn Bhd	1,074,567	1.29
16	ECML Nominees (Tempatan) Sdn Bhd – Pledged Securities A/C for Voon Chong Kian (002)	1,000,083	1.20
17	Malaysian Reinsurance Berhad	997,000	1.20

Statement of Shareholdings
as at 31 March 2009 (cont'd)

30 LARGEST SECURITIES ACCOUNT HOLDERS FOR ORDINARY SHARES (cont'd)

No.	Name	Shares	%
18	Koh Yit Ming @ Quek Yit Ming	712,100	0.86
19	Voon Chong Kian	700,000	0.84
20	Tok Peck Hong	685,167	0.82
21	TA Nominees (Tempatan) Sdn Bhd – Pledged Securities A/C for Liew Yam Fee	600,000	0.72
22	Malaysian Reinsurance Berhad	555,600	0.67
23	MNRB Holdings Berhad	500,000	0.60
24	Wong Kit Peng	462,300	0.56
25	Teng Cheng Bon @ Teng Kim Tee	436,666	0.53
26	Sabri Bin Abd Hamid	406,000	0.49
27	Rampai Dedikasi Sdn Bhd	400,000	0.48
28	Woi Yoon Kim	332,667	0.40
29	Mohamed bin Hamzah	310,246	0.37
30	Shum Yoke Chee	273,703	0.33
	Total	59,145,720	71.15

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2009
ORDINARY SHARES OF RM1.00 EACH

	No. of shares held			
	Direct	%	Indirect	%
Med-Bumikar Mara Sdn Bhd	17,367,000	20.89	-	-
Duvest Holdings Sdn Bhd	9,175,601	11.04	-	-
Teng Cheng Bon @ Teng Kim Tee	3,881,258	4.67	9,175,601	11.04 *
Aun Huat & Brothers Sdn Bhd	8,174,496	9.83	-	-
Ping Kok Koh	-	-	12,512,663	15.05 \\\
Sharifuddin bin Shoib	27,057	0.03	10,257,872	12.34 **
Poh Chee Meng @ Fook Fatt	26,000	-	8,312,096	10.00 ^
P & F Holdings Sdn Bhd	185,333	0.22	8,174,496	9.83 ++
Poh Cheong Meng & Sons Sdn Bhd	185,333	0.22	8,174,496	9.83 ++
Poh Yin Hoe & Sons Holding Sdn Bhd	-	-	8,174,496	9.83 ++
Poh Chee Meng & Sons Holdings Sdn Bhd	137,600	0.17	8,174,496	9.83 ++

* Deemed interest through Duvest Holdings Sdn Bhd

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

** Deemed interest through Duvest Holdings Sdn Bhd and RHB Capital Nominees (Tempatan) Sdn Bhd

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

++ Held directly by Aun Huat & Brothers Sdn Bhd

Statement of Shareholdings
as at 31 March 2009 (cont'd)

DIRECTORS' INTERESTS AS AT 31 MARCH 2009
ORDINARY SHARES OF RM1.00 EACH

	No. of shares held			
	Direct	%	Indirect	%
Dato' Mohamed bin Hamzah	310,246	0.37	-	-
Ping Kok Koh	-	-	12,512,663	15.05
Sharifuddin bin Shoib	27,057	0.03	10,257,872	12.34
Poh Choo Lim	-	-	-	-
Yap Jek Nan	-	-	-	-
Dato' Abdul Rahim bin Abdul Halim	-	-	-	-
Mustapha bin Mohamed	-	-	-	-
Voon Chong Kian (Alternate Director)	1,700,157	2.05	200,000	0.24

Total Irredeemable Convertible Unsecured Loan Stocks (ICULS) 2007/2012	:	RM46,796,686
Coupon payment	:	4% p.a.
Class of Securities	:	Loan Stocks 2007/2012

DISTRIBUTION OF ICULS HOLDERS AS AT 31 MARCH 2009

Size of Shareholdings as at 31 March 2009	No. of Holders	% of Holders	No. of ICULS	% of ICULS
Less than 100	13	0.94	671	0.00
100 – 1,000	162	11.76	139,146	0.30
1,001 – 10,000	956	69.38	3,638,494	7.78
10,001 – 100,000	214	15.53	6,197,919	13.24
100,001 to less than 5% of issued shares	29	2.10	13,292,506	28.41
5% and above of issued shares	4	0.29	23,527,950	50.28
Total	1,378	100.00	46,796,686	100.00

Statement of Shareholdings
as at 31 March 2009 (cont'd)

30 LARGEST SECURITIES ACCOUNT HOLDERS FOR ICULS

No.	Name	Shares	%
1	Med-Bumikar Mara Sdn Bhd	6,643,688	14.20
2	RHB Investment Bank Berhad – IVT (CF)	6,322,751	13.51
3	Duvest Holdings Sdn Bhd	6,117,067	13.07
4	Public Nominees (Tempatan) Sdn Bhd – Pledged Securities A/C for Med-Bumikar Mara Sdn Bhd (PIVB)	4,444,444	9.50
5	Public Nominees (Tempatan) Sdn Bhd – Pledged Securities A/C for Aun Huat & Brothers Sdn Bhd (E-IMO/BCM)	2,000,000	4.27
6	Aun Huat & Brothers Sdn Bhd	1,769,840	3.78
7	Aun Huat & Brothers Sdn Bhd	1,665,556	3.56
8	Koh Boon Chor	1,084,402	2.32
9	RHB Capital Nominees (Tempatan) Sdn Bhd – Pledged Securities A/C for Ping Kok Koh (041005)	750,000	1.60
10	Ee Wee Lee	500,000	1.07
11	TA Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Liew Yam Fee	500,000	1.07
12	Yayasan Teratai	500,000	1.07
13	Kurnia Insurans (Malaysia) Berhad	414,600	0.89
14	Eu Mui @ Ee Soo Mei	402,000	0.86
15	Sumbang Permai Sdn Bhd	392,100	0.84
16	Rampai Dedikasi Sdn Bhd	300,000	0.64
17	Chong Gek Kin @ Choong Yuk Kim	229,190	0.49
18	Ho Kim Chai	228,000	0.49
19	Ee Soh Lan @ Ee Mee Lan	210,000	0.45
20	Adrian Tan Wei Sern	202,000	0.43
21	Ee Boon Kin	202,000	0.43
22	Tan Ah Kow @ Tan Chee Lin	202,000	0.43
23	Er Kim See	201,000	0.43
24	Mayban Nominees (Tempatan) Sdn Bhd – Pledged Securities A/C for Wong Kwee Fong	200,000	0.43
25	Dato' Mohamed bin Hamzah	193,497	0.41
26	Shum Yoke Chee	189,000	0.40
27	Mayban Nominees (Tempatan) Sdn Bhd – Pledged Securities A/C for Lee Kim Tak	167,966	0.36
28	Voo Suan See	158,800	0.34
29	Teo Ah Seng	150,000	0.32
30	Ng Ho Fatt	130,000	0.28
	Total	36,469,901	77.93

Statement of Shareholdings
as at 31 March 2009 (cont'd)

SUBSTANTIAL ICULS HOLDERS AS AT 31 MARCH 2009

	No. of ICULS held			
	Direct	%	Indirect	%
Med-Bumikar Mara Sdn Bhd	11,088,132	23.69	-	-
Duvest Holdings Sdn Bhd	6,117,067	13.07	-	-
Teng Cheng Bon @ Teng Kim Tee	-	-	6,117,067	13.07 *
Aun Huat & Brothers Sdn Bhd	5,449,663	11.65	-	-
Ping Kok Koh	-	-	6,876,667	14.69 \\\
Sharifuddin bin Shoib	-	-	6,117,067	13.07 *
Poh Chee Meng @ Fook Fatt	17,333	0.04	5,541,396	11.84 ^
P & F Holdings Sdn Bhd	-	-	5,449,663	11.65 ++
Poh Cheong Meng & Sons Sdn Bhd	123,555	0.26	5,449,663	11.65 ++
Poh Yin Hoe & Sons Holding Sdn Bhd	-	-	5,449,663	11.65 ++
Poh Chee Meng & Sons Holdings Sdn Bhd	91,733	0.20	5,449,663	11.65 ++
RHB Investment Bank Berhad – IVT (CF)	6,322,751	13.51	-	-

* Deemed interest through Duvest Holdings Sdn Bhd

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

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

++ Held directly by Aun Huat & Brothers Sdn Bhd

DIRECTORS' INTERESTS FOR ICULS AS AT 31 MARCH 2009

	No. of ICULS held			
	Direct	%	Indirect	%
Dato' Mohamed bin Hamzah	193,497	0.41	-	-
Ping Kok Koh	-	-	6,876,667	14.69
Sharifuddin bin Shoib	-	-	6,117,067	13.07
Poh Choo Lim	-	-	-	-
Yap Jek Nan	-	-	-	-
Dato' Abdul Rahim bin Abdul Halim	-	-	-	-
Mustapha bin Mohamed	-	-	-	-
Voon Chong Kian (Alternate Director)	33	-	-	-

Statement of Shareholdings
as at 31 March 2009 (cont'd)

Total Warrants issued : 26,491,809
Class of Securities : Warrants

DISTRIBUTION OF WARRANTS HOLDERS AS AT 31 MARCH 2009

Size of Shareholdings as at 31 March 2009	No. of Holders	% of Holders	No. of Warrants	% of Warrants
Less than 100	40	2.90	2,236	0.01
100 – 1,000	541	39.20	413,928	1.56
1,001 – 10,000	671	48.62	2,367,538	8.94
10,001 – 100,000	105	7.61	3,228,195	12.19
100,001 to less than 5% of issued shares	18	1.30	6,834,864	25.80
5% and above of issued shares	5	0.36	13,645,048	51.51
Total	1,380	100.00	26,491,809	100.00

30 LARGEST SECURITIES ACCOUNT HOLDERS FOR WARRANTS

No.	Name	Shares	%
1	Med-Bumikar Mara Sdn Bhd	3,321,844	12.54
2	RHB Investment Bank Berhad – IVT (CF)	3,161,251	11.93
3	Duvest Holdings Sdn Bhd	3,058,533	11.55
4	Public Nominees (Tempatan) Sdn Bhd – (PIVB) Pledged Securities A/C for Med-Bumikar Mara Sdn Bhd	2,222,222	8.39
5	Sumbang Permai Sdn Bhd	1,881,198	7.10
6	Khoo Chin Leng	1,208,100	4.56
7	ECML Nominees (Tempatan) Sdn Bhd – Pledged Securities A/C for Voon Chong Kian (002)	1,000,066	3.78
8	Public Nominees (Tempatan) Sdn Bhd – Pledged Securities A/C for Aun Huat & Brothers Sdn Bhd (E-IMO/BCM)	1,000,000	3.77
9	Aun Huat & Brothers Sdn Bhd	884,920	3.34
10	Aun Huat & Brothers Sdn Bhd	832,778	3.14
11	RHB Capital Nominees (Tempatan) Sdn Bhd – Pledged Securities A/C for Ping Kok Koh (041005)	375,000	1.42
12	Eu Mui @ Ee Soo Mei	201,000	0.76
13	Tay Soo Cheng	175,000	0.66
14	Mayban Nominees (Tempatan) Sdn Bhd – Pledged Securities A/C for Tan Sun Ping	150,000	0.57
15	Rampai Dedikasi Sdn Bhd	150,000	0.57
16	Chua Chung Ban	126,000	0.48
17	Sia Tong Sea	115,500	0.44
18	Chern Tee Song	108,000	0.41
19	Ee Soh Lan @ Ee Mee Lan	105,000	0.40
20	Adrian Tan Wei Sern	101,000	0.38
21	Ee Boon Kin	101,000	0.38
22	Tan Ah Kow @ Tan Chee Lin	101,000	0.38
23	Er Kim See	100,500	0.38

Statement of Shareholdings
as at 31 March 2009 (cont'd)

30 LARGEST SECURITIES ACCOUNT HOLDERS FOR WARRANTS

No.	Name	Shares	%
24	Mayban Nominees (Tempatan) Sdn Bhd – Pledged Securities A/C for Wong Kwee Fong	100,000	0.38
25	Mohamed bin Hamzah	96,748	0.37
26	Shum Yoke Chee	95,000	0.36
27	Sia Ban Loong	95,000	0.36
28	Mayban Nominees (Tempatan) Sdn Bhd – Pledged Securities A/C for Liew Yoke Ling	92,700	0.35
29	JF Apex Nominees (Tempatan) Sdn Bhd – Pledged Securities A/C for Sia Tong Sea	87,500	0.33
30	Mayban Nominees (Tempatan) Sdn Bhd – Pledged Securities A/C for Lee Kim Tak	83,982	0.32
	Total	21,130,842	79.76

SUBSTANTIAL WARRANTS HOLDERS AS AT 31 MARCH 2009

	No. of Warrants held			
	Direct	%	Indirect	%
Med-Bumikar Mara Sdn Bhd	5,544,066	20.93	-	-
Duvest Holdings Sdn Bhd	3,058,533	11.55	-	-
Teng Cheng Bon @ Teng Kim Tee	57,500	0.22	3,058,533	11.55 *
Aun Huat & Brothers Sdn Bhd	2,724,831	10.29	-	-
Ping Kok Koh	-	-	3,433,533	12.96 \\\
Sharifuddin bin Shoib	-	-	3,058,533	11.55 *
Poh Chee Meng @ Fook Fatt	8,666	0.03	2,770,697	10.46 ^
P & F Holdings Sdn Bhd	-	-	2,724,831	10.29 ++
Poh Cheong Meng & Sons Sdn Bhd	61,777	0.23	2,724,831	10.29 ++
Poh Yin Hoe & Sons Holding Sdn Bhd	-	-	2,724,831	10.29 ++
Poh Chee Meng & Sons Holdings Sdn Bhd	45,866	0.17	2,724,831	10.29 ++
RHB Investment Bank Berhad – IVT (CF)	3,161,251	11.93	-	-
Sumbang Permai Sdn Bhd	1,881,198	7.10	-	-

* Deemed interest through Duvest Holdings Sdn Bhd

\\ Deemed interest through Duvest Holdings Sdn Bhd and RHB Capital Nominees (Tempatan) Sdn Bhd

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

++ Held directly by Aun Huat & Brothers Sdn Bhd

Statement of Shareholdings
as at 31 March 2009 (cont'd)

DIRECTORS' INTERESTS FOR WARRANTS AS AT 31 MARCH 2009

	Direct	No. of Warrants held		%
		%	Indirect	
Dato' Mohamed bin Hamzah	96,748	0.37	-	-
Ping Kok Koh	-	-	3,433,533	12.96
Sharifuddin bin Shoib	-	-	3,058,533	11.55
Poh Choo Lim	-	-	-	-
Yap Jek Nan	-	-	-	-
Dato' Abdul Rahim bin Abdul Halim	-	-	-	-
Mustapha bin Mohamed	-	-	-	-
Voon Chong Kian (Alternate Director)	1,000,066	3.78	-	-

Directors' Report

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 2008.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

The principal activities of the subsidiary companies are disclosed in Note 16 to the Financial Statements.

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

RESULTS OF OPERATIONS

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

	Group RM	Company RM
Profit before tax	11,882,923	18,455,758
Income tax expense	(2,228,529)	(1,442,359)
Profit for the year	9,654,394	17,013,399
Attributable to:		
Equity holders of the Company	8,632,733	17,013,399
Minority interests	1,021,661	-
	9,654,394	17,013,399

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

DIVIDENDS

An interim dividend of 5%, tax-exempt, amounting to RM3,971,535 was paid on 12 February 2008 in respect of the current financial year.

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

RESERVES AND PROVISIONS

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

Directors' Report (cont'd)

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and fully paid-up ordinary share capital from RM79,483,702 to RM83,109,524 by way of the issuance of 3,625,822 new ordinary shares of RM1.00 each arising from the conversion of RM6,163,900 nominal value of 4%, 5-year irredeemable convertible unsecured loan stocks ("ICULS") at the conversion price of RM1.70 per ordinary share.

The resulting premium arising from the shares issued of RM2,538,078 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.

TREASURY SHARES

During the year, the Company repurchased 2,748,900 units of its own shares through purchases on Bursa Malaysia Securities Berhad. The total amount paid for acquisition of the shares was RM3,003,009 and has been deducted from equity. The repurchased transactions were financed by internally generated funds and the average price paid for the shares were RM1.09. The repurchased shares are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

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 By-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;

Directors' Report (cont'd)

SHARE OPTIONS (cont'd)

- (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 By-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.

No options have been exercised during the financial year to take up unissued shares of the Company.

The balance of unissued shares of the Company under options is as follows:

Exercisable from	Exercise price per ordinary share RM	Number of ordinary shares of RM1.00 each under options
08.07.2004	1.49	4,001,331

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 necessitate 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.

Directors' Report (cont'd)

OTHER FINANCIAL INFORMATION (cont'd)

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.

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
Voon Chong Kian (alternate to Ping Kok Koh)
Dato' Abdul Rahim bin Abdul Halim
Mustapha bin Mohamed

In accordance with Article 91 of the Company's Articles of Association, Sharifuddin bin Shoib and Dato' Abdul Rahim bin Abdul Halim retire by rotation and, being eligible, offer themselves for re-election.

Directors' Report (cont'd)

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	Number of ordinary shares of RM1.00 each			Balance as at 31.12.2008
	Balance as at 01.01.2008	Bought	Sold	
Shares in the Company				
Registered in the name of directors				
Dato' Mohamed bin Hamzah	290,246	-	-	290,246
Sharifuddin bin Shoib	27,057	-	-	27,057
Voon Chong Kian (alternate to Ping Kok Koh)	401,357	1,298,800	-	1,700,157
Indirect interest				
Ping Kok Koh	12,182,063	-	-	12,182,063
Sharifuddin bin Shoib	10,257,872	-	-	10,257,872

In addition to the above, the following director is deemed to have interest in the shares of the Company to the extent of options granted to him pursuant to the ESOS of the Company:

	Number of options over ordinary shares of RM1.00 each
Ping Kok Koh	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 20 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 23 to the Financial Statements.

Directors' Report (cont'd)

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,
10 April 2009

Independent Auditors' Report

To The Members Of Rubberex Corporation (M) Berhad
(Incorporated In Malaysia)

Report on the Financial Statements

We have audited the financial statements of Rubberex Corporation (M) Berhad, which comprise the balance sheets of the Group and of the Company as at 31 December 2008 and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 35 to 84.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 and of their financial performance and cash flows for the year then ended.

Independent Auditors' Report
To The Members Of Rubberex Corporation (M) Berhad
(Incorporated In Malaysia) (cont'd)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that:

- (a) in our opinion, 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;
- (b) we have considered the financial statements and auditors' report of the subsidiary companies, of which we have not acted as auditors, as mentioned in Note 16 to the Financial Statements, being financial statements that have been included in the financial statements of the Group;
- (c) 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 financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes; and
- (d) the auditors' report 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
Partner - 2421/05/09(J/PH)
Chartered Accountant

10 April 2009

Income Statements

For the financial year ended 31 December 2008

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Revenue	5	274,512,351	144,929,207	12,275,000	11,500,000
Investment revenue	7	214,224	97,558	1,516,730	580,582
Other gains and losses	8	(1,125,610)	(520,939)	5,757,456	(4,628,817)
Other operating income	10	1,160,097	68,215	-	1,410
Changes in inventories of finished goods, trading goods and work-in-progress		6,120,334	2,203,540	-	-
Purchase of finished goods and trading goods		(14,870,628)	(12,621,199)	-	-
Raw materials and consumables used		(150,326,865)	(68,960,183)	-	-
Directors' remuneration	9	(1,202,765)	(989,724)	(102,500)	(127,500)
Employee benefits expense	10	(34,223,609)	(23,362,929)	-	-
Depreciation expense	14	(13,337,095)	(11,919,876)	-	-
Amortisation of prepaid lease payments	15	(227,773)	(216,465)	-	-
Finance costs	11	(7,041,564)	(5,451,143)	(237,792)	(77,763)
Other expenses	10	(47,768,174)	(27,740,700)	(753,136)	(500,050)
Profit/(Loss) before tax		11,882,923	(4,484,638)	18,455,758	6,747,862
Income tax expense	12	(2,228,529)	(230,437)	(1,442,359)	(2,353,503)
Profit/(Loss) for the year		9,654,394	(4,715,075)	17,013,399	4,394,359
Attributable to:					
Equity holders of the Company		8,632,733	(1,626,446)	17,013,399	4,394,359
Minority interests		1,021,661	(3,088,629)	-	-
		9,654,394	(4,715,075)	17,013,399	4,394,359
Earnings/(Loss) per share					
Basic (sen per share)	13	10.92	(2.05)		
Diluted (sen per share)	13	8.21	(2.05)		

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

Balance Sheets
As at 31 December 2008

	Note(s)	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
ASSETS					
Non-current assets					
Property, plant and equipment	14	140,154,423	112,557,563	-	-
Prepaid lease payments	15	14,531,945	13,667,634	-	-
Investments in subsidiary companies	16	-	-	40,971,636	39,364,760
Goodwill on consolidation	17	2,793,422	2,793,422	-	-
Deferred tax asset	12	93,686	116,109	93,686	116,109
Total non-current assets		157,573,476	129,134,728	41,065,322	39,480,869
Current assets					
Inventories	18	72,825,001	61,837,397	-	-
Trade and other receivables	19&20	41,792,678	28,467,958	-	-
Amount owing by subsidiary companies	20	-	-	180,908,603	144,139,275
Current tax assets	12	716,112	2,931,546	337,848	192,197
Other assets	21	3,622,701	5,158,252	1,000	1,000
Fixed deposits, cash and bank balances	22	25,776,333	12,639,507	2,067,183	1,811,218
Total current assets		144,732,825	111,034,660	183,314,634	146,143,690
Total assets		302,306,301	240,169,388	224,379,956	185,624,559

Balance Sheets
As at 31 December 2008 (cont'd)

	Note(s)	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
EQUITY AND LIABILITIES					
Capital and reserves					
Issued capital	23	83,109,524	79,483,702	83,109,524	79,483,702
Treasury shares	23	(3,066,456)	(63,447)	(3,066,456)	(63,447)
Reserves	24	19,141,722	6,456,225	13,325,964	10,787,886
Irredeemable Convertible Unsecured Loan Stocks ("ICULS")	26	37,901,996	43,256,775	37,901,996	43,256,775
Retained earnings/ (Accumulated loss)		9,843,755	5,182,557	12,762,534	(279,330)
Equity attributable to equity holders of the Company		146,930,541	134,315,812	144,033,562	133,185,586
Minority interest		12,720,006	7,639,425	-	-
Total equity		159,650,547	141,955,237	144,033,562	133,185,586
Non-current liabilities					
Deferred tax liabilities	12	3,489,729	4,690,063	-	-
Borrowings	28	53,378,120	51,306,564	47,382,095	49,653,168
Total non-current liabilities		56,867,849	55,996,627	47,382,095	49,653,168
Current liabilities					
Trade and other payables	20&29	24,988,771	21,519,614	43,746	54,455
Borrowings	28	49,885,729	16,811,928	31,497,082	1,592,401
Current tax liabilities	12	687,877	691,434	-	-
Other liabilities - accrued expenses		10,225,528	3,194,548	1,423,471	1,138,949
Total current liabilities		85,787,905	42,217,524	32,964,299	2,785,805
Total liabilities		142,655,754	98,214,151	80,346,394	52,438,973
Total equity and liabilities		302,306,301	240,169,388	224,379,956	185,624,559

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

Group	Note	Attributable to Equity Holders of the Company								
		Issued Capital RM	Treasury Shares RM	Irredeemable Convertible Unsecured Loan Stocks ("ICULS") RM	Non-distributable Reserves		Distributable Reserve	Subtotal RM	Minority Interest RM	Total Equity RM
					Share Premium RM	Translation Reserve RM	Retained Earnings RM			
Balance as at 01 January 2007		79,287,702	-	-	10,691,846	(1,886,931)	11,573,525	99,666,142	7,146,795	106,812,937
Net income/(expense) recognised directly in equity:										
Exchange differences arising on translation of foreign subsidiaries		-	-	-	-	(2,444,730)	-	(2,444,730)	1,813,487	(631,243)
Total recognised income and expense:										
Loss for the year		-	-	-	-	-	(1,626,446)	(1,626,446)	(3,088,629)	(4,715,075)
Dividends	25	-	-	-	-	-	(4,764,522)	(4,764,522)	-	(4,764,522)
Issue of shares:										
Exercise of share options under ESOS	23	196,000	-	-	96,040	-	-	292,040	-	292,040
Issue of shares to minority shareholders		-	-	-	-	-	-	-	1,767,772	1,767,772
Purchase of treasury shares		-	(63,447)	-	-	-	-	(63,447)	-	(63,447)
ICULS (equity component), net of tax		-	-	43,256,775	-	-	-	43,256,775	-	43,256,775
Balance as at 31 December 2007		79,483,702	(63,447)	43,256,775	10,787,886	(4,331,661)	5,182,557	134,315,812	7,639,425	141,955,237

Statements Of Changes In Equity
For the financial year ended 31 December 2008

Statements Of Changes In Equity

For the financial year ended 31 December 2008 (cont'd)

Group	Note	Attributable to Equity Holders of the Company								Minority Interest RM	Total Equity RM
		Issued Capital RM	Treasury Shares RM	Irredeemable Convertible Unsecured Loan Stocks ("ICULS") RM	Non-distributable Reserves		Distributable Reserve Retained Earnings RM	Subtotal RM			
					Share Premium RM	Translation Reserve RM					
Net income recognised directly in equity:											
Exchange differences arising on translation of foreign subsidiaries		-	-	-	-	10,147,419	-	10,147,419	2,909,570	13,056,989	
Total recognised income and expense:											
Profit for the year		-	-	-	-	-	8,632,733	8,632,733	1,021,661	9,654,394	
Dividends paid by subsidiary company to minority shareholders		-	-	-	-	-	-	-	(321,900)	(321,900)	
Dividends	25	-	-	-	-	-	(3,971,535)	(3,971,535)	-	(3,971,535)	
Issue of shares to minority shareholders		-	-	-	-	-	-	-	1,471,250	1,471,250	
Purchase of treasury shares		-	(3,003,009)	-	-	-	-	(3,003,009)	-	(3,003,009)	
Conversion of ICULS	23	3,625,822	-	(5,354,779)	2,538,078	-	-	809,121	-	809,121	
Balance as at 31 December 2008		83,109,524	(3,066,456)	37,901,996	13,325,964	5,815,758	9,843,755	146,930,541	12,720,006	159,650,547	

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

Company	Note	Attributable to Equity Holders of the Company					Total Equity RM
		Issued Capital RM	Convertible Treasury Shares RM	Irredeemable distributable Unsecured Loan Stocks ("ICULS") RM	Non-(Accumulated Reserve Share Premium RM	Loss)/ Retained Earnings RM	
Balance as at 01 January 2007		79,287,702	-	-	10,691,846	90,833	90,070,381
Total recognised income and expense:							
Profit for the year		-	-	-	-	4,394,359	4,394,359
Issue of shares:							
Exercise of share options under ESOS	23	196,000	-	-	96,040	-	292,040
Dividends	25	-	-	-	-	(4,764,522)	(4,764,522)
Purchase of treasury shares		-	(63,447)	-	-	-	(63,447)
ICULS (equity component), net of tax		-	-	43,256,775	-	-	43,256,775
Balance as at 31 December 2007		79,483,702	(63,447)	43,256,775	10,787,886	(279,330)	133,185,586
Total recognised income and expense:							
Profit for the year		-	-	-	-	17,013,399	17,013,399
Dividends	25	-	-	-	-	(3,971,535)	(3,971,535)
Purchase of treasury shares		-	(3,003,009)	-	-	-	(3,003,009)
Conversion of ICULS	23	3,625,822	-	(5,354,779)	2,538,078	-	809,121
Balance as at 31 December 2008		83,109,524	(3,066,456)	37,901,996	13,325,964	12,762,534	144,033,562

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

Statements Of Changes In Equity
For the financial year ended 31 December 2008 (cont'd)

Cash Flow Statements

For the financial year ended 31 December 2008

Group	Note	2008 RM	2007 RM
CASH FLOWS FROM/(USED IN)			
OPERATING ACTIVITIES			
Profit/(Loss) for the year		9,654,394	(4,715,075)
Adjustments for:			
Depreciation of property, plant and equipment		13,337,095	11,919,876
Finance costs		7,041,564	5,451,143
Income tax expense recognised in profit or loss		2,228,529	230,437
Inventories written off		1,240,885	-
Property, plant and equipment written off		593,399	-
Amortisation of prepaid lease payments		227,773	216,465
Allowance for doubtful debts		219,615	476,382
Tax penalty		833	13,000
Unrealised gain on foreign exchange		(664,601)	-
Investment revenue recognised in profit or loss		(214,224)	(97,558)
Allowance for doubtful debts no longer required		(178,428)	(39,253)
(Gain)/Loss on disposal of property, plant and equipment		(104,704)	143
Allowance for inventories obsolescence		-	533,515
Prepaid lease payments written off		-	304,711
		33,382,130	14,293,786
Movements in working capital:			
(Increase)/Decrease in:			
MTN Debt Reserve Account		(435,810)	(6,905)
MTN Disbursement Account		-	(26,401)
Inventories		(10,946,945)	(4,845,273)
Trade and other receivables		(9,458,280)	(3,570,494)
Other assets		2,131,962	(1,549,525)
Increase in:			
Trade and other payables		2,677,804	9,096,184
Other liabilities		6,914,647	1,663,391
Cash Generated From Operations		24,265,508	15,054,763
Income tax paid		(1,160,251)	(2,080,936)
Net Cash Generated From Operating Activities		23,105,257	12,973,827

Cash Flow Statements
For the financial year ended 31 December 2008 (cont'd)

Group	Note	2008 RM	2007 RM
CASH FLOWS FROM/(USED IN)			
INVESTING ACTIVITIES			
Withdrawal/(Placement) of fixed deposits		414,000	(714,000)
Proceeds from disposal of property, plant and equipment		340,187	799
Interest on short-term and fixed deposits received		214,224	97,558
Purchase of property, plant and equipment	31(a)	(34,263,029)	(47,451,435)
Additions to prepaid lease payments		-	(75,966)
Acquisition of subsidiary companies		-	(2,651,211)
Net Cash Used In Investing Activities		<u>(33,294,618)</u>	<u>(50,794,255)</u>
CASH FLOWS FROM/(USED IN)			
FINANCING ACTIVITIES			
Proceeds from revolving credit		34,510,016	-
Proceeds from/(Repayment of) term loan		5,260,107	(1,303,178)
Proceeds from issuance of shares to minority shareholders		1,471,250	-
Proceeds from/(Repayment of) bills payable		817,801	(4,088,000)
Finance costs paid		(8,680,117)	(6,038,989)
Dividends paid		(3,971,535)	(8,729,657)
Repurchased of shares - treasury shares		(3,003,009)	(63,447)
Dividend paid to minority shareholders		(321,900)	-
Proceeds from issuance of shares to equity holders of the Company		-	292,040
Proceeds from ICULS - net		-	51,965,803
Proceeds from Medium Term Notes		-	8,000,000
Net Cash Generated From Financing Activities		<u>26,082,613</u>	<u>40,034,572</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		15,893,252	2,214,144
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		8,227,070	7,381,517
Effect of exchange rate changes on the balance of cash held in foreign currencies		698,962	(1,368,591)
CASH AND CASH EQUIVALENTS AT END OF YEAR	31(b)	<u>24,819,284</u>	<u>8,227,070</u>

Cash Flow Statements
For the financial year ended 31 December 2008 (cont'd)

Company	Note	2008 RM	2007 RM
CASH FLOWS FROM/(USED IN)			
OPERATING ACTIVITIES			
Profit for the year		17,013,399	4,394,359
Adjustments for:			
Income tax expense recognised in income statement		1,442,359	2,353,503
Finance costs		237,792	77,763
Dividend income		(12,275,000)	(11,500,000)
Unrealised (gain)/loss on foreign exchange		(5,965,392)	4,628,817
Investment revenue recognised in profit or loss		(1,516,730)	(580,582)
		<u>(1,063,572)</u>	<u>(626,140)</u>
Movements in working capital:			
(Increase)/Decrease in:			
MTN Debt Reserve Account		(435,810)	(6,905)
MTN Disbursement Account		-	(26,401)
(Decrease)/Increase in:			
Trade and other payables		(10,709)	(51,592)
Other liabilities		284,522	836,289
		<u>(1,225,569)</u>	<u>125,251</u>
Cash (Used In)/Generated From Operations		(1,225,569)	125,251
Dividends received from subsidiary companies		10,630,500	9,016,000
Income tax refunded		98,163	19,257
Income tax paid		(19,250)	-
		<u>9,483,844</u>	<u>9,160,508</u>
Net Cash Generated From Operating Activities		<u>9,483,844</u>	<u>9,160,508</u>
CASH FLOWS FROM/(USED IN)			
INVESTING ACTIVITIES			
Interest on advances to subsidiary companies received		5,848,392	3,884,417
Withdrawal/(Placement) of fixed deposits		414,000	(714,000)
Interest on fixed deposits received		33,321	21,133
Advances granted to subsidiary companies - Net		(30,803,935)	(56,455,358)
Acquisition of additional shares in subsidiary companies		(1,606,876)	-
Acquisition of subsidiary companies		-	(2,651,658)
		<u>(26,115,098)</u>	<u>(55,915,466)</u>
Net Cash Used In Investing Activities		<u>(26,115,098)</u>	<u>(55,915,466)</u>

Cash Flow Statements
For the financial year ended 31 December 2008 (cont'd)

Company	Note	2008 RM	2007 RM
CASH FLOWS FROM/(USED IN)			
FINANCING ACTIVITIES			
Proceeds from revolving credit		30,000,000	-
Finance costs paid		(6,160,047)	(3,810,417)
Dividends paid		(3,971,535)	(8,729,657)
Repurchase of shares - treasury shares		(3,003,009)	(63,447)
Proceeds from ICULS - net		-	51,965,803
Proceeds from Medium Term Notes		-	8,000,000
Proceeds from issuance of shares to equity holders of the Company		-	292,040
Net Cash Generated From Financing Activities		<u>16,865,409</u>	<u>47,654,322</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		234,155	899,364
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>1,063,912</u>	<u>164,548</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	31(b)	<u>1,298,067</u>	<u>1,063,912</u>

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

Notes To The Financial Statements

For the financial year ended 31 December 2008

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 16.

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 10 April 2009.

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

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.

(a) New and revised Standards and Interpretations

During the financial year, the Group and the Company adopted all of the new and revised Standards and Interpretations issued by the MASB that are relevant to their operations and effective for accounting periods beginning on or after 01 July 2007. The adoption of these new and revised Standards and Interpretations have not resulted in changes to the Group's and the Company's accounting policies.

(b) New and revised Standards and Interpretations issued but not yet adopted

At the date of authorisation of the financial statements for issue, the following new and revised standards and interpretations were issued but were not yet adopted by the Group and the Company:

FRS and Interpretations ("Int.")	Effective for annual periods beginning on or after
FRS 4: Insurance Contracts	01 January 2010
FRS 7: Financial Instruments: Disclosures	01 January 2010
FRS 8: Operating Segment	01 July 2009
FRS 139: Financial Instruments: Recognition and Measurement	01 January 2010
Int. 9: Reassessment of Embedded Derivatives	01 January 2010
Int. 10: Interim Financial Reporting and Impairment	01 January 2010

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

Consequential amendments were also made to various FRSs as a result of these new FRSs.

The Group and the Company are exempted in the respective FRSs from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7 and 139.

The other new FRSs and interpretations are either not relevant to the Group's and the Company's operations or the application is not expected to have any material impact on the Group's and the Company's financial statements.

The adoption of FRS 7 and the consequential amendment to FRS 101: Presentation of Financial Statements introduce new disclosure requirements in relation to the Group's and the Company's financial instruments and the objectives, policies and processes for managing capital.

FRS 8, which replaces FRS 114, Segment Reporting, requires identification and reporting of segments based on internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and to assess its performance. Currently, the Group presents primarily segment information in respect of its geographical segments by location of assets (see Note 6). The adoption of FRS 8 is not expected to have significant impact on the financial statements of the Group other than expanded disclosure requirements.

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 2008.

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.

Financial statements of subsidiary companies are consolidated with those of the Company using the acquisition method of accounting. On acquisition, the assets and liabilities of the relevant subsidiary companies are measured at their fair values at the date of acquisition.

The 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.

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

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.

Revenue Recognition

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

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.

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.

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

Employee Benefits

Short-term employee benefits

Wages, salaries, paid annual leave, 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. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plans

The Group makes statutory contributions to approved provident funds and the contributions are charged to profit or loss as incurred. The approved provident funds are defined contribution plans. Once the contributions have been paid, there are no further payment obligations.

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.

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 presenting consolidated financial statements, the assets and liabilities of the Group's foreign incorporated subsidiary are expressed in Ringgit Malaysia using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such exchange differences are recognised in profit or loss in the year in which the foreign incorporated subsidiary is disposed of.

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

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

<i>Foreign Currency</i>	31.12.2008 RM	31.12.2007 RM
1 United States Dollar	3.4640	3.3065
1 Hong Kong Dollar	0.4470	0.4238
1 Chinese Renminbi	0.5076	0.4527
1 Euro Dollar	4.8759	4.8756
1 Sterling Pound	4.9989	6.6070

Borrowing Costs

Borrowing costs directly attributable to construction of assets which require a substantial period of time to get them ready for their intended use are capitalised and included as part of the cost of the related assets. Capitalisation of borrowing costs will cease when the assets are ready for their intended use.

All other borrowing costs are recognised as an expense in the year in which they are incurred.

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 profit or loss 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 substantively 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.

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

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 in 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.

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 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%

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.

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

Leases

Leasehold land that normally has an indefinite economic life and where title is not expected to pass to the lessee by the end of the lease period is treated as an operating lease. The payment made on entering into or acquiring a leasehold interest is accounted for as prepaid lease payments at the balance sheet date. In the case of a lease of land and buildings, the prepaid lease payments are allocated whenever necessary, between the land element and buildings element of the lease at the inception of the lease in proportion to their relative fair value.

Prepaid lease payments on leasehold land are stated at surrogate cost less accumulated amortisation and accumulated impairment losses.

Long-term and short-term leasehold land is amortised over the lease period of 54 years and 50 years respectively.

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

Goodwill is not amortised. Instead, it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

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. Any impairment loss is recognised immediately in the consolidated profit or loss and any impairment loss recognised for goodwill is not subsequently reversed.

On disposal of an entity or operation, the goodwill associated with the entity or operation disposed of is included in the carrying amount of the entity or operation when determining the gain or loss on disposal.

Impairment of Assets excluding Goodwill

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

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

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.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

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

Irredeemable Convertible Unsecured Loan Stocks ("ICULS")

ICULS are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible loan stocks. The difference between the proceeds of issue of the ICULS and the fair value assigned to the liability component is regarded as equity component.

Issue costs are apportioned between the liability and equity components of the ICULS based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly to equity.

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

Cash Flow Statements

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

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

4. 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 sources of estimation uncertainty

The 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 and liabilities within the next financial year, are discussed below:

(a) Impairment of Goodwill

The Group tests goodwill for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary.

For the purpose of assessing impairment, goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose.

Significant judgement is required in the estimation of the present value of future cash flows generated by the cash-generating units, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's tests for impairment of goodwill.

(b) Estimated Useful Lives of Property, Plant and Equipment

The Group regularly reviews the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

(c) Allowance for Receivables

The Group makes allowance for doubtful receivables based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful receivables requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful receivables expenses in the period in which such estimate has been changed.

(d) Allowance for Slow Moving Inventories

The Group makes allowance for obsolete inventories based on an assessment of the recoverability of the inventories through sales and recycling for alternatives uses. Allowance is applied to inventories where events or changes in circumstances indicate that the costs may not be recoverable.

The identification of obsolete inventories requires use of judgement and estimates.

Where the expectation is different from the original estimate, such difference will impact the carrying value of the inventories and obsolete inventories expenses in the period in which such estimate has been changed.

5. REVENUE

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Sales of manufactured products	256,854,006	131,333,767	-	-
Sales of trading products	17,658,345	13,595,440	-	-
Dividends (gross) received from subsidiary companies	-	-	12,275,000	11,500,000
	<u>274,512,351</u>	<u>144,929,207</u>	<u>12,275,000</u>	<u>11,500,000</u>

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

6. SEGMENT REPORTING

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

Geographical segments by location of assets

Group 2008	Malaysia RM	People's Republic of China RM	Europe RM	Eliminations RM	Total RM
Revenue	<u>155,865,558</u>	<u>289,563,776</u>	<u>41,459,190</u>	<u>(212,376,173)</u>	<u>274,512,351</u>
Results					
Segment results	<u>29,421,943</u>	<u>9,287,215</u>	<u>137,977</u>	<u>(19,922,648)</u>	18,924,487
Finance costs					<u>(7,041,564)</u>
Profit before tax					11,882,923
Income tax expense					<u>(2,228,529)</u>
Profit for the year					<u>9,654,394</u>
Assets					
Segment assets	99,066,333	173,196,025	29,234,145	-	301,496,503
Unallocated corporate assets					<u>809,798</u>
Consolidated total assets					<u>302,306,301</u>
Liabilities					
Segment liabilities	16,233,015	17,010,196	1,971,088	-	35,214,299
Unallocated corporate liabilities					<u>441,455</u>
Consolidated total liabilities					<u>142,655,754</u>
Other Information					
Capital expenditure	2,563,665	31,725,665	54,981	-	34,344,311
Depreciation and amortisation charges	9,334,748	4,204,754	25,366	-	13,564,868

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

Geographical segments by location of assets (cont'd)

Group 2007	Malaysia RM	People's Republic of China RM	Europe RM	Eliminations RM	Total RM
Revenue	143,922,490	34,021,379	32,580,481	(65,595,143)	144,929,207
Results					
Segment results	4,542,187	(9,156,305)	848,001	4,732,622	966,505
Finance costs					(5,451,143)
Loss before tax					(4,484,638)
Income tax expense					(230,437)
Loss for the year					(4,715,075)
Assets					
Segment assets	108,743,116	103,257,694	25,120,923	-	237,121,733
Unallocated corporate assets					3,047,655
Consolidated total assets					240,169,388
Liabilities					
Segment liabilities	14,436,194	8,830,478	1,447,490	-	24,714,162
Unallocated corporate liabilities					73,499,989
Consolidated total liabilities					98,214,151
Other Information					
Capital expenditure	4,226,287	43,292,971	55,843	-	47,575,101
Depreciation and amortisation charges	9,751,499	2,366,931	17,911	-	12,136,341

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

Revenue from sales to external customers by location of customers:

	Group	
	2008 RM	2007 RM
Europe	190,129,085	81,583,922
North and South America	32,396,309	31,986,550
Rest of the world	51,986,957	31,358,735
	<u>274,512,351</u>	<u>144,929,207</u>

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. The revenue, carrying amount of segment assets and cost of assets acquisition from trading operations are less than 10% of the Group's revenue, segment assets and additions to property, plant and equipment respectively.

7. INVESTMENT REVENUE

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Interest income from:				
Short-term deposits	169,380	76,425	-	-
Fixed deposits	33,321	21,133	33,321	21,133
Advances to subsidiary companies	-	-	1,483,409	559,449
Rental income	11,523	-	-	-
	<u>214,224</u>	<u>97,558</u>	<u>1,516,730</u>	<u>580,582</u>

8. OTHER GAINS AND LOSSES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Realised loss on foreign exchange	(1,894,915)	(520,796)	(207,936)	-
Gain/(Loss) on disposal of property, plant and equipment	104,704	(143)	-	-
Unrealised (loss)/gain on foreign exchange	664,601	-	5,965,392	(4,628,817)
	<u>(1,125,610)</u>	<u>(520,939)</u>	<u>5,757,456</u>	<u>(4,628,817)</u>

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

9. DIRECTORS' REMUNERATION

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Executive directors:				
Salaries, allowances and bonuses	985,389	772,836	-	-
Contributions to EPF	114,876	89,388	-	-
	1,100,265	862,224	-	-
Non-executive directors:				
Fees:				
Current year	127,500	127,500	127,500	127,500
Prior year	(25,000)	-	(25,000)	-
	102,500	127,500	102,500	127,500
	1,202,765	989,724	102,500	127,500

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 (2007: RM2,400).

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

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Allowance for doubtful debts no longer required	178,428	39,253	-	-
Inventories written off:				
Raw materials	(1,012,556)	-	-	-
Finished and trading goods	(228,329)	-	-	-
Property, plant and equipment written off	(593,399)	-	-	-
Auditors remuneration:				
Statutory audit:				
Current year	(300,055)	(277,056)	(30,000)	(30,000)
Previous year	-	(13,272)	-	-
Others	(70,800)	(46,300)	-	-
Allowance for doubtful debts	(219,615)	(476,382)	-	-
Rental of premises	(132,295)	(193,931)	-	-
Rental of motor vehicle	(64,042)	(32,489)	-	-
Allowance for inventories obsolescence	-	(533,515)	-	-
Prepaid lease payments written-off	-	(304,711)	-	-
Preliminary expenses written off	-	(20,317)	-	-

Included in employee benefits expense are contributions made by the Group to the EPF (defined contribution plan) of RM1,346,686 (2007: RM1,206,700).

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

11. FINANCE COSTS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Interest on:				
Medium Term Notes	3,250,496	3,066,113	-	-
Term loan	851,561	237,718	-	-
Revolving credit	791,349	-	203,835	-
Bills payable	625,083	846,139	-	-
ICULS	526,974	213,444	-	-
Bank overdrafts	114,093	108,306	-	-
Bridging loan	-	453,865	-	77,626
Bank charges and commitment fees	963,290	525,558	33,957	137
	<u>7,122,846</u>	<u>5,451,143</u>	<u>237,792</u>	<u>77,763</u>
Less: Interest on term loans capitalised in capital work-in progress	(81,282)	-	-	-
	<u>7,041,564</u>	<u>5,451,143</u>	<u>237,792</u>	<u>77,763</u>

Interest on ICULS, Medium Term Notes and revolving credit of RM526,974, RM3,250,496 and RM587,514 (2007: RM213,444, RM3,066,113 and RMNil) respectively which were utilised and borne by subsidiary companies, were set off against interest on advances received from the subsidiaries in the financial statements of the Company.

12. INCOME TAX EXPENSE

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Income tax expense comprises:				
Current tax expense	(3,130,392)	(1,206,595)	(1,508,000)	(2,414,219)
Adjustment recognised in the current year in relation to the income tax of prior years	(276,048)	389,834	88,064	68,994
	<u>(3,406,440)</u>	<u>(816,761)</u>	<u>(1,419,936)</u>	<u>(2,345,225)</u>
Deferred tax:				
Relating to origination and reversal of temporary differences	1,166,881	575,294	(22,423)	(8,278)
Relating to crystallisation of deferred tax liability on revaluation surplus of freehold land and factory buildings of certain subsidiaries	11,030	11,030	-	-
	<u>1,177,911</u>	<u>586,324</u>	<u>(22,423)</u>	<u>(8,278)</u>
	<u>(2,228,529)</u>	<u>(230,437)</u>	<u>(1,442,359)</u>	<u>(2,353,503)</u>

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

With effect from the beginning of the basis period for the year of assessment 2008, the statutory income tax rate for companies with a paid-up capital of above RM2,500,000 is reduced from 27% to 26%. However, for companies with a paid-up capital of RM2,500,000 and below, an income tax rate of 20% is still applicable for chargeable income of up to RM500,000. For chargeable income in excess of RM500,000, the revised income tax rate of 26% is applicable. As a result, the Group's and the Company's income tax rates have also been revised accordingly.

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Profit/(Loss) before tax	11,882,923	(4,484,638)	18,455,758	6,747,862
Loss/(Tax) calculated at 26% (2007: 27%)	(3,090,000)	1,211,000	(4,798,000)	(1,822,000)
Tax effects of:				
Income that are not taxable in determining taxable profit:				
Off-shore porofit of a subsidiary company not subject to tax	6,242,412	-	-	-
Others	-	-	3,609,000	825,200
Reinvestment allowances utilised	704,705	757,000	-	-
Expenses that are not deductible in determining taxable profit	(3,604,406)	(2,056,271)	(341,423)	(1,425,697)
Unutilised tax losses and unabsorbed tax capital allowances not recognised as deferred tax assets	(2,529,800)	(677,000)	-	-
Temporary differences arising from property, plant and equipment	(53,928)	(98,000)	-	-
Effect on opening balances of deferred tax due to reduction in tax rate	348,296	208,000	-	-
Effect of difference in tax rate applicable to small and medium scale companies	30,240	35,000	-	-
Adjustment recognised in the current year in relation to the income tax of prior years	(276,048)	389,834	88,064	68,994
Income tax expense recognised in profit or loss	(2,228,529)	(230,437)	(1,442,359)	(2,353,503)

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

Current tax assets

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Tax refund receivable	<u>716,112</u>	<u>2,931,546</u>	<u>337,848</u>	<u>192,197</u>

Current tax liabilities

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Income tax payable	<u>687,877</u>	<u>691,434</u>	<u>-</u>	<u>-</u>

As at 31 December 2008, the Company has tax credits and tax-exempt accounts balances of approximately RM3,124,000 (2007: RM5,401,000) and RM17,355,000 (2007: RM15,377,000) 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 2008, certain subsidiary companies have tax credits and tax-exempt accounts balances of approximately RM1,277,000 (2007: RM4,005,000) and RM2,792,000 (2007: RM3,645,000) respectively. The tax-exempt accounts arose from reinvestment allowances claimed and utilised under Schedule 7A of the Income Tax Act, 1967. The tax-exempt accounts, which are subject to approval by the tax authorities, are available for distribution as tax-exempt dividends to the shareholders of the subsidiary companies.

Deferred tax balances

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Deferred tax assets	<u>93,686</u>	<u>116,109</u>	<u>93,686</u>	<u>116,109</u>
Deferred tax liabilities	<u>3,489,729</u>	<u>4,690,063</u>	<u>-</u>	<u>-</u>

The deferred tax assets are in respect of the following:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Tax effect of liability portion of ICULS	<u>93,686</u>	<u>116,109</u>	<u>93,686</u>	<u>116,109</u>

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

The deferred tax liabilities are in respect of the following:

	Group	
	2008 RM	2007 RM
Tax effects of:		
Temporary differences arising from:		
Unrealised gain on inventories	457,063	457,063
Unabsorbed tax capital allowances	288,000	191,000
Allowance for doubtful debts	39,000	-
Property, plant and equipment	(4,007,000)	(5,129,000)
Revaluation surplus on freehold land and factory buildings	(197,792)	(209,126)
Unrealised gain on foreign exchange	(69,000)	-
	<u>(3,489,729)</u>	<u>(4,690,063)</u>

The movement of deferred tax assets and deferred tax liabilities during the financial year are as follows:

Deferred tax assets

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
At beginning of year	116,109	-	116,109	-
Arising from recognition of liability portion of ICULS	-	124,387	-	124,387
Transfer to profit or loss	(22,423)	(8,278)	(22,423)	(8,278)
At end of year	<u>93,686</u>	<u>116,109</u>	<u>93,686</u>	<u>116,109</u>

Deferred tax liabilities

	Group	
	2008 RM	2007 RM
At beginning of year	(4,690,063)	(5,284,665)
Transfer to profit or loss	1,200,334	594,602
At end of year	<u>(3,489,729)</u>	<u>(4,690,063)</u>

As at 31 December 2008, the amount of estimated deferred tax assets of the Group calculated at applicable tax rate which is not recognised in the financial statements, is as follows:

	Group Deferred Tax Assets	
	2008 RM	2007 RM
Tax effects of:		
Unutilised tax losses and unabsorbed tax capital allowances	3,344,000	677,000
Temporary differences arising from property, plant and equipment	64,000	-
	<u>3,408,000</u>	<u>677,000</u>

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

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

13. EARNINGS/(LOSS) PER SHARE

The basic and diluted earnings/(loss) per share are calculated as follows:

Basic	Group	
	2008 RM	2007 RM
Profit/(Loss) for the year attributable to equity holders of the Company	8,632,733	(1,626,446)
	2008 Shares	2007 Shares
Number of ordinary shares in issue as at 01 January	79,483,702	79,287,702
Less: Shares repurchased as at 01 January	(53,000)	-
	79,430,702	79,287,702
Conversion of ICULS	695,755	-
Exercise of ESOS	-	142,000
Shares repurchased	(1,072,908)	(8,833)
Weighted average number of ordinary shares in issue	79,053,549	79,420,869
	2008	2007
Basic earnings/(loss) per ordinary share (sen)	10.92	(2.05)
	2008 RM	2007 RM
Profit/(Loss) for the year attributable to equity holders of the Company	8,632,733	(1,626,446)
Add: Interest on ICULS (net of tax)	122,084	-
	8,754,817	(1,626,446)
	2008 Shares	2007 Shares
Weighted average number of ordinary shares in issue	79,053,549	79,420,869
Effect of conversion of ICULS	27,541,462	-
Adjusted weighted average number of ordinary shares for calculating fully diluted earnings/(loss) per ordinary share	106,595,011	79,420,869
	2008	2007
Fully diluted earnings/(loss) per ordinary share (sen)	8.21	(2.05)

The effect of ESOS and Warrants has not been presented as the average fair value of the shares of the Company is lower than the exercise price of the ESOS and Warrants. The effect would be anti-dilutive to the earnings per ordinary share.

14. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Factory buildings RM	Plant and machinery RM	Factory and office equipment, furniture and fittings RM	Electrical installation RM	Capital Motor vehicles RM	work-in progress RM	Total RM
Cost								
As at 01 January 2007	3,519,496	16,646,976	110,343,211	8,137,127	51,604	1,311,641	16,409,560	156,419,615
Additions	-	318,382	9,684,222	606,440	32,077	299,858	36,558,156	47,499,135
Disposals	-	-	-	(1,330)	-	-	-	(1,330)
Reclassification	-	7,554,857	7,389,966	-	200,000	-	(15,144,823)	-
Net foreign currency exchange differences	-	(864)	(18,169)	(7,521)	-	(1,590)	(41,433)	(69,577)
As at 31 December 2007	3,519,496	24,519,351	127,399,230	8,734,716	283,681	1,609,909	37,781,460	203,847,843
Additions	-	6,717,158	18,070,548	2,313,103	-	542,969	6,700,533	34,344,311
Disposals	-	-	(541,335)	(4,999)	-	(319,796)	-	(866,130)
Write off	-	-	(887,550)	(12,558)	-	-	-	(900,108)
Reclassification	-	13,260,747	35,129,308	888,705	1,178,470	-	(50,457,230)	-
Net foreign currency exchange differences	-	(2,896,721)	(12,713,147)	576,693	(1,178,467)	(804,626)	24,936,279	7,920,011
As at 31 December 2008	3,519,496	41,600,535	166,457,054	12,495,660	283,684	1,028,456	18,961,042	244,345,927
Accumulated depreciation								
As at 01 January 2007	-	6,390,816	67,707,354	4,633,865	2,581	633,336	-	79,367,952
Charge for the year	-	1,034,717	9,773,933	886,058	16,158	209,010	-	11,919,876
Disposals	-	-	-	(388)	-	-	-	(388)
Net foreign currency exchange differences	-	159	2,034	674	-	(27)	-	2,840
As at 31 December 2007	-	7,425,692	77,483,321	5,520,209	18,739	842,319	-	91,290,280
Charge for the year	-	1,377,581	10,620,758	1,195,541	28,368	114,847	-	13,337,095
Disposals	-	-	(344,747)	(3,224)	-	(282,676)	-	(630,647)
Write off	-	-	(299,549)	(7,160)	-	-	-	(306,709)
Reclassification	-	(56,745)	83,880	(20,464)	-	(6,671)	-	-
Net foreign currency exchange differences	-	39,907	371,938	280,354	-	(190,714)	-	501,485
As at 31 December 2008	-	8,786,435	87,915,601	6,965,256	47,107	477,105	-	104,191,504
Carrying amount								
As at 31 December 2008	3,519,496	32,814,100	78,541,453	5,530,404	236,577	551,351	18,961,042	140,154,423
As at 31 December 2007	3,519,496	17,093,659	49,915,909	3,214,507	264,942	767,590	37,781,460	112,557,563

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

Interest on term loans and staff costs amounting to RM81,282 and RM48,822 (2007: RMNil and RM112,285) respectively have been capitalised within additions of capital work-in progress of the Group.

Certain factory buildings of the Group with carrying amount of RM8,289,586 (2007: RMNil) as at 31 December 2008 is pledged to a licensed bank for facilities granted to a subsidiary as disclosed in Note 28.

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

	Group	
	2008 RM	2007 RM
At cost:		
Plant and machinery	46,432,943	37,139,033
Factory and office equipment, furniture and fittings	3,436,979	3,899,374
Motor vehicles	270,612	400,692
	50,140,534	41,439,099

15. PREPAID LEASE PAYMENTS

Group 2008	Long-term leasehold land RM	Short-term leasehold land RM	Total RM
At cost			
At beginning of year	1,474,383	12,573,821	14,048,204
Additions	-	-	-
Disposals	-	-	-
Net foreign currency exchange differences	-	1,126,546	1,126,546
At end of year	1,474,383	13,700,367	15,174,750
Accumulated amortisation			
At beginning of year	191,112	189,458	380,570
Amortisation for the year	27,300	200,473	227,773
Disposals	-	-	-
Net foreign currency exchange differences	-	34,462	34,462
At end of year	218,412	424,393	642,805
Carrying amount	1,255,971	13,275,974	14,531,945

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

Group 2007	Long-term leasehold land RM	Short-term leasehold land RM	Total RM
At cost			
At beginning of year	1,474,383	8,344,927	9,819,310
Arising from acquisition of subsidiary company	-	4,483,837	4,483,837
Additions	-	75,966	75,966
Disposals	-	(304,711)	(304,711)
Net foreign currency exchange differences	-	(26,198)	(26,198)
At end of year	1,474,383	12,573,821	14,048,204
Accumulated amortisation			
At beginning of year	163,812	-	163,812
Amortisation for the year	27,300	189,165	216,465
Disposals	-	-	-
Net foreign currency exchange differences	-	293	293
At end of year	191,112	189,458	380,570
Carrying amount	1,283,271	12,384,363	13,667,634

Short-term leasehold land of a subsidiary with carrying amount of RM8,650,771 (2007: RMNil) is charged to a licensed bank for facilities granted to a subsidiary as disclosed in Note 28.

16. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2008 RM	2007 RM
Unquoted shares, at cost:		
In Malaysia	27,353,102	27,353,102
Outside Malaysia	13,618,534	12,011,658
	40,971,636	39,364,760

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

The subsidiary companies are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2008 %	2007 %	
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.
Rubberex (Hong Kong) Limited *	Hong Kong	60	60	Trading of gloves and other latex products.
Lifestyle Investment (Hong Kong) Limited (formerly known as Billion Day International Limited) *	Hong Kong	60	60	Investment holding.
Indirect subsidiary companies				
<i>Held through Rubberex (M) Sdn Berhad</i>				
Rubberex Marketing (M) Sdn Bhd	Malaysia	70	70	Trading of gloves, household items, kitchen items and personal protective products.
Gentle Touch 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.

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2008 %	2007 %	
<i>Held through Diamond Grip (M) Sdn. Bhd.</i>				
Biogreen Medical Sdn. Bhd.	Malaysia	60	60	Manufacturing and sales of male latex condoms.
<i>Held through Pioneer Vantage Limited</i>				
LPL (Hui Zhou) Glove Co. Ltd. *	People's Republic of China	60	60	Manufacturing and sales of industrial and disposable gloves.
<i>Held through Lifestyle Investment (Hong Kong) Limited (formerly known as Billion Day International Limited)</i>				
Lifestyle Safety Products (Hui Zhou) Co. Ltd. *	People's Republic of China	60	60	Manufacturing and sales of disposable gloves.

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

17. GOODWILL ON CONSOLIDATION

	Group	
	2008 RM	2007 RM
Goodwill:		
At beginning and at end of year	<u>2,793,422</u>	<u>2,793,422</u>

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

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The carrying amount of goodwill is allocated to the manufacturing operations of Diamond Grip (M) Sdn. Bhd..

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on a financial forecast approved by management which were a five year period from 2009 to 2013. 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	5.20%

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

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

The above assumptions 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 than its carrying amount.

18. INVENTORIES

	Group	
	2008 RM	2007 RM
At cost:		
Finished goods	28,352,923	28,943,088
Raw materials	21,834,108	17,777,488
Trading goods	18,854,545	12,212,030
Packing materials	3,044,951	2,406,872
Work-in-progress	407,074	375,618
Parts and consumables	331,400	655,816
	<u>72,825,001</u>	<u>62,370,912</u>
Less: Allowance for inventories obsolescence	-	(533,515)
	<u>72,825,001</u>	<u>61,837,397</u>

The cost of inventories recognised as an expense during the year was RM239,751,689 (2007: RM131,012,598).

19. TRADE AND OTHER RECEIVABLES

	Group	
	2008 RM	2007 RM
Trade receivables	36,292,409	23,260,217
Less: Allowance for doubtful debts	(219,341)	(930,569)
	<u>36,073,068</u>	<u>22,329,648</u>
Other receivables	4,674,517	5,235,082
Amount owing by related party (Note 20)	1,045,093	903,228
	<u>41,792,678</u>	<u>28,467,958</u>

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

The currency profile of trade receivables is as follows:

	Group	
	2008 RM	2007 RM
United States Dollar	24,621,968	12,895,146
Euro Dollar	9,210,886	8,035,076
Sterling Pound	1,287,436	2,132,653
Ringgit Malaysia	1,161,688	197,342
Swiss Franc	10,431	-
	36,292,409	23,260,217

Trade receivables comprise amounts receivable for the sale of goods. The credit period granted on sale of goods ranged from 30 to 180 days (2007: 30 to 180 days).

Other receivables comprise mainly fire insurance claims receivable and advance payments to suppliers for purchase of raw materials which are unsecured and interest-free.

Movement in the allowance for doubtful debts

	Group	
	2008 RM	2007 RM
At beginning of year	930,569	1,176,167
Increase in allowance recognised in profit or loss	219,615	476,382
Amounts recovered during the year	(178,428)	(39,253)
Amounts written off	(752,141)	(682,727)
Translation difference	(274)	-
At end of year	219,341	930,569

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 20.

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

20. 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 rates ranging from 4.00% to 7.70% (2007: 4.00% to 7.70%) per annum.

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

	Company	
	2008 RM	2007 RM
Hong Kong Dollar	106,955,890	80,887,399
Ringgit Malaysia	73,952,713	63,251,876
	180,908,603	144,139,275

The amounts owing by/(to) related parties are repayable upon demand and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the year for bad or doubtful debts in respect of the amounts owing by related parties.

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

Names of related parties	Relationships
Rich (HK) Foreign Trade Co. Ltd. Hui Zhou LPL Trading Co. Ltd	- Companies in which Wu Bai Jun, a director of a subsidiary company, has substantial financial interest.

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Subsidiary companies				
Dividend income	-	-	12,275,000	11,500,000
Interest on advances received	-	-	5,848,392	3,839,006
Advances received/(granted)	-	-	(18,410,696)	14,000,000
Other related parties				
Hui Zhou LPL Trading Co. Ltd.				
Trade sales	8,089	-	-	-
Sales commission payable	1,317	-	-	-
Advances for trade sales/ purchases	-	260,796	-	-

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.

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

Compensation of key management personnel

The remuneration of directors are disclosed in Note 9. The remuneration of other members of key management personnel of the Group during the year are as follows:

	2008 RM	2007 RM
Short-term employee benefits	907,708	732,950
Post-employment benefits - Defined contribution plan	113,187	88,342
	<u>1,020,895</u>	<u>821,292</u>

The estimated monetary value of benefits-in-kind received and receivable by other members of key management personnel otherwise than in cash from the Group amounted to RM3,600 (2007: RM3,600).

21. OTHER ASSETS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Refundable deposits	2,622,820	3,856,691	-	-
Prepaid expenses	999,881	1,301,561	1,000	1,000
	<u>3,622,701</u>	<u>5,158,252</u>	<u>1,000</u>	<u>1,000</u>

Refundable deposits comprise mainly deposit paid by subsidiaries in the People's Republic of China for bank guarantee for custom's handbook amounting to RM2,379,822 (2007: RM2,060,001).

22. FIXED DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Fixed deposits				
with a licensed bank	300,000	714,000	300,000	714,000
MTN Debt Reserve Account	442,715	6,905	442,715	6,905
MTN Disbursement Account	26,401	26,401	26,401	26,401
Cash and other bank balances	25,007,217	11,892,201	1,298,067	1,063,912
	<u>25,776,333</u>	<u>12,639,507</u>	<u>2,067,183</u>	<u>1,811,218</u>

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 Trustee Berhad.

Fixed deposits of the Group and of the Company amounting to RM300,000 (2007: RM714,000) are pledged to a licensed bank as security for the MTN Programme.

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

The currency profile of fixed deposits, cash and bank balances are as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
United States Dollar	11,690,664	5,834,170	-	-
Ringgit Malaysia	5,328,377	2,758,735	2,067,183	1,811,218
Euro Dollar	4,951,136	2,957,554	-	-
Hong Kong Dollar	2,780,632	283,405	-	-
Chinese Renminbi	940,487	713,746	-	-
Sterling Pound	85,037	91,897	-	-
	<u>25,776,333</u>	<u>12,639,507</u>	<u>2,067,183</u>	<u>1,811,218</u>

23. SHARE CAPITAL AND TREASURY SHARES

(a) Share Capital

	2008 Number of shares	Group and Company		
		2007 Number of shares	2008 RM	2007 RM
Authorised:				
Ordinary shares of RM1.00 each:				
At beginning of year	200,000,000	100,000,000	200,000,000	100,000,000
Increased during the year	-	100,000,000	-	100,000,000
At end of year	<u>200,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>
Issued and fully paid:				
Ordinary shares of RM1.00 each:				
At beginning of year	79,483,702	79,287,702	79,483,702	79,287,702
Issued during the year:				
Conversion of ICULS	3,625,822	-	3,625,822	-
Exercise of share options under ESOS	-	196,000	-	196,000
At end of year	<u>83,109,524</u>	<u>79,483,702</u>	<u>83,109,524</u>	<u>79,483,702</u>

During the financial year, the Company increased its issued and fully paid-up ordinary share capital from RM79,483,702 to RM83,109,524 by way of the issuance of 3,625,822 new ordinary shares of RM1.00 each arising from the conversion of RM6,163,900 nominal value of 4%, 5-year ICULS at the conversion price of RM1.70 per ordinary share.

The resulting premium arising from the shares issued of RM2,538,078 has been credited to the share premium account.

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

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

Under the Company's ESOS which became effective on 08 July 2004, options to subscribe for unissued new ordinary shares of RM1.00 each in the Company were granted to eligible executives including executive directors of the Company and its subsidiary companies.

The balance of unissued shares of the Company under options are as follows:

Exercisable from	Exercise price per ordinary share RM	Number of ordinary shares of RM1.00 each under options
08.07.2004	1.49	4,001,331

Details of share options held by the Group's key management personnel during the year are as follows:

	2008 RM	2007 RM
At beginning of year	3,152,334	3,200,334
Exercised during the year	-	(48,000)
At end of year	<u>3,152,334</u>	<u>3,152,334</u>

(b) Treasury Shares

The shareholders of the Company, by an ordinary resolution passed at the AGM held on 26 May 2008, approved the Company's plan to repurchase its own shares. The directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Group and of the Company.

Details of the shares repurchased and held as Treasury Shares are as follows:

Month	No. of shares repurchased	Highest price paid per share RM	Lowest price paid per share RM	Average price paid per share (including incidental costs) RM	Total consideration RM
January 2008	2,200	1.12	1.12	1.14	2,508
February 2008	14,000	1.11	1.10	1.12	15,633
April 2008	43,000	1.19	1.13	1.17	50,254
May 2008	263,900	1.40	1.21	1.33	352,205
June 2008	107,300	1.31	1.16	1.25	133,621
July 2008	63,900	1.35	1.10	1.18	75,296
August 2008	186,500	1.33	1.04	1.11	206,999
September 2008	1,936,300	1.24	1.01	1.04	2,011,533
October 2008	120,500	1.22	1.11	1.17	141,492
November 2008	11,300	1.21	1.13	1.19	13,468
	<u>2,748,900</u>				<u>3,003,009</u>

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

During the year, the Company repurchased 2,748,900 (2007: 53,000) of its issued shares from the open market for RM3,003,009 (2007: RM63,447). The average price paid for the shares repurchased was RM1.09 (2007: RM1.20) per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as Treasury Shares in accordance with the requirements of Section 67A of the Companies Act, 1965.

As at 31 December 2008, 2,801,900 (2007: 53,000) out of the total of 83,109,524 (2007: 79,483,702) issued and fully paid ordinary shares are held as Treasury Shares of the Company. The number of ordinary shares of RM1.00 each in issue and fully paid as at 31 December 2008 after excluding the Treasury Shares is 80,307,624 (2007: 79,430,702).

The mandate given by the shareholders will expire at the forthcoming AGM and an ordinary resolution will be tabled at the AGM for shareholders to grant a fresh mandate for another year.

24. RESERVES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Non-distributable reserves:				
Share premium	13,325,964	10,787,886	13,325,964	10,787,886
Foreign currency translation reserve	5,815,758	(4,331,661)	-	-
	<u>19,141,722</u>	<u>6,456,225</u>	<u>13,325,964</u>	<u>10,787,886</u>

Share premium

Share premium arose from the following:

	Group and Company	
	2008 RM	2007 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	601,883
Exercise of share options in 2007	96,040	96,040
Conversion of ICULS	2,538,078	-
	<u>13,325,964</u>	<u>10,787,886</u>

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.

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

25. DIVIDENDS

	Group and Company			
	2008 RM	2007 RM	Net dividend per share	
			2008 sen	2007 sen
First interim dividend paid - 5%, tax-exempt (2007: 6%, tax-exempt)	<u>3,971,535</u>	<u>4,764,522</u>	<u>5.0</u>	<u>6.0</u>

26. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS")

	Group and Company	
	2008 RM	2007 RM
At beginning of year	51,502,344	-
Issued during the year, net of transaction costs	-	51,965,803
Coupon interest paid	(2,084,245)	(801,290)
Interest expense	526,974	213,444
Deferred tax asset	-	124,387
Converted during the year	(6,163,900)	-
	<u>43,781,173</u>	<u>51,502,344</u>
Analysed into:		
Equity component	<u>37,901,996</u>	<u>43,256,775</u>
Liability component (Note 28)	<u>5,879,177</u>	<u>8,245,569</u>

The ICULS and Warrants are governed by a Trust Deed and Deed Poll dated 29 June 2007.

Some of the salient features of the ICULS and Warrants are as follows:

- (a) The ICULS carry interest at the rate of 4% per annum and is payable semi-annually on the 30th day of June and 31st day of December each year commencing from 15 August 2007 to maturity date on 14 August 2012;
- (b) ICULS holders may convert such amount of the ICULS held into fully paid shares of the Company by tendering RM1.70 nominal value of the ICULS which will entitle the ICULS holders to one (1) fully paid ordinary share of RM1.00 each in the Company;
- (c) The conversion price of RM1.70 shall be satisfied solely by the tender of an equivalent amount of ICULS by the ICULS holder for cancellation by the Company and shall not be satisfied wholly or in part by cash;

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

- (d) Shares allotted and issued upon conversion of the ICULS shall rank pari passu in all respects with the then existing ordinary shares of the Company in issue except that they shall not be entitled to any dividends, rights, allotment or other distributions the entitlement date for which is before the date of conversion of the ICULS;
- (e) All ICULS remaining unconverted at maturity date will be automatically converted into shares at the conversion price of RM1.70 per ordinary share. A notice of maturity shall be sent to each ICULS holder at least 30 days prior to maturity and the same shall be advertised in at least one local daily newspaper circulating in Malaysia;
- (f) Warrant holders are entitled to subscribe for new shares in the Company at any time or from time to time before the maturity date at the exercise price of RM1.70 per share;
- (g) Shares to be issued to Warrant holders upon the subscription of new shares will, upon issue and allotment, be credited as fully paid-up and rank pari passu in all respects with the then existing issued shares of the Company except that they shall not be entitled to any dividends, rights, allotment or other distributions the entitlement date for which is before the subscription date; and
- (h) Where a Warrant holder exercises its right to subscribe for new shares, the new shares arising from such exercise shall be credited into the Securities Account of the Warrant holder and no share certificates will be issued to the Warrant holder.

On issuance of the ICULS which contain both liability and equity element, the fair value of the liability portion is determined using a market interest rate for an equivalent financial instrument and the Company is using 6.39% per annum as the discounting factor.

During the financial year, RM6,163,900 nominal value of ICULS have been converted into 3,625,822 ordinary shares of RM1.00 each at the conversion price of RM1.70 per ordinary share.

27. MEDIUM TERM NOTES

The Company subscribed to a 7-year Medium Term Notes Programme ("MTN Programme") in 2006 to part finance the subsidiary companies' capital expenditure in China and Malaysia.

The MTN Programme is secured by a charge over designated accounts opened by the Company as disclosed in Note 22.

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

28. BORROWINGS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Secured:				
Term loans	8,967,921	-	-	-
Revolving credit	4,510,016	-	-	-
Bills payable	1,402,784	-	-	-
Unsecured:				
Medium term notes (Note 27)	43,000,000	43,000,000	43,000,000	43,000,000
Revolving credit	30,000,000	-	30,000,000	-
Bills payable	9,316,018	9,901,000	-	-
ICULS (liability component) (Note 26)	5,879,177	8,245,569	5,879,177	8,245,569
Bank overdrafts	187,933	3,665,131	-	-
Term loans	-	3,306,792	-	-
	<u>103,263,849</u>	<u>68,118,492</u>	<u>78,879,177</u>	<u>51,245,569</u>
Less: Amount due within 12 months (shown under current liabilities)	<u>(49,885,729)</u>	<u>(16,811,928)</u>	<u>(31,497,082)</u>	<u>(1,592,401)</u>
Non-current portion	<u>53,378,120</u>	<u>51,306,564</u>	<u>47,382,095</u>	<u>49,653,168</u>

The non-current portion is repayable as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
More than 1 year but not later than 2 years	3,305,910	3,347,568	1,592,760	1,694,172
More than 2 years but not later than 5 years	50,072,210	47,958,996	45,789,335	47,958,996
	<u>53,378,120</u>	<u>51,306,564</u>	<u>47,382,095</u>	<u>49,653,168</u>

Analysis of borrowings by currency:

Group 2008	Ringgit Malaysia RM	United States Dollar RM	Chinese Renminbi RM	Total RM
Medium term notes	43,000,000	-	-	43,000,000
Revolving credit	30,000,000	4,510,016	-	34,510,016
Bills payable	9,316,018	-	1,402,784	10,718,802
Term loans	-	8,967,921	-	8,967,921
ICULS (liability component)	5,879,177	-	-	5,879,177
Bank overdrafts	187,933	-	-	187,933
	<u>88,383,128</u>	<u>13,477,937</u>	<u>1,402,784</u>	<u>103,263,849</u>

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

Group 2007	Ringgit Malaysia RM	United States Dollar RM	Chinese Renminbi RM	Total RM
Medium term notes	43,000,000	-	-	43,000,000
Bills payable	9,901,000	-	-	9,901,000
Term loans	-	3,306,792	-	3,306,792
ICULS (liability component)	8,245,569	-	-	8,245,569
Bank overdrafts	3,665,131	-	-	3,665,131
	<u>64,811,700</u>	<u>3,306,792</u>	<u>-</u>	<u>68,118,492</u>

The effective interest rates per annum are as follows:

	Group		Company	
	2008 %	2007 %	2008 %	2007 %
Medium term notes	7.50 - 7.70	7.50 - 7.70	7.50 - 7.70	7.50 - 7.70
Revolving credit	7.75	-	7.75	-
Bills payable	3.40 - 4.20	3.60 - 4.70	-	-
Term loans	5.36 - 11.56	3.38 - 4.44	-	-
ICULS	6.39	6.39	6.39	6.39
Bank overdrafts	6.80 - 7.50	7.00 - 7.50	-	-

The Group has two term loans:

- a one (1) year term loan of United States Dollar ("USD") USD750,000 (2007: USD1,000,000) which is repayable by half yearly instalments of USD250,000 each commencing 27 January 2008; and
- a two (2) year term loan of Chinese Renminbi ("RMB") RMB15,000,000 (2007: RMBNil) which is repayable by four (4) equal quarterly instalments of RMB375,000 commencing 30 August 2008 and sixteen (16) equal quarterly instalments of RM843,750 commencing 30 August 2009.

As at 31 December 2008, the Group and the Company obtained the following facilities from licensed banks:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Secured:				
Term loans (USD)	750,000	-	-	-
Term loans (RMB)	15,000,000	-	-	-
Revolving credit (USD)	1,300,000	-	-	-
Bills payable (RMB)	3,000,000	-	-	-
Unsecured:				
Term loans (USD)	-	1,000,000	-	-
Revolving credit (USD)	-	300,000	-	-
Bank overdrafts and other banking facilities (RM)	97,000,000	64,000,000	33,000,000	-

The term loans, bank overdrafts and other banking facilities of the Group are secured by a charge over certain factory buildings and short-term leasehold land of a subsidiary company.

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

29. TRADE AND OTHER PAYABLES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Trade payables	9,260,782	9,151,110	-	-
Other payables for consumables, utilities, services, maintenance of property, plant and equipment and advances received	15,727,989	12,368,504	43,746	54,455
	24,988,771	21,519,614	43,746	54,455

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Ringgit Malaysia	14,235,784	12,615,216	43,746	54,455
United States Dollar	8,146,016	5,726,230	-	-
Euro Dollar	1,639,078	1,155,530	-	-
Hong Kong Dollar	951,457	1,976,547	-	-
Sterling Pound	16,436	46,091	-	-
	24,988,771	21,519,614	43,746	54,455

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 (2007: 30 to 60 days).

Included in other payables of the Group is an amount of RM4,018,941 (2007: RM2,851,608) representing amount payable for purchase of property, plant and equipment by the subsidiaries in the People's Republic of China.

The amounts owing to other payables are unsecured, interest-free and repayable on demand.

Transactions with related parties are disclosed in Note 20.

30. 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, market 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.

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

(i) Foreign currency risk

The Group transacts business in various foreign currencies, including the United States Dollar, Euro Dollar, Sterling Pound and Swiss Franc and therefore, is exposed to foreign exchange risk. The Group uses forward contracts to hedge its exposure to foreign currency risk on foreign receipts.

The carrying amounts of the Group's foreign currency denominated monetary assets at the balance sheet date are disclosed in Notes 19, 20, 22, 28 and 29.

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 2008, the Group had contracted to sell the following under forward contracts:

	Contracted amount in Ringgit Malaysia		Fair Value	
	2008 RM	2007 RM	2008 RM	2007 RM
United States Dollar	30,496,442	13,685,402	29,969,352	13,187,383
Euro Dollar	18,503,715	21,232,204	19,225,675	21,298,695
Sterling Pound	-	2,960,409	-	2,827,260
	49,000,157	37,878,015	49,195,027	37,313,338

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.

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

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) Market risk

The Group is exposed to price fluctuation risk on commodities mainly rubber. The Group mitigates its risk to the price volatility through hedging in futures market.

As at 31 December 2008, the contracted amount and fair value of outstanding contracts of the Group are as follows:

	Contracted amount		Fair Value	
	2008 RM	2007 RM	2008 RM	2007 RM
Commodity contracts	<u>1,990,820</u>	<u>-</u>	<u>1,278,080</u>	<u>-</u>

The net deferred loss arising on the above contracts as at 31 December 2008 of approximately RM461,278 will be recognised in the underlying transactions within the next three months.

The fair values of commodity contracts are calculated by reference to the current prices for contracts with similar maturity profiles.

(v) 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) Fair Values of Financial Instruments

The carrying amounts of financial assets and financial liabilities as reported in the balance sheets approximate their fair values.

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

31. CASH FLOW STATEMENTS

(a) Purchase of property, plant and equipment

The details of additions to property, plant and equipment were as follows:

	Group	
	2008 RM	2007 RM
Cash purchase	34,263,029	47,451,435
Interest capitalised in capital work-in progress	81,282	-
Other payables	-	47,700
	34,344,311	47,499,135

(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	
	2008 RM	2007 RM	2008 RM	2007 RM
Fixed deposits	300,000	714,000	300,000	714,000
MTN Debt Reserve Account	442,715	6,905	442,715	6,905
MTN Disbursement Account	26,401	26,401	26,401	26,401
Cash and other bank balances	25,007,217	11,892,201	1,298,067	1,063,912
Bank overdrafts	(187,933)	(3,665,131)	-	-
	25,588,400	8,974,376	2,067,183	1,811,218
Less:				
Fixed deposits pledged to bank	(300,000)	(714,000)	(300,000)	(714,000)
MTN Debt Reserve Account charged to Malaysian Trustees Berhad	(442,715)	(6,905)	(442,715)	(6,905)
MTN Disbursement Account charged to Malaysian Trustees Berhad	(26,401)	(26,401)	(26,401)	(26,401)
	24,819,284	8,227,070	1,298,067	1,063,912

32. CAPITAL COMMITMENTS

As at 31 December 2008, the Group has the following capital expenditure in respect of property, plant and equipment:

	Group	
	2008 RM	2007 RM
Capital expenditure: Approved and contracted for	6,136,800	3,628,000

Notes To The Financial Statements
For the financial year ended 31 December 2008 (cont'd)

33. COMPARATIVE FIGURES

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

	Group		Company	
	As previously reported RM	As restated RM	As previously reported RM	As restated RM
Income Statements				
Investment revenue	-	-	794,026	580,582
Finance costs	-	-	291,207	77,763
Balance Sheets				
Borrowings:				
Non-current portion	52,898,965	51,306,564	51,245,569	49,653,168
Current portion	15,219,527	16,811,928	-	1,592,401
Cash Flow Statements				
Movements in working capital:				
MTN Debt Reserve Account	-	(6,905)	-	(6,905)
MTN Disbursement Account	-	(26,401)	-	(26,401)
Cash and cash equivalents at end of year	8,260,376	8,227,070	1,097,218	1,063,912
Notes to the Financial Statements:				
Segment reporting				
<i>Segment assets:</i>				
Malaysia	111,790,771	108,743,116	-	-
Total	240,169,388	237,121,733	-	-
<i>Unallocated corporate assets</i>	-	3,047,655	-	-
<i>Segment liabilities:</i>				
Malaysia	84,130,957	14,436,194	-	-
People's Republic of China	12,137,654	8,830,478	-	-
Europe	1,945,540	1,447,490	-	-
Total	98,214,151	24,714,162	-	-
<i>Unallocated corporate liabilities</i>	-	73,499,989	-	-
<i>Other information:</i>				
Depreciation and amortisation charges:				
Malaysia	9,724,199	9,751,499	-	-
People's Republic of China	2,177,766	2,366,931	-	-
Total	11,919,876	12,136,341	-	-
Investment revenue				
Interest income from advances to subsidiary companies	-	-	772,893	559,449
Finance costs:				
Interest on ICULS	-	-	213,444	-

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 2008 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,
10 April 2009

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 10th day of April, 2009.

Before me,

Mohd. Yusof bin Harun, PJK, PNPBB, KPP
(A112)
COMMISSIONER FOR OATHS

Properties Held By The Company And Its Subsidiaries
as at 31 December 2008

Location	Tenure/ Expiry date	Description of existing use	Land area (sq. m)	Date of Acquisition/ [Revaluation]	Age (years)/ Carrying amount (RM'000)
Lot 138201, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	Freehold/-	Manufacturing, warehouse and office	37,258	[1996]	14.5/3,520
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	13.0/1,256
Plot 010169, 010170 Daxiotang Village, Luoyang Town, Buluo County, Huizhou City, Guangdong Province, People's Republic of China.	Leasehold (50 years)/ 29 November 2056	Manufacturing, warehouse and office	104,597	2006	3.0/8,651
Plot 010984 Daxiotang Village, Luoyang Town, Buluo County, Huizhou City, Guangdong Province, People's Republic of China.	Leasehold (50 years)/ 29 June 2055	Manufacturing, warehouse and office	41,145	2007	2.0/4,625
Factory buildings located at Lot 138201, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	-	Manufacturing, warehouse and office	12,620	[1996]	14.5/4,068
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	9.0/5,508
Factory buildings located at Daxiotang Village, Luoyang Town, Buluo County, Huizhou City, Guangdong Province, People's Republic of China.	-	Manufacturing, warehouse and office	19,685	2006	3.0/23,238

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 Thirteenth Annual General Meeting of the Company to be held at Crystal 2, Ground Floor, Impiana Casuarina Hotel, 18, Jalan Raja Dr. Nazrin Shah, 30250 Ipoh, Perak Darul Ridzuan on Tuesday, 26 May 2009 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 2008		
2.	To approve the payment of Directors' fees		
3.	Re-election of Director – Sharifuddin bin Shoib		
4.	Re-election of Director – Dato' Abdul Rahim bin Abdul Halim		
5.	To appoint Auditors and to authorise the Directors to fix their remuneration		
6.	As Special Business – Ordinary Resolution on Proposed Renewal of Authority for RUBBEREX CORPORATION (M) BERHAD to purchase its own ordinary shares of RM1.00 each representing up to 10% of the issued and paid-up share capital of the Company		

(Please indicate with a cross (x) in the space provided whether you wish your votes to be cast for or against the Resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit)

No. of Shares held

Signature of Shareholder
or Common Seal

Dated this _____ day of _____ 2009

Note:

A member of the Company entitled to attend and vote at the above-mentioned Meeting may appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. The instrument appointing a proxy must be deposited at the Company's registered office at 41, Jalan Medan Ipoh 6, Bandar Baru Medan Ipoh, 31400 Ipoh, Perak Darul Ridzuan not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.



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*AFFIX
STAMP*

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

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Rubberex Corporation (M) Berhad (372642-U)
Lot 138201, Off 3/4 Mile, Jalan Bercham
Kawasan Perindustrian Bercham
31400 Ipoh, Perak Darul Ridzuan, Malaysia.