

Rubberex Corporation (M) Berhad

(Company No: 372642-U)



Annual
Report 2011

CONTENTS

Notice of Annual General Meeting	2
Statement Accompanying The Notice of Annual General Meeting	5
Corporate Information	6
Profile of Directors	7
Chairman's Statement	9
Audit Committee Report	11
Statement of Corporate Governance	15
Statement on Internal Control	21
Statement on Shareholdings	22
Directors' Report	29
Independent Auditors' Report	34
Statements of Comprehensive Income	36
Statements of Financial Position	38
Statements of Changes in Equity	40
Statements of Cash Flows	43
Notes to the Financial Statements	47
Supplementary Information	
- Disclosure on Realised and Unrealised Profits or Losses	108
Statement by Directors	109
Declaration by the Officer Primarily Responsible for the Financial Management of the Company	109
Properties Held by The Company and Its Subsidiaries	110
Form of Proxy	



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of Rubberex Corporation (M) Berhad will be held at 10:00 a.m. on Tuesday, 29 May 2012 at Tronoh Hall, Level 3, Kinta Riverfront Hotel & Suites, Jalan Lim Bo Seng, 30000 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 2011 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) Encik Sharifuddin Bin Shoib **(Resolution 3)**
 - (ii) Encik Mustapha Bin Mohamed **(Resolution 4)**
4. To consider and if thought fit, to pass the following Ordinary Resolution in accordance with Section 129 of the Companies Act, 1965:-

"THAT Dato' Mohamed Bin Hamzah, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting."

(Resolution 5)
5. To appoint Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**
6. **As Special Business**

To consider and, if thought fit, to pass the following Special and Ordinary Resolutions:-

 - (i) **Special Resolution**
Proposed Amendments to the Articles of Association of the Company

"That the amendments to the Articles of Association of the Company as set out in Part A of the Circular to Shareholders dated 4 May 2012 be and is hereby approved and adopted accordingly AND THAT the Board of Directors be and is hereby authorised to give effect to the said amendments."

(Resolution 7)
 - (ii) **Ordinary Resolution**
Proposed Renewal of Authority for RUBBEREX CORPORATION (M) BERHAD to purchase its own ordinary shares of RM0.50 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

Notice of Annual General Meeting (cont'd)

of ordinary shares of RM0.50 each in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company ("Directors") from time to time through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company provided that the total aggregate number of shares purchased pursuant to this resolution shall not exceed 10% of the total issued and paid-up share capital of the Company at any point in time of the said purchase(s); and that the Directors of the Company shall allocate an amount of funds which will not be more than the aggregate sum of the retained profits and share premium of the Company for the Proposed Share Buy-Back;

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

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

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

(Resolution 8)

7. 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
4 May 2012

Notice of Annual General Meeting (cont'd)

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149 (1) (b) of the Companies Act, 1965 shall not apply to the Company. A member shall not be entitled to appoint more than two proxies to attend at the same meeting. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
2. If a member having appointed a proxy to attend a general meeting attends such meeting in person, the appointment of such proxy shall be null and void in respect of such meeting and his proxy shall not be entitled to attend such meeting.
3. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A (1) of SICDA.
5. Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
6. The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall 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 forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting, as the case may be, at which the person named as proxy in such instrument proposes to vote, or in the case of a poll, not less than twenty four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
7. For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 58A (b) of the Articles of Association of the Company and Paragraph 7.16 (2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 21 May 2012 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.

Explanatory Notes To Special Business:

1. **Special Resolution** **Proposed Amendments to the Articles of Association of the Company**

The proposed amendments to the Articles of Association of the Company are to streamline the Company's Articles of Association to be aligned with the recent amendments made in Chapter 7 of Bursa Malaysia Securities Berhad Main Market Listing Requirements in relation to Appointment of Multiple Proxies by an Exempt Authorised Nominees, Qualification of Proxy and Rights of Proxy to Speak.

2. **Ordinary Resolution** **Proposed Renewal of Authority for RUBBEREX CORPORATION (M) BERHAD to purchase its own ordinary shares of RM0.50 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 4 May 2012, which is dispatched together with the Company's Annual Report 2011.

Please refer to the Circular to Shareholders dated 4 May 2012 for further information.

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) Mustapha bin Mohamed (retiring pursuant to Article 91 of the Articles of Association of the Company); and
- (iii) Dato' Mohamed bin Hamzah (retiring pursuant to Section 129 of the Companies Act, 1965)

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

Four Board Meetings were held during the financial year from 01 January 2011 to 31 December 2011. 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 Sixteenth Annual General Meeting of the Company will be held at 10:00 a.m. on Tuesday, 29 May 2012 at Tronoh Hall, Level 3, Kinta Riverfront Hotel & Suites, Jalan Lim Bo Seng, 30000 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
Chairman

Ping Kok Koh
Managing Director

Sharifuddin bin Shoib

Poh Choo Lim

Yap Jek Nan

Y. Bhg. Dato' Abdul Rahim bin Abdul Halim

Mustapha bin Mohamed

Voon Chong Kian
Alternate to Ping Kok Koh

SECRETARIES

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

AUDITOR

Deloitte KassimChan
Chartered Accountants

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
RHB Bank Berhad
Hong Leong Bank Berhad
OCBC Bank (Malaysia) Berhad
Asian Finance Bank Berhad
HSBC Bank (China) Limited
China Construction Bank Limited
United Overseas Bank (China) Limited
Hong Kong & Shanghai Banking Corporation Limited, Hong Kong

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

Tricor Investor 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 Market)

WEBSITES

www.rubberex.com.my
www.rubberex-corp.com.my
www.lplglove.com
www.rubberex-spain.es

Directors' Profile

Dato' Mohamed bin Hamzah, aged 71, 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 Management Bhd which owns and operates a recreational resort for golf in Batu Gajah, Perak.

Mr. Ping Kok Koh, aged 59, 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 64, 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 61, 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 46, 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 62, a Malaysian, is an 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 the founder Director 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 and is currently its Chairman. He is also currently on the Board of several private companies including Perusahaan Otomobil Kedua Sdn Bhd ("Perodua"), Summit Vehicles Bodyworks Sdn Bhd and Oriental Metal Industries (M) Sdn Bhd, where he is presently the Chairman.

En. Mustapha bin Mohamed, aged 66, a Malaysian, is a 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, Ip Muda Berhad, Credit Corporation of Malaysia Berhad, Ho Hup Construction Company Berhad and MHC Plantations Berhad. He is currently a director of Majuperak Holdings Berhad and is also involved in his own business, providing advisory services in relation to his own profession.

Mr. Voon Chong Kian, aged 54, a Malaysian, is the alternate director to the Managing Director, Mr. Ping Koh 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 2011.

Financial year 2011 was another challenging year for the Group. Despite the positive view on the recovering U.S. economy, the deepening Euro zone debt crisis had dampened the confidence on the overall world economic outlook. Major input material prices such as natural raw latex, PVC resin and plasticizers were on average higher in 2011 by 20% to 24%. In China, where our PVC disposable glove production facility is located, the minimum wage policy implemented by the Chinese government had resulted in increases in labour costs by an average of 30% in 2011 alone. Also, the Ringgit and Chinese Yuan appreciation against the Group's major trading currencies such as the US Dollar and Euro during the financial year compounded the difficulties and further eroded our products' profit margins.

Financial Results

Group performance for the year under the above circumstances could be regarded as satisfactory. Our operating profit before finance costs, depreciation, amortisation and taxes increased slightly by 3% from RM35.8 million in 2010 to RM37.0 million in 2011. Our net cash position also remained strong with a balance of RM34.1 million as at 31 December 2011.

The Group achieved a sales turnover of RM373.7 million in 2011 compared to RM343.3 million in 2010. This represented an increase of 9%, which we attributed to higher demand of gloves by consumers and healthcare professionals in their quest for improving hygiene and safety standards. Our vinyl gloves segment remain the most dominant sales and earnings contributor with turnover of RM223.3 million in 2011 compared to RM192.1 million in 2010; this segment represented 60% of our Group's turnover.

Group pretax profits improved from RM10.2 million in 2010 to RM11.6 million, a commendable 14% increase that was contributed by higher sales and better operating efficiencies in our factories, both in Malaysia and China. However, the Group was not immune to challenges such as fluctuations in our Ringgit against major trading currencies and raw material prices. Labour costs in China continue to rise and we have intensified our efforts to implement various automation processes in order to reduce reliance on manual workforce. We are pleased to report that the Group profit after tax attributable to shareholders had increased from RM6.6 million in the previous year to RM8.9 million in the financial year just ended.

Dividends

The Board will continue with its policy of paying dividends as long as Group performance is satisfactory. The first interim dividend of 2.5 sen less tax (nominal value of RM0.50 each) in respect of the financial year just ended was paid on 24 January 2011. The Company also paid another tax-exempt dividend of 2.5 sen in February 2012 in respect of financial year 2012.

Future prospects

Operating conditions for financial year 2012 remain very challenging. With crude oil prices exceeding USD100 per barrel, raw material prices are expected to remain high. In China, though inflationary pressure is easing, it still remains high. Workers' minimum wage, energy costs and other input material prices are not expected to ease. All these factors are tough on manufacturers with a presence in China.

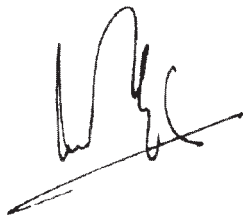
Chairman's Statement (cont'd)

Despite the above, the Management is continuously implementing cost saving measures through automation and energy savings and these have yielded encouraging results so far by lowering our product costs substantially. The Group's price adjustment mechanism has also successfully played a part in helping to pass on increased costs to customers via higher product pricing. Therefore, we remain optimistic that the overall sales revenue and profits for this year is expected to be higher.

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

Audit Committee Report

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)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. MEMBERSHIP

An independent Audit Committee exists to implement and support the functions of the Board. The Committee shall be appointed by the Board of Directors from amongst the Directors of the Company and shall consist of not less than three(3) members;

All members of the Audit Committee must be non-executive directors, with a majority of them, including the Chairman of the Audit Committee, being independent directors and at least one member of the Committee:-

- (a) must be a member of the Malaysian Institute of Accountants; or
- (b) has at least three years working experience and
 - (i) has passed the examinations specified in Part 1 of the First Schedule of the Accountants Act 1967, or
 - (ii) is a member of one of the Associations of Accountants specified in Part II of the First Schedule of the Accountants Act 1967, or
- (c) fulfils such other requirements as prescribed and approved by Bursa Malaysia Securities Berhad;

No Alternate Directors shall be appointed as a member of the Audit Committee;

The Chairman of the Audit Committee shall be elected amongst their members and is an independent non-executive Director;

If a member of the Audit Committee resigns or for any reason ceases to be a member with a result that the number of members is reduced below three, the Board of Directors shall, within three months appoint such number of new members as may be required to make up the minimum of three members; and

The Board of Directors shall review the terms of office and performance of the Audit Committee and of each of its members at least once every three years to determine whether the Audit Committee and its members have carried out their duties within the terms of reference.

2. OBJECTIVES

The primary objectives of the Audit Committee are:

- (a) to assist the Board of Directors in discharging its responsibilities relating to the Group's and the Company's management of principal risks, internal controls, financial reporting and compliance of statutory and legal requirements; and
- (b) to maintain through regularly scheduled meetings, a line of communication between the Board of Directors, senior management, internal auditors and external auditors.

Audit Committee Report (cont'd)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (cont'd)

3. RIGHTS AND AUTHORITY

The Audit Committee shall:

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to information, records and documents relevant to its activities;
- (d) have direct communication channels with the external and internal auditors;
- (e) be able to engage, consult and obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary; and
- (f) be able to convene meetings with external auditors, internal auditors, or both, excluding the attendance of other directors and employees of the Company or of the Group, whenever deemed necessary.

4. FUNCTIONS AND DUTIES

The duties and responsibilities of the Audit Committee shall be to review the following and report to the Board of Directors:

- (a) With the external auditors:
 - (i) their audit plans and audit reports;
 - (ii) their evaluation of the system of internal controls;
 - (iii) their audit fee and matters concerning their suitability for nomination, appointment and re-appointment;
 - (iv) the management letter and management's response arising from audit; and
 - (v) any other issues and reservations arising from audit.
- (b) With the internal auditors:
 - (i) the adequacy and relevance of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work; and
 - (ii) the internal audit programme and results of internal audit processes including actions taken and/or recommendations.
- (c) The quarterly results and year-end financial statement, prior to the approval of the Board of Directors, focusing particularly on:
 - (i) changes in or implementation of major accounting policies and practices;
 - (ii) significant and unusual events;
 - (iii) significant adjustments arising from audit;
 - (iv) the going concern assumption; and
 - (v) compliance with accounting standards, regulatory and other legal requirements.
- (d) The propriety of any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raise questions of management integrity; and
- (e) Any other functions and duties as may be agreed by the Audit Committee and the Board of Directors from time to time.

Audit Committee Report (cont'd)

MEETINGS OF THE AUDIT COMMITTEE

1. The Chairman of the Audit Committee shall report on each meeting to the Board of Directors and the Secretary of the Audit Committee shall be the Company Secretary;
2. The Secretary of the Audit Committee shall be entrusted with the circulation of the agenda and notice of meetings prior to each meeting and shall record all proceedings and minutes of Audit Committee meetings;
3. The quorum for an Audit Committee meeting shall be at least two members and the majority of members present must be independent directors;
4. Audit Committee meetings shall be held not less than four times a year and internal or external auditors may attend the meetings upon the invitation of the Audit Committee;
5. At least twice a year, the Audit Committee shall meet with the external auditors without the presence of any executive directors and management of the Company to deliberate on the audit plans, summaries of findings and any other matters directly affecting the Company and the Group; and
6. Four Audit Committee meetings were held during the financial year ended 31 December 2011. The attendance record of each member is as follows:-

Dato' Mohamed bin Hamzah	3/4
Dato' Abdul Rahim bin Abdul Halim	4/4
Mustapha bin Mohamed	4/4

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The main activities of the Audit Committee in the financial year ended 31 December 2011 were as follows:

1. Reviewed the adequacy and relevance of the scope, functions, resources, audit plans and results of audit processes, with the external and internal auditors;
2. Reviewed the audit reports and major findings prepared by the external and internal auditors, and management's responses thereto;
3. Reviewed the quarterly financial reports and year-end financial statements of the Company and of the Group and thereafter submitting them to the Board of Directors for consideration and approval;
4. Reviewed the latest changes of pronouncement issued by accountancy, statutory and regulatory bodies on matters generally relevant to the Audit Committee;
5. Reported to the Board of Directors any significant issues and concerns discussed during the Committee's meetings with external and internal auditors, and where appropriate, made the necessary recommendations to the Board;

Audit Committee Report (cont'd)

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (cont'd)

6. Reviewed the Company's and the Group's compliance with the listing requirements of Bursa Malaysia Securities Berhad;
7. Considered and recommended to the Board of Directors for approval, the audit fees payable to the external and internal auditors; and
8. Prepared the Audit Committee Report for inclusion in the Company's Annual Report.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The main activities of the Internal Audit function in the financial year ended 31 December 2011 were as follows:

1. Reviewed the draft quarterly financial reports and year-end financial statements with Management and Audit Committee;
2. Carried out risk management and review of key business areas including credit and liquidity risks, cash flows, foreign exchange risks and other evaluations of internal control systems, accounting and management information systems;
3. Ensured the compliance of the Company's and of the Group's practices with established policies, procedures, laws and regulations and where applicable, recommended corrective actions to improve control processes. The Internal Audit function also followed-up on these actions to ensure correct and adequate implementation;
4. Issued periodic internal audit reports to the Audit Committee members and Management;
5. Followed up on any compliance issues raised by the external auditors in the course of audit and considered management's corrective actions thereof;
6. Attended Audit Committee meetings to table and discuss the internal audit activities carried out and deliberated on the adequacies and summaries of audit results;
7. Performed other ad-hoc examinations and reviews as requested by Management, as appropriate.

All internal audit activities for the financial year ended 31 December 2011 were conducted by an in-house audit team and no areas of the Internal Audit function were outsourced. The total costs incurred for the internal audit function during the year amounted to RM155,500.

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 2011, 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.

Directors' Training

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.

Board Meetings

Four Board Meetings were held during the financial year ended 31 December 2011. The attendance record of each director during the year is as follows:

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

Statement of Corporate Governance (cont'd)

The Board composition in respect of the ratio of independent directors is three 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

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

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 2011 are as follows:-

- Aggregate remuneration of directors categorised into appropriate components:

	Emoluments RM	Fees RM	Total RM
Executive Directors	492,662	-	492,662
Non-executive Directors	-	127,500	127,500

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

Range of remuneration	Executive	Non-executive
Below RM50,000	-	6
RM400,001 to RM500,000	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 the Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965.

Financial Reporting

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

Statement of Corporate Governance (cont'd)

Shareholders

Shareholders are kept informed of all material business matters affecting the Group through disclosures to Bursa Malaysia Securities Berhad and press releases where appropriate. The Annual General Meeting, is also a means of communicating with shareholders. At the Meeting, members of the Board as well as the Auditors of the Company are present to answer questions raised by the shareholders.

Any queries or concerns with regards to the Rubberex Group may be addressed to the following person(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 internally 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 RM155,500.

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 975,800 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
June	30,000	0.7000	0.7000	0.7039	21,116
August	46,000	0.6200	0.6150	0.6227	28,646
November	36,000	0.7000	0.7000	0.7039	25,339
December	863,800	0.7000	0.6950	0.7018	606,225
	975,800 [^]	0.7000 [^]	0.6150 [^]	0.6982 [^]	681,326 [^]

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

There was no resale of Treasury shares during the year.

Options, Warrants and Convertible Securities

During the financial year, the Company increased its issued and fully paid-up ordinary share capital from RM101,077,894 to RM101,253,776 by way of an issue of 351,764 new ordinary shares of RM0.50 each arising from the conversion of 299,000 nominal value of 4%, 5-year irredeemable convertible unsecured loan stocks ("ICULS") at the conversion price of RM0.85 per ordinary share.

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

The non-audit fees paid to the external auditors for the financial year amounted to RM53,095.

Variation in results

There was no material variance between the audited results of the Group for the financial year ended 31 December 2011 and unaudited results previously released on 24 February 2012.

Statement of Corporate Governance (cont'd)

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 2011.

Revaluation Policy on landed properties

There was no revaluation of landed properties during the financial year ended 31 December 2011.

Corporate Social Responsibility (CSR)

The Company and Group are 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 the manufacturing processes to the environment. In addition, the Company also made some donations to various charities and welfare organisations during the financial year ended 31 December 2011.

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 Group'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 26 March 2012

Authorised Share Capital	:	RM200,000,000
Issued and Paid up Capital	:	RM101,439,093
Treasury Shares	:	1,065,800
Class of Shares	:	Ordinary Shares of RM0.50 each
Voting Rights		
On show of hands	:	1 vote
On a poll	:	1 vote for each share held

DISTRIBUTION OF SHAREHOLDERS AS AT 26 MARCH 2012

Size of Shareholdings

as at 26 March 2012

(excluding 1,065,800 treasury shares)

	No. of Holders	% of Holders	No. of Shares	% of Shares
Less than 100	151	2.71	7,633	0.00
100 – 1,000	341	6.11	199,786	0.10
1,001 – 10,000	3,553	63.67	18,479,133	9.16
10,001 – 100,000	1,381	24.75	39,546,667	19.60
100,001 to less than 5% of issued shares	152	2.72	92,864,749	46.02
5% and above of issued shares	2	0.04	50,714,418	25.13
Total	5,580	100.00	201,812,386	100.00

30 LARGEST SECURITIES ACCOUNT HOLDERS FOR ORDINARY SHARES

No.	Names	Shares	%
1	Public Nominees (Tempatan) Sdn Bhd – Pledged Securities A/C for Med-Bumikar Mara Sdn Bhd (PIVB)	26,666,668	13.21
2	Duvest Holdings Sdn Bhd	24,047,750	11.92
3	Med-Bumikar Mara Sdn Bhd	8,667,332	4.29
4	Teng Cheng Bon @ Teng Kim Tee	6,889,184	3.41
5	Public Nominees (Tempatan) Sdn Bhd – Pledged Securities A/C for Aun Huat & Brothers Sdn Bhd (E-IMO/BCM)	6,000,000	2.97
6	Aun Huat & Brothers Sdn Bhd	4,996,668	2.48
7	Diamond Silk International Sdn Bhd	4,773,900	2.37
8	Aun Huat & Brothers Sdn Bhd	3,809,522	1.89
9	RHB Capital Nominees (Tempatan) Sdn Bhd – Pledged Securities A/C for Ping Kok Koh (041005)	3,429,704	1.70
10	Kon Choi Ying	2,934,638	1.45
11	Mega First Housing Development Sdn Bhd	2,728,800	1.35
12	RHB Capital Nominees (Tempatan) Sdn Bhd – Pledged Securities A/C for Sharifuddin bin Shoib (041004)	2,164,542	1.07
13	Low Hin Choong	2,101,200	1.04
14	ECML Nominees (Tempatan) Sdn Bhd – Ping Kok Koh (PCS)	1,813,334	0.90
15	Yap Siew Chin	1,625,400	0.81
16	Tok Peck Hong	1,570,334	0.78
17	Voon Chong Kian	1,500,166	0.74

Statement of Shareholdings
as at 26 March 2012 (cont'd)

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

No.	Names	Shares	%
18	Wong Kit Peng	1,380,000	0.68
19	Liew Sui Kum	1,322,966	0.66
20	Ong Suan Kim	1,099,964	0.55
21	Low Fui Teck	1,076,600	0.53
22	Chen Song Wie	1,000,000	0.50
23	Teng Cheng Bon @ Teng Kim Tee	988,826	0.49
24	Mohamed bin Hamzah	848,135	0.42
25	Sabri bin Abd Hamid	828,900	0.41
26	Rampai Dedikasi Sdn Bhd	800,000	0.40
27	Woi Yoon Kim	793,089	0.39
28	Shum Yoke Chee	723,758	0.36
29	TA Nominees (Tempatan) Sdn Bhd – Pledged Securities A/C for Liew Yam Fee	700,000	0.35
30	Life Enterprise Sdn Bhd	599,000	0.30
	Total	117,880,380	58.41

SUBSTANTIAL SHAREHOLDERS AS AT 26 MARCH 2012
ORDINARY SHARES OF RM0.50 EACH

	Direct	No. of shares held		%
		%	Indirect	
Med-Bumikar Mara Sdn Bhd	35,334,000	17.51	-	-
Duvest Holdings Sdn Bhd	24,047,750	11.92	-	-
Teng Cheng Bon @ Teng Kim Tee	7,878,010	3.90	24,047,750	11.92 *
Aun Huat & Brothers Sdn Bhd	14,848,992	7.36	-	-
Ping Kok Koh	-	-	33,097,560	16.40 \\\
Sharifuddin bin Shoib	54,114	0.03	26,212,292	12.99 **
Poh Chee Meng @ Fook Fatt	52,000	-	15,124,192	7.49 ^
P & F Holdings Sdn Bhd	370,666	0.18	14,848,992	7.36 ++
Poh Cheong Meng & Sons Sdn Bhd	370,666	0.18	14,848,992	7.36 ++
Poh Yin Hoe & Sons Holding Sdn Bhd	-	-	14,848,992	7.36 ++
Poh Chee Meng & Sons Holdings Sdn Bhd	275,200	0.14	14,848,992	7.36 ++

* Deemed interest through Duvest Holdings Sdn Bhd

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

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

++ Held directly by Aun Huat & Brothers Sdn Bhd

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

Statement of Shareholdings
as at 26 March 2012 (cont'd)

DIRECTORS' INTERESTS AS AT 26 MARCH 2012
ORDINARY SHARES OF RM0.50 EACH

	No. of shares held			
	Direct	%	Indirect	%
Dato' Mohamed bin Hamzah	848,135	0.42	153,505	0.08
Ping Kok Koh	-	-	33,097,560	16.40
Yap Jek Nan	-	-	-	-
Sharifuddin bin Shoib	54,114	0.03	26,212,292	12.99
Poh Choo Lim	110,000	0.05	120,000	0.06
Dato' Abdul Rahim bin Abdul Halim	-	-	-	-
Voon Chong Kian (Alternate Director)	1,500,314	0.74	400,000	-
Mustapha bin Mohamed	-	-	-	-

Total Irredeemable Convertible Unsecured Loan Stocks (ICULS) 2007/2012 : RM22,407,017
 Coupon payment : 4% p.a.
 Class of Securities : Loan Stocks 2007/2012

DISTRIBUTION OF ICULS HOLDERS AS AT 26 MARCH 2012

Size of Shareholdings as at 26 March 2012	No. of Holders	% of Holders	No. of ICULS	% of ICULS
Less than 100	45	6.13	1,964	0.01
100 – 1,000	89	12.13	70,957	0.32
1,001 – 10,000	502	68.39	1,831,135	8.17
10,001 – 100,000	83	11.31	2,295,520	10.24
100,001 to less than 5% of issued ICULS	10	1.36	1,683,913	7.52
5% and above of issued ICULS	5	0.68	16,523,528	73.74
Total	734	100.00	22,407,017	100.00

Statement of Shareholdings
as at 26 March 2012 (cont'd)

30 LARGEST SECURITIES ACCOUNT HOLDERS FOR ICULS

No.	Names	ICULS	%
1	Med-Bumikar Mara Sdn Bhd	6,643,688	29.65
2	Public Nominees (Tempatan) Sdn Bhd – Pledged Securities A/C for Med-Bumikar Mara Sdn Bhd (PIVB)	4,444,444	19.84
3	Public Nominees (Tempatan) Sdn Bhd – Pledged Securities A/C for Aun Huat & Brothers Sdn Bhd (E-IMO/BCM)	2,000,000	8.93
4	Aun Huat & Brothers Sdn Bhd	1,769,840	7.90
5	Aun Huat & Brothers Sdn Bhd	1,665,556	7.43
6	Rampai Dedikasi Sdn Bhd	250,000	1.12
7	Chong Gek Kin @ Choong Yuk Kim	229,190	1.02
8	Ho Kim Chai	228,000	1.02
9	Koh Boon Chor	215,002	0.96
10	Mayban Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Lee Kim Tak	167,966	0.75
11	Diamond Silk International Sdn Bhd	129,200	0.58
12	Poh Cheong Meng & Sons Sdn Bhd	123,555	0.55
13	Yeo King Kang	120,000	0.54
14	Yayasan Teratai	114,000	0.51
15	Onn Ping Lan	107,000	0.48
16	Eu Mui @ Ee Soo Mei	96,200	0.43
17	Poh Chee Meng & Sons Holdings Sdn Bhd	91,733	0.41
18	Chan Foong Ling	90,133	0.40
19	Meng Hin Holdings Sdn Bhd	90,000	0.40
20	Ee Boon Kin	80,000	0.36
21	Ong Sek Chuan	73,500	0.33
22	Thain Swee Eng	67,200	0.30
23	Denver Corporation Sdn Bhd	67,000	0.30
24	Tan Paik Sim @ Tan Phaik Im	51,800	0.23
25	Chan Heng Koon	45,000	0.20
26	Goh Siew Cheng	42,378	0.19
27	Kema Development Sdn Bhd	41,066	0.18
28	Foo Siew Yoong	40,000	0.18
29	Khor Chai Moi	40,000	0.18
30	Lee Nge @ Lee Geok Seng	39,000	0.17
	Total	19,162,451	85.52

Statement of Shareholdings
as at 26 March 2012 (cont'd)

SUBSTANTIAL ICULS HOLDERS AS AT 26 MARCH 2012

	Direct	No. of ICULS held		%
		%	Indirect	
Med-Bumikar Mara Sdn Bhd	11,088,132	49.49	-	-
Aun Huat & Brothers Sdn Bhd	5,449,663	24.32	-	-
Poh Chee Meng @ Fook Fatt	-	-	5,541,396	24.73 ^
P & F Holdings Sdn Bhd	-	-	5,449,663	24.32 ++
Poh Cheong Meng & Sons Sdn Bhd	123,555	0.55	5,449,663	24.32 ++
Poh Yin Hoe & Sons Holding Sdn Bhd	-	-	5,449,663	24.32 ++
Poh Chee Meng & Sons Holdings Sdn Bhd	91,733	0.41	5,449,663	24.32 ++

++ Held directly by Aun Huat & Brothers Sdn Bhd

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

DIRECTORS' INTERESTS FOR ICULS AS AT 26 MARCH 2012

	Direct	No. of ICULS held		%
		%	Indirect	
Dato' Mohamed bin Hamzah	-	-	-	-
Ping Kok Koh	-	-	9,600	0.04
Yap Jek Nan	-	-	-	-
Sharifuddin bin Shoib	-	-	-	-
Poh Choo Lim	-	-	-	-
Dato' Abdul Rahim bin Abdul Halim	-	-	-	-
Voon Chong Kian (Alternate Director)	84	-	-	-
Mustapha bin Mohamed	-	-	-	-

Statement of Shareholdings
as at 26 March 2012 (cont'd)

Total Warrants issued : 52,979,420
Class of Securities : Warrants

DISTRIBUTION OF WARRANTS HOLDERS AS AT 26 MARCH 2011

Size of Shareholdings as at 26 March 2012	No. of Holders	% of Holders	No. of Warrants	% of Warrants
Less than 100	76	5.47	3,814	0.01
100 – 1,000	129	9.29	81,713	0.15
1,001 – 10,000	687	49.46	3,411,519	6.44
10,001 – 100,000	436	31.39	15,982,726	30.17
100,001 to less than 5% of issued Warrants	58	4.18	18,911,516	35.70
5% and above of issued Warrants	3	0.22	14,588,132	27.54
Total	1,389	100.00	52,979,420	100.00

30 LARGEST SECURITIES ACCOUNT HOLDERS FOR WARRANTS

No.	Name	Warrants	%
1	Med-Bumikar Mara Sdn Bhd	6,643,688	12.54
2	Public Nominees (Tempatan) Sdn Bhd – Pledged Securities A/C for Med-Bumikar Mara Sdn Bhd (PIVB)	4,444,444	8.39
3	ECML Nominees (Asing) Sdn Bhd – DMG & Partners Securities Pte Ltd For Keen Capital Investments Ltd (N2-60391) (009)	3,500,000	6.61
4	Public Nominees (Tempatan) Sdn Bhd – Pledged Securities A/C for Aun Huat & Brothers Sdn Bhd (E-IMO/BCM)	1,876,000	3.54
5	Kon Choi Ying	1,317,066	2.49
6	Mayban Nominees (Tempatan) Sdn Bhd – Pledged Securities A/C for Kek Lian Lye	1,284,400	2.42
7	Aun Huat & Brothers Sdn Berhad	1,265,556	2.39
8	CIMSEC Nominees (Tempatan) Sdn Bhd – CIMB Bank for Chen Yat Lee (MM1133)	1,000,000	1.89
9	Aun Huat & Brothers Sdn Berhad	819,640	1.55
10	Chan Chow Yui	600,000	1.13
11	AllianceGroup Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Chin Kim Leong (8058561)	397,000	0.75
12	Low Choon How	380,000	0.72
13	Zainorlam Bin Ideris	375,000	0.71
14	Tan Tai Soo	350,000	0.66
15	JF Apex Nominee (Tempatan) Sdn Bhd – Pledged Securities Account for Choong Foong Ming (STA2)	326,200	0.62
16	Murugentharan A/L Ganasan	315,600	0.60
17	Liaw Leong Soon	315,000	0.59
18	Tong Kwang Lock	303,400	0.57
19	Goh Hoi Lang	300,000	0.57
20	M.I.T. Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Success Secrets Sdn Bhd (MG0179-192)	300,000	0.57

Statement of Shareholdings
as at 26 March 2012 (cont'd)

30 LARGEST SECURITIES ACCOUNT HOLDERS FOR WARRANTS (cont'd)

No.	Name	Warrants	%
21	Sow Ming Guan	300,000	0.57
22	Wong Sook Wai	300,000	0.57
23	Chia Sia Tick @ Chua Sia Tick	270,000	0.51
24	Ahmad bin Said	265,300	0.50
25	Aluwie bin Rapa'ee	260,000	0.49
26	Public Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for U Kim Long (E-SPG)	256,000	0.48
27	JF Apex Nominee (Tempatan) Sdn Bhd – Pledged Securities Account for Wang Chong Seng (Margin)	253,800	0.48
28	Chiong Kin Peng	253,200	0.48
29	Tan Jee Kean	245,000	0.46
30	Lok Wei Seong	223,000	0.42
	Total	28,739,294	54.25

SUBSTANTIAL WARRANTS HOLDERS AS AT 26 MARCH 2012

	Direct	No. of Warrants held %	Indirect	%
Med-Bumikar Mara Sdn. Bhd.	11,088,132	20.93	-	-
Aun Huat & Brothers Sdn. Bhd.	3,975,462	7.50	-	-
Poh Chee Meng @ Fook Fatt	32	0.00	4,067,194	7.68 ^
P & F Holdings Sdn. Bhd.	30,000	0.06	3,975,462	7.50 ++
Poh Cheong Meng & Sons Sdn. Bhd.	123,554	0.23	3,975,462	7.50 ++
Poh Yin Hoe & Sons Holding Sdn. Bhd.	-	-	3,975,462	7.50 ++
Poh Chee Meng & Sons Holdings Sdn. Bhd.	91,732	0.17	3,975,462	7.50 ++
ECML Nominees (Asing) Sdn. Bhd. –	3,500,000	6.61	-	-
Dmg & Partners Securities Pte Ltd for Keen Capital Investments Ltd (N2-60391)(009)	-	-	-	-

* Deemed interest through Duvest Holdings Sdn. Bhd.

++ Held directly by Aun Huat & Brothers Sdn. Bhd.

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

DIRECTORS' INTERESTS FOR WARRANTS AS AT 26 MARCH 2012

	Direct	No. of Warrants held %	Indirect	%
Dato' Mohamed bin Hamzah	-	-	-	-
Ping Kok Koh	-	-	1,327,066	2.50
Yap Jek Nan	-	-	-	-
Sharifuddin bin Shoib	-	-	-	-
Poh Choo Lim	-	-	-	-
Dato' Abdul Rahim bin Abdul Halim	-	-	-	-
Voon Chong Kian (Alternate Director)	132	-	-	-
Mustapha bin Mohamed	-	-	-	-

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 December 31, 2011.

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 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:

	The Group RM	The Company RM
Profit for the year	8,489,019	6,685,700
Profit attributable to:		
Owners of the Company	8,906,715	6,685,700
Non-controlling interests	(417,696)	-
	<u>8,489,019</u>	<u>6,685,700</u>

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 2.5 sen per share, less tax, amounting to RM3,788,742 was paid on January 24, 2011 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 RM101,077,894 to RM101,253,776 by way of issuance of 351,764 new ordinary shares of RM0.50 each arising from the conversion of RM299,000 nominal value of 4%, 5-year Irredeemable Convertible Unsecured Loan Stocks at the conversion price of RM0.85 per ordinary share.

The resulting premium arising from the shares issued of RM77,361 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 975,800 ordinary shares from the open market of Bursa Malaysia Securities Berhad. The total amount paid for the acquisition of the shares was RM681,326 and has been deducted from equity. The repurchased transactions were financed by internally generated funds and the average price paid for the shares was RM0.70 per share. The repurchased shares are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

OTHER FINANCIAL INFORMATION

Before the statements of comprehensive income and the statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

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

Directors' Report (cont'd)

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

- (a) which would render the amount written off as bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year and secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made other than those disclosed in Note 37 to the financial statements.

DIRECTORS

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

Dato' Mohamed bin Hamzah
Mr. Ping Kok Koh
En. Sharifuddin bin Shoib
Mr. Yap Jek Nan
Mr. Poh Choo Lim
Mr. Voon Chong Kian (alternate to Mr. Ping Kok Koh)
Dato' Abdul Rahim bin Abdul Halim
En. Mustapha bin Mohamed

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

In accordance with Section 129 of the Companies Act, 1965, Dato' Mohamed bin Hamzah retires and, being eligible, offers himself for re-appointment.

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 RM0.50 each			Balance as of 31.12.2011
	Balance as of 1.1.2011	Bought	Sold	
Shares in the Company				
Registered in the name of directors				
Dato' Mohamed bin Hamzah	848,135	-	-	848,135
En. Sharifuddin bin Shoib	54,114	-	-	54,114
Mr. Poh Choo Lim	100,000	10,000	-	110,000
Mr. Voon Chong Kian (alternate to Mr. Ping Kok Koh)	1,000,314	1,000,000	(500,000)	1,500,314
Indirect interest				
Dato' Mohamed bin Hamzah	153,505	-	-	153,505
Mr. Ping Kok Koh	33,097,560	-	-	33,097,560
En. Sharifuddin bin Shoib	26,212,292	-	-	26,212,292
Mr. Poh Choo Lim	120,000	-	-	120,000
Mr. Voon Chong Kian (alternate to Mr. Ping Kok Koh)	-	400,000	-	400,000

By virtue of their interests in the shares of the Company, Mr. Ping Kok Koh and En. 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.

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,

MR. PING KOK KOH

DATO' MOHAMED BIN HAMZAH

Ipoh,
April 6, 2012

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 statements of financial position of the Group and of the Company as of December 31, 2011 and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 36 to 108.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. 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 auditors' 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 auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 Financial Reporting Standards 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 of December 31, 2011 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 Act to be kept by the Company and by the subsidiaries of which we have acted as auditors, have been properly kept in accordance with the provisions of the Act;
- (b) we have considered the accounts and auditors' reports of the subsidiaries, of which we have not acted as auditors, as mentioned in Note 16 to the financial statements, being accounts that have been included in the financial statements of the Group;
- (c) we are satisfied that the accounts of the subsidiaries 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' reports on the accounts of the subsidiaries were not subject to any qualification and did not include any adverse comment made under Section 174 (3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 38 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, 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.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

YEOH SIEW MING
Partner - 2421/05/13(J/PH)
Chartered Accountant

April 6, 2012

Statements of Comprehensive Income

for the year ended December 31, 2011

	Note	The Group		The Company	
		2011 RM	2010 RM	2011 RM	2010 RM
Revenue	5	373,699,382	343,264,672	6,000,000	4,200,000
Investment revenue	7	236,627	129,320	142,221	759,767
Other gains and losses	8	1,456,739	(6,490,982)	3,507,994	(12,653,680)
Other operating income	10	564,032	428,794	-	-
Changes in inventories of finished goods, trading goods and work-in-progress		4,830,263	2,340,544	-	-
Purchase of finished goods and trading goods		(16,819,853)	(17,137,188)	-	-
Raw materials and consumables used		(245,441,898)	(210,844,855)	-	-
Directors' remuneration	9	(1,553,704)	(1,301,586)	(127,500)	(127,500)
Employee benefits expense	10	(40,193,416)	(41,272,529)	-	-
Depreciation expenses	14	(15,506,107)	(16,740,621)	-	-
Amortisation of prepaid lease payments	15	(227,443)	(228,362)	-	-
Finance costs	11	(9,689,569)	(8,637,446)	(1,864,892)	(1,049,940)
Other operating expenses	10	(39,745,180)	(33,357,351)	(788,756)	(731,415)
Profit/(Loss) before tax		11,609,873	10,152,410	6,869,067	(9,602,768)
Income tax expense	12	(3,120,854)	(1,995,264)	(183,367)	(13,037)
PROFIT/(LOSS) FOR THE YEAR		8,489,019	8,157,146	6,685,700	(9,615,805)
Other comprehensive income/(loss):					
Exchange differences on translating foreign operations		10,846,507	(12,571,470)	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		19,335,526	(4,414,324)	6,685,700	(9,615,805)

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

Statements of Comprehensive Income
for the year ended December 31, 2011 (cont'd)

	Note	The Group		The Company	
		2011 RM	2010 RM	2011 RM	2010 RM
Profit/(Loss) attributable to:					
Owners of the Company		8,906,715	6,604,261	6,685,700	(9,615,805)
Non-controlling interests		(417,696)	1,552,885	-	-
		<u>8,489,019</u>	<u>8,157,146</u>	<u>6,685,700</u>	<u>(9,615,805)</u>
Total comprehensive income/(loss) attributable to:					
Owners of the Company		19,753,222	(5,301,480)	6,685,700	(9,615,805)
Non-controlling interests		(417,696)	887,156	-	-
		<u>19,335,526</u>	<u>(4,414,324)</u>	<u>6,685,700</u>	<u>(9,615,805)</u>
Earnings per share					
Basic (sen per share)	13	<u>4.41</u>	<u>3.28</u>		
Diluted (sen per share)	13	<u>3.91</u>	<u>2.93</u>		

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

Statements of Financial Position
for the year ended December 31, 2011

	Note	The Group		The Company	
		2011 RM	2010 RM	2011 RM	2010 RM
ASSETS					
Non-current assets					
Property, plant and equipment	14	142,650,624	144,445,549	-	-
Prepaid lease payments	15	13,976,120	13,522,710	-	-
Investments in subsidiary companies	16	-	-	65,771,636	68,171,636
Goodwill on consolidation	17	2,793,422	2,793,422	-	-
Deferred tax assets	12	17,006	22,830	17,006	22,830
Amount owing by subsidiary companies	20	-	-	127,380,550	117,510,821
Total non-current assets		159,437,172	160,784,511	193,169,192	185,705,287
Current assets					
Inventories	18	77,655,685	66,632,544	-	-
Trade and other receivables	19	55,981,890	48,445,683	-	-
Amount owing by subsidiary companies	20	-	-	32,960,969	44,959,128
Other financial assets	21	881,350	278,156	-	-
Current tax assets	12	1,073,211	767,996	222,055	379,848
Other assets	22	447,707	528,851	1,000	1,000
Fixed deposits, cash and bank balances	23	35,472,727	40,623,475	1,463,715	3,772,871
Total current assets		171,512,570	157,276,705	34,647,739	49,112,847
Total assets		330,949,742	318,061,216	227,816,931	234,818,134

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

Statements of Financial Position
as of December 31, 2011 (cont'd)

Note	The Group		The Company		
	2011 RM	2010 RM	2011 RM	2010 RM	
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	24	101,253,776	101,077,894	101,253,776	101,077,894
Treasury shares	24	(766,393)	(85,067)	(766,393)	(85,067)
Reserves	25	48,395,504	30,371,358	23,739,004	20,764,685
Irredeemable Convertible Unsecured Loan Stocks ("ICULS")	27	18,570,838	18,814,944	18,570,838	18,814,944
Equity attributable to owners of the Company		167,453,725	150,179,129	142,797,225	140,572,456
Non-controlling interests		-	572,627	-	-
Total equity		167,453,725	150,751,756	142,797,225	140,572,456
Non-current liabilities					
Deferred tax liabilities	12	1,443,365	1,855,479	-	-
Borrowings	29	28,763,950	11,098,036	26,500,000	8,538,876
Other payables	30	4,800,000	7,200,000	4,800,000	7,200,000
Total non-current liabilities		35,007,315	20,153,515	31,300,000	15,738,876
Current liabilities					
Trade and other payables	30	29,363,968	27,966,656	2,434,491	2,437,342
Amount owing to subsidiary companies	20	-	-	5,931,698	9,355,238
Borrowings	29	89,551,014	111,088,250	44,531,883	65,834,096
Current tax liabilities	12	757,989	915,793	-	-
Other liabilities - accrued expenses	31	8,815,731	7,185,246	821,634	880,126
Total current liabilities		128,488,702	147,155,945	53,719,706	78,506,802
Total liabilities		163,496,017	167,309,460	85,019,706	94,245,678
Total equity and liabilities		330,949,742	318,061,216	227,816,931	234,818,134

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

Statements of Changes in Equity

for the year ended December 31, 2011

The Group	Note(s)	← Attributable to Owners of the Company →									Total Equity RM
		Issued Capital RM	Treasury Shares RM	ICULS RM	Non-distributable Reserves			Distributable Reserve	Subtotal RM	Non- controlling Interests RM	
					Share Premium RM	Translation Reserve RM	Capital Reserve RM	Retained Earnings RM			
Balance as of January 1, 2010		98,623,917	-	22,218,032	22,703,024	5,008,609	(13,678,301)	22,935,616	157,810,897	6,146,372	163,957,269
Profit for the year		-	-	-	-	-	-	6,604,261	6,604,261	1,552,885	8,157,146
Other comprehensive loss for the year		-	-	-	-	(11,905,741)	-	-	(11,905,741)	(665,729)	(12,571,470)
Total comprehensive income for the year		-	-	-	-	(11,905,741)	-	6,604,261	(5,301,480)	887,156	(4,414,324)
Payment of dividend	26	-	-	-	-	-	-	(5,917,435)	(5,917,435)	-	(5,917,435)
Adjustment relating to contingent consideration under profit guarantee		-	-	-	-	-	2,400,000	-	2,400,000	-	2,400,000
Purchase of shares from non-controlling interests		-	-	-	-	-	860,901	-	860,901	(6,460,901)	(5,600,000)
Purchase of treasury shares	24(b)	-	(85,067)	-	-	-	-	-	(85,067)	-	(85,067)
Conversion of ICULS	24(a)&25	2,451,977	-	(3,403,088)	1,359,024	-	-	-	407,913	-	407,913
Exercise of Warrants	24(a)&25	2,000	-	-	1,400	-	-	-	3,400	-	3,400
Balance as of December 31, 2010		101,077,894	(85,067)	18,814,944	24,063,448	(6,897,132)	(10,417,400)	23,622,442	150,179,129	572,627	150,751,756

Statements of Changes in Equity
for the year ended December 31, 2011 (cont'd)

The Group	Note(s)	← Attributable to Owners of the Company →								Non-controlling Interests RM	Total Equity RM
		Issued Capital RM	Treasury Shares RM	ICULS RM	Non-distributable Reserves			Distributable Reserve	Subtotal RM		
					Share Premium RM	Translation Reserve RM	Capital Reserve RM	Retained Earnings RM			
Profit for the year		-	-	-	-	-	-	8,906,715	8,906,715	(417,696)	8,489,019
Other comprehensive income for the year		-	-	-	-	10,846,507	-	-	10,846,507	-	10,846,507
Total comprehensive income for the year		-	-	-	-	10,846,507	-	8,906,715	19,753,222	(417,696)	19,335,526
Payment of dividend	26	-	-	-	-	-	-	(3,788,742)	(3,788,742)	-	(3,788,742)
Adjustment relating to contingent consideration under profit guarantee		-	-	-	-	-	2,400,000	-	2,400,000	-	2,400,000
Purchase of shares from non-controlling interests		-	-	-	-	-	(417,695)	-	(417,695)	(154,931)	(572,626)
Purchase of treasury shares	24(b)	-	(681,326)	-	-	-	-	-	(681,326)	-	(681,326)
Conversion of ICULS	24(a)&25	175,882	-	(244,106)	77,361	-	-	-	9,137	-	9,137
Balance as of December 31, 2011		101,253,776	(766,393)	18,570,838	24,140,809	3,949,375	(8,435,095)	28,740,415	167,453,725	-	167,453,725

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

Statements of Changes in Equity
for the year ended December 31, 2011 (cont'd)

The Company	Note(s)	← Attributable to Owners of the Company →					Total Equity RM
		Issued Capital RM	Treasury Shares RM	ICULS RM	Non- distributable Reserve Share Premium RM	(Accumulated Loss)/ Retained Earnings RM	
Balance as of January 1, 2010		98,623,917	-	22,218,032	22,703,024	12,234,477	155,779,450
Loss and total comprehensive loss for the year		-	-	-	-	(9,615,805)	(9,615,805)
Payment of dividend	26	-	-	-	-	(5,917,435)	(5,917,435)
Purchase of treasury shares	24(b)	-	(85,067)	-	-	-	(85,067)
Conversion of ICULS	24(a)&25	2,451,977	-	(3,403,088)	1,359,024	-	407,913
Exercise of Warrants	24(a)&25	2,000	-	-	1,400	-	3,400
Balance as of December 31, 2010		101,077,894	(85,067)	18,814,944	24,063,448	(3,298,763)	140,572,456
Profit and total comprehensive income for the year		-	-	-	-	6,685,700	6,685,700
Payment of dividend	26	-	-	-	-	(3,788,742)	(3,788,742)
Purchase of treasury shares	24(b)	-	(681,326)	-	-	-	(681,326)
Conversion of ICULS	24(a)&25	175,882	-	(244,106)	77,361	-	9,137
Balance as of December 31, 2011		101,253,776	(766,393)	18,570,838	24,140,809	(401,805)	142,797,225

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

Statement of Cash Flows

for the year ended December 31, 2011

The Group	Note	2011 RM	2010 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year		8,489,019	8,157,146
Adjustments for:			
Income tax expense recognised in statements of comprehensive income		3,120,854	1,995,264
Depreciation of property, plant and equipment		15,506,107	16,740,621
Finance costs		9,689,569	8,637,446
Inventories written off		1,179,835	22,913
Unrealised loss on foreign exchange		1,098,847	1,208,933
Impairment loss of property, plant and equipment		1,005,565	-
Inventories written down to net realisable value		438,072	115,308
Allowance for slow moving inventories		255,436	-
Amortisation of prepaid lease payments		227,443	228,362
Allowance for doubtful debts		96,026	49,776
Bad debts written off		79,863	-
Tax penalty		39,749	-
Property, plant and equipment written off		8,605	13,283
Changes in fair value gains on financial derivatives		(603,194)	(278,156)
Investment revenue recognised in statements of comprehensive income		(236,627)	(129,320)
Gain on disposal of property, plant and equipment		(34,124)	(14,561)
Allowance for doubtful debts no longer required		(3,486)	-
Allowance for inventory obsolescence		-	63,616
		40,357,559	36,810,631
Movements in working capital:			
(Increase)/Decrease in:			
MTN Debt Service Reserve Account		338,036	(28,807)
MTN Disbursement Account		25,688	20
Inventories		(10,732,523)	(3,943,846)
Trade and other receivables		(5,935,916)	10,320,919
Other assets		93,599	74,535
Increase/(Decrease) in:			
Trade and other payables		(6,067)	(1,866,972)
Other liabilities - accrued expenses		1,374,898	(1,798,044)

Statements of Cash Flows
for the year ended December 31, 2011 (cont'd)

The Group	Note	2011 RM	2010 RM
Cash Generated From Operations		25,515,274	39,568,436
Income tax refunded		776,023	1,078,566
Income tax paid		(4,777,604)	(2,321,015)
Tax penalty paid		(39,749)	-
Net Cash Generated From Operating Activities		21,473,944	38,325,987
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Withdrawal/(Placement) of fixed deposits		1,954,000	(2,005,000)
Interest on short-term and fixed deposits received		226,692	85,053
Proceeds from disposal of property, plant and equipment		50,214	54,259
Rental income		9,935	9,981
Purchase of property, plant and equipment	33(a)	(6,049,085)	(9,089,840)
Acquisition of additional shares in subsidiary companies		(572,628)	(5,600,000)
Interest on advances to a third party received		-	34,286
Advance payments for land use rights		-	(5,742,797)
Net Cash Used In Investing Activities		(4,380,872)	(22,254,058)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from/(Repayment of) term loans		33,003,099	(2,023,279)
Proceeds from revolving credit		1,782,628	13,718,362
Repayment of medium term notes		(35,000,000)	-
Finance costs paid		(10,525,011)	(9,596,313)
Dividend paid		(3,788,742)	(5,917,435)
(Withdrawal of)/Proceeds from bills payable		(3,195,269)	6,822,364
Repurchased of shares - treasury shares		(681,326)	(85,067)
Proceeds from issuance of shares		-	3,400
Net Cash (Used In)/Generated From Financing Activities		(18,404,621)	2,922,032
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,311,549)	18,993,961
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		34,806,295	17,255,830
Effect of exchange rate changes on the balance of cash held in foreign currencies		630,798	(1,443,496)
CASH AND CASH EQUIVALENTS AT END OF YEAR	33(b)	34,125,544	34,806,295

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

Statements of Cash Flows
for the year ended December 31, 2011 (cont'd)

The Company	Note	2011 RM	2010 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit/(Loss) for the year		6,685,700	(9,615,805)
Adjustments for:			
Income tax expense recognised in statements of comprehensive income		183,367	13,037
Finance costs		1,864,892	1,049,940
Dividend income		(6,000,000)	(4,200,000)
Unrealised (gain)/loss on foreign exchange		(3,453,093)	12,613,198
Investment revenue recognised in statements of comprehensive income		(142,221)	(759,767)
		<u>(861,355)</u>	<u>(899,397)</u>
Movements in working capital:			
(Increase)/Decrease in:			
MTN Debt Service Reserve Account		338,036	(28,807)
MTN Disbursement Account		25,688	20
Other receivables		-	3,710,757
(Decrease)/Increase in:			
Other payables		(2,853)	(5,182)
Other liabilities - accrued expenses		(55,000)	25,202
		<u>(555,484)</u>	<u>2,802,593</u>
Cash (Used In)/Generated From Operations		6,000,000	4,200,000
Dividends received from subsidiary companies		(19,750)	(21,000)
Income tax paid			
Net Cash Generated From Operating Activities		<u>5,424,766</u>	<u>6,981,593</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Interest on advances to subsidiary companies received		3,645,496	5,083,054
Withdrawal/(Placement) of fixed deposits		1,954,000	(2,005,000)
Interest on fixed deposits received		142,221	26,480
Acquisition of additional shares in subsidiary companies		-	(5,600,000)
Advances granted to subsidiary companies - Net		-	(1,529,888)
		<u>5,741,717</u>	<u>(4,025,354)</u>

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

Statements of Cash Flows
for the year ended December 31, 2011 (cont'd)

The Company	Note	2011 RM	2010 RM
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from term loan - net		32,500,000	-
Advances received from subsidiary companies		2,157,981	9,355,238
Repayment of medium term notes		(35,000,000)	-
Finance costs paid		(6,345,828)	(6,358,574)
Dividends paid		(3,788,742)	(5,917,435)
Purchase of treasury shares		(681,326)	(85,067)
Proceeds from issuance of shares		-	3,400
Net Cash Used In Financing Activities		(11,157,915)	(3,002,438)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		8,568	(46,199)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		939,933	986,132
CASH AND CASH EQUIVALENTS AT END OF YEAR	33(b)	948,501	939,933

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

Notes to the Financial Statements

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market 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 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 April 6, 2012.

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 Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

2.1 Adoption of new and revised Financial Reporting Standards ("FRSs") and IC Interpretations ("IC Int.")

During the financial year, the Group and the Company adopted all new and revised FRSs and IC Int. issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to their operations and effective for accounting periods beginning on or after March 1, 2010. The adoption of these new and revised FRSs and IC Int. have not resulted in material changes to the Group's and the Company's accounting policies except for:

FRS 127 Consolidated and Separate Financial Statements (Revised in 2010)

The Group has applied FRS 127, Consolidated and Separate Financial Statements (revised) where losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. This change in accounting policy is applied prospectively in accordance with the transitional provisions of the standard and does not have impact on earnings per share.

Notes to the Financial Statements (cont'd)

2.2 Standards and IC Int. in issue but not yet effective

At the date of authorisation for issue of these financial statements, the FRSs, IC Int. and amendments to FRSs and IC Int. which were in issue but not yet effective are as listed below:

FRS and IC Int.		Effective for annual periods beginning on or after
FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters)	January 1, 2012
FRS 7	Financial Instruments: Disclosures (Amendments relating to Disclosures - Transfers of Financial Assets)	January 1, 2012
FRS 7	Financial Instruments: Disclosures (Amendments relating to Mandatory Effective Date of FRS 9 (International Financial Reporting Standards ("IFRS") 9 issued by International Accounting Standards Board ("IASB") in November 2009 and October 2010 respectively) and Transition Disclosures)	March 1, 2012
FRS 7	Financial Instruments: Disclosures (Amendments relating to Disclosures - Offsetting Financial Assets and Financial Liabilities)	January 1, 2013
FRS 9	Financial Instruments (IFRS 9 issued by the IASB in November 2009)	January 1, 2015*
FRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)	January 1, 2015*
FRS 10	Consolidated Financial Statements	January 1, 2013
FRS 11	Joint Arrangements	January 1, 2013
FRS 12	Disclosure of Interests in Other Entities	January 1, 2013
FRS 13	Fair Value Measurement	January 1, 2013
FRS 101	Presentation of Financial Statements (Amendments relating to Presentation of Items of Other Comprehensive Income)	July 1, 2012
FRS 112	Income Taxes (Amendments relating to Deferred tax: Recovery of Underlying Assets)	January 1, 2012
FRS 119	Employee Benefits (2011)	January 1, 2013
FRS 124	Related Party Disclosure (Revised)	January 1, 2012
FRS 127	Separate Financial Statements (2011)	January 1, 2013
FRS 128	Investments in Associates and Joint Ventures (2011)	January 1, 2013
FRS 132	Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities)	January 1, 2014
IC Int. 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction (Amendments relating to Prepayments of a Minimum Funding Requirement)	July 1, 2011
IC Int. 19	Extinguishing Financial Liabilities with Equity Instruments	July 1, 2011
IC Int. 20	Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013

Notes to the Financial Statements (cont'd)

- * Effective for annual periods beginning on or after January 1, 2015 immediately upon the issuance of Amendments to FRS 9 (IFRS 9 issued by IASB on November 2009 and October 2010 respectively) and FRS 7 relating to "Mandatory Effective Date of FRS 9 and Transition Disclosures" on March 1, 2012.

The directors anticipate that the abovementioned Standards and IC Int. that are relevant to the operations of the Group and of the Company will be adopted in the annual financial statements of the Group and of the Company when they become effective. Apart from additional disclosures as required by FRS 7, FRS 9, and FRS 101, the adoption of these Standards and IC Int. will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

In addition, on November 19, 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework") in conjunction with its planned convergence of FRSs with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") on January 1, 2012.

The MFRS Framework is a fully IFRS-compliant framework, equivalent to IFRSs which is mandatory for adoption by all Entities Other than Private Entities for annual periods beginning on or after January 1, 2012, with the exception for Transitioning Entities. Transitioning Entities, being entities which are subject to the application of MFRS 141 *Agriculture and/or IC Interpretation 15 Agreements for the Construction of Real Estate* are given an option to defer adoption of the MFRS Framework for an additional one year. Transitioning Entities also includes those entities that consolidates, equity accounts or proportionately consolidates an entity that has chosen to continue to apply the FRS Framework for annual periods beginning on or after January 1, 2012.

Accordingly, the Group and the Company which are not Transitioning Entities will be required to apply MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") in their financial statements for the financial year ending December 31, 2012, being the first set of financial statements prepared in accordance with the new MFRS Framework. Further, an explicit and unreserved statement of compliance with IFRSs will be made in these financial statements.

The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adopting the new MFRS Framework on the Group's and the Company's first set of financial statements prepared in accordance with the MFRS Framework cannot be determined and estimated reliably until the process is complete.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared on the historical cost basis except for certain non-current assets and financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when the Company owns, directly or indirectly through subsidiary companies, more than one half of the voting rights of the said company.

The results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

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

Non-controlling interests in the subsidiary companies are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling party's share of changes in equity since the date of the combination. Losses applicable to the non-controlling party in excess of the non-controlling party's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the non-controlling party has a binding obligation and is able to make an additional investment to cover the losses.

Changes in the Group's interests in subsidiary companies that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary companies. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

Business Combinations

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

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 recognised when it is probable that the economic benefits will flow to the Group and the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

Dividend income

Dividend income represents gross dividends from unquoted investments and is recognised when the shareholder's right to receive payment is established, provided that it is probable that the economic benefits will flow to the Group and the Company, and the amount of revenue can be measured reliably.

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 statements of comprehensive income as incurred. The approved provident funds are defined contribution plans. Once the contributions have been paid, there are no further payment obligations.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 group entity are expressed in Ringgit Malaysia ("RM"), 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 functional currency of the entity (foreign currencies) are recorded at the rates of exchange prevailing on the date of the transactions. At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that 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 statements of comprehensive income in the period in which they arise except for:

- exchange differences arising on the retranslation of non-monetary items carried at fair value in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, the exchange component of that gain or loss is also recognised in other comprehensive income; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore, forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to statements of comprehensive income on disposal or partial disposal of the investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the foreign incorporated subsidiary companies of the Group are expressed in RM using exchange rates prevailing at the end of the reporting period. 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 recognised in other comprehensive income and accumulated in the translation reserve of the Group. Such exchange differences accumulated in the translation reserve of the Group are reclassified to statements of comprehensive income in the year in which the foreign incorporated subsidiary company is disposed of when the gain or loss on disposal is recognised.

On consolidation, exchange differences arising from the translation of net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

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

<i>Foreign Currency</i>	31.12.2011 RM	31.12.2010 RM
1 United States Dollar ("USD")	3.1670	3.0830
1 Hong Kong Dollar ("HKD")	0.4076	0.3960
1 Chinese Renminbi ("RMB")	0.5031	0.4670
1 Euro ("Euro")	4.0921	4.0816
1 Great Britain Pound ("GBP")	4.8816	4.7774

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the statement of comprehensive income in the period 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 the statements of comprehensive income 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 liability of the Group and of the Company for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting 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 tax effects of unutilised reinvestment allowance are only recognised upon actual realisation.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting 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 end of 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.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in the statements of comprehensive income, except when they relate to items credited or debited directly to other comprehensive income or equity, in which case the tax is also recognised directly in other comprehensive income or 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.

Freehold land is not depreciated. Capital work-in-progress comprises contractors' payments and directly attributable costs incurred in preparing these assets for their intended use. Depreciation on assets under construction commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets, other than freehold land and capital work-in-progress, over their estimated useful lives, after taking into account their estimated residual values using the straight-line method on the following bases:

Factory buildings	1.8% 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 estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statements of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in the statements of comprehensive income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Leases (cont'd)

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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 reporting 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 payment on leasehold land is stated at surrogate cost less accumulated amortisation and accumulated impairment losses.

Long-term and short-term leasehold land is amortised over the lease period ranging from 50 to 99 years.

Investments in Subsidiary Companies

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

Goodwill

Goodwill arising 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 interest of the Group 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 cash-generating units of the Group 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 statements of comprehensive income 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.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of Assets excluding Goodwill

At the end of each reporting period, 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 have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

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

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

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

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

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.

Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of past event and it is probable that the Group and the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments

Financial instruments are recognised in the statements of financial position when, and only when the Group and the Company become a party to the contractual provisions of the financial instruments.

Where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, such financial assets are recognised and derecognised on trade date.

Financial instruments are initially measured at fair value, plus transaction costs, except for those financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL"), which are initially measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income and expense is recognised on an effective interest basis for debt instruments other than those financial assets or financial liabilities classified as FVTPL.

(a) Financial assets

Financial assets of the Group and of the Company are classified into 'loans and receivables' category. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(ii) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments (cont'd)

(a) Financial assets (cont'd)

(ii) Impairment of financial assets (cont'd)

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are debited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the statements of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the statements of comprehensive income to the extent that the carrying amount of the financial assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(iii) Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Company recognise their retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(b) Financial liabilities and equity instruments

(i) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments (cont'd)

(b) Financial liabilities and equity instruments (cont'd)

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

(iii) Compound instruments

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.

(iv) Financial liabilities

Financial liabilities of the Group and of the Company, including borrowings, are classified into "other financial liabilities" category, and are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

(v) Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and the Company's obligation are discharged, cancelled or they expire.

(c) Derivative financial instruments

The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risk.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the statements of comprehensive income immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the statement of comprehensive income depends on the nature of the hedge relationship.

Notes to the Financial Statements (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Instruments (cont'd)

(c) Derivative financial instruments (cont'd)

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Statements of Cash Flows

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

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 accounting policies of the Group and of the Company, the directors are 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.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, 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:

(i) 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 tests for impairment of goodwill of the Group.

Notes to the Financial Statements (cont'd)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(ii) Impairment of Property, Plant and Equipment

The carrying amounts of property, plant and equipment of the Group as of December 31, 2011 was RM142,650,624 (2010: RM144,445,549).

The Group assesses impairment of assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Group's estimates calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information. Management of the Group has carried out a review on its property, plant and equipment and concluded that there is no indication of impairment.

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

The Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period 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.

(iv) Recoverability of Receivables

The carrying amounts of third-party trade and other receivables of the Group as of December 31, 2011 was RM55,981,890 (2010: RM48,445,683).

An allowance is established when there is objective evidence that the Group and the Company will not be able to collect all amounts due according to the original terms of transactions. This is determined based on the ageing profile and collection patterns. 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.

(v) Inventory Obsolescence

The Group writes off inventories based on an assessment of the recoverability of the inventories through sales and recycling for alternatives uses. Write off 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 values of the inventories and inventories written off/(back) in the period in which such estimate has been changed.

Notes to the Financial Statements (cont'd)

5. REVENUE

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Sale of manufactured products	355,045,902	321,963,462	-	-
Sale of trading products	18,653,480	21,301,210	-	-
Dividends (gross) received from subsidiary companies	-	-	6,000,000	4,200,000
	<u>373,699,382</u>	<u>343,264,672</u>	<u>6,000,000</u>	<u>4,200,000</u>

6. SEGMENT REPORTING

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

Information reported to the chief operating decision maker and senior management for the purposes of resource allocation and assessment of performance focused on the business operations of the Group by geographical location in Malaysia, People's Republic of China and Europe.

Unallocated corporate assets and liabilities include items that cannot be reasonably allocated to an individual segment.

Notes to the Financial Statements (cont'd)

6. SEGMENT REPORTING (cont'd)

Geographical segments by location of assets

The Group 2011	Malaysia RM	People's Republic of China RM	Europe RM	Eliminations RM	Total RM
Revenue	144,493,366	454,134,676	44,218,032	(269,146,692)	373,699,382
Results					
Segment results	17,386,372	10,423,769	2,242,419	(8,753,118)	21,299,442
Finance costs					(9,689,569)
Profit before tax					11,609,873
Income tax expense					(3,120,854)
Profit for the year					8,489,019
Assets					
Segment assets	77,177,124	230,631,223	22,051,178	-	329,859,525
Unallocated corporate assets					1,090,217
Consolidated total assets					330,949,742
Liabilities					
Segment liabilities	19,521,494	22,423,292	1,034,913	-	42,979,699
Unallocated corporate liabilities					120,516,318
Consolidated total liabilities					163,496,017
Other Information					
Capital expenditure	2,372,467	4,078,106	1,359	-	6,451,932
Depreciation and amortisation charges	5,931,923	9,780,673	20,954	-	15,733,550
Impairment loss of property, plant and equipment	1,005,565	-	-	-	1,005,565

Notes to the Financial Statements (cont'd)

6. SEGMENT REPORTING (cont'd)

Geographical segments by location of assets (cont'd)

The Group 2010	Malaysia RM	People's Republic of China RM	Europe RM	Eliminations RM	Total RM
Revenue	143,804,382	349,434,838	39,962,616	(189,937,164)	343,264,672
Results					
Segment results	758,409	4,752,584	1,996,203	11,282,660	18,789,856
Finance costs					(8,637,446)
Profit before tax					10,152,410
Income tax expense					(1,995,264)
Profit for the year					8,157,146
Assets					
Segment assets	86,961,156	207,461,426	22,847,808	-	317,270,390
Unallocated corporate assets					790,826
Consolidated total assets					318,061,216
Liabilities					
Segment liabilities	23,840,680	17,372,346	1,138,876	-	42,351,902
Unallocated corporate liabilities					124,957,558
Consolidated total liabilities					167,309,460
Other Information					
Capital expenditure	1,786,592	11,250,440	14,975	-	13,052,007
Depreciation and amortisation charges	7,790,170	9,159,621	19,192	-	16,968,983

Revenue from sales to external customers by location of customers:

	The Group	
	2011 RM	2010 RM
Europe	223,875,052	237,504,918
North and South America	70,201,447	43,694,807
Rest of the world	79,622,883	62,064,947
	373,699,382	343,264,672

Notes to the Financial Statements (cont'd)

Business segments

Information on the operations of the Group by business segments has not been disclosed as the Group is principally involved in manufacturing and sale of household, industrial and disposable rubber gloves. The revenue, carrying amounts of segment assets and cost of capital expenditure from trading operations are less than 10% of the revenue, segment assets and additions to property, plant and equipment of the Group respectively.

7. INVESTMENT REVENUE

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Interest income from:				
Fixed deposits	206,940	53,251	142,221	26,480
Short-term deposits	19,752	31,802	-	-
Advances to a third party	-	34,286	-	-
Advances to subsidiary companies	-	-	3,644,757	5,083,054
Rental income	9,935	9,981	-	-
	<u>236,627</u>	<u>129,320</u>	<u>3,786,978</u>	<u>5,109,534</u>
less: set off against finance costs (Note 11)	-	-	(3,644,757)	(4,349,767)
	<u>236,627</u>	<u>129,320</u>	<u>142,221</u>	<u>759,767</u>

8. OTHER GAINS AND LOSSES

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Fair value gains on financial derivatives	881,350	278,156	-	-
Gain on disposal of property, plant and equipment	34,124	14,561	-	-
Realised gain/(loss) on foreign exchange	1,640,112	(5,574,766)	54,901	(40,482)
Unrealised (loss)/gain on foreign exchange	(1,098,847)	(1,208,933)	3,453,093	(12,613,198)
	<u>1,456,739</u>	<u>(6,490,982)</u>	<u>3,507,994</u>	<u>(12,653,680)</u>

Notes to the Financial Statements (cont'd)

9. DIRECTORS' REMUNERATION

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Executive directors of the Company:				
Salaries, allowances and bonuses	442,550	359,000	-	-
Contributions to Employees' Provident Fund ("EPF")	49,512	39,480	-	-
	492,062	398,480	-	-
Executive directors of the subsidiary companies:				
Salaries, allowances and bonuses	824,906	719,134	-	-
Contributions to EPF	67,524	56,472	-	-
	892,430	775,606	-	-
Non-executive directors:				
Fees	127,500	127,500	127,500	127,500
Non-executive directors of the subsidiary companies:				
Salaries, allowances and bonuses	41,712	-	-	-
	<u>1,553,704</u>	<u>1,301,586</u>	<u>127,500</u>	<u>127,500</u>

The estimated monetary value of benefits-in-kind received and receivable by the directors otherwise than in cash from the Group amounted to RM1,800 (2010: RM1,800).

Notes to the Financial Statements (cont'd)

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

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

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Waiver of debts	14,500	-	-	-
Allowance for doubtful debts no longer required	3,486	-	-	-
Impairment loss of property, plant and equipment	(1,005,565)	-	-	-
Rental of premises	(526,413)	(550,755)	-	-
Auditors remuneration:				
Statutory audit:				
Current year	(419,739)	(378,005)	(61,000)	(116,000)
Prior year	-	(5,200)	-	(5,200)
Others	(53,095)	(2,000)	(2,000)	(2,000)
Allowance for doubtful debts	(96,026)	(49,776)	-	-
Bad debts written off	(79,863)	-	-	-
Property, plant and equipment written off	(8,605)	(13,283)	-	-

Included in employee benefits expense are contributions made by the Group to the EPF and other defined contribution plans of RM2,434,418 (2010: RM2,441,135) and termination benefits of RM89,478 (2010: Nil).

11. FINANCE COSTS

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Interest on:				
Revolving credit	3,701,326	2,777,325	2,301,239	1,999,973
Medium Term Notes	2,294,051	3,233,580	2,294,051	3,233,580
Term loans	1,202,827	544,609	824,263	-
Bills payable	1,129,311	653,155	-	-
Bank overdrafts	100,463	64,476	-	-
ICULS	87,747	162,789	87,747	162,789
Bank charges and commitment fees	1,173,844	1,201,512	2,349	3,365
	9,689,569	8,637,446	5,509,649	5,399,707
less: set off against Investment Revenue (Note 7)	-	-	(3,644,757)	(4,349,767)
	9,689,569	8,637,446	1,864,892	1,049,940

Interest costs on ICULS, Medium Term Notes, revolving credit and term loans, were set off against interest income on advances received from the subsidiaries in the financial statements of the Company as disclosed in Note 7 as these borrowings were onlent to and utilised by subsidiary companies.

Notes to the Financial Statements (cont'd)

12. INCOME TAX EXPENSE

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Income tax expense comprises:				
Current tax expense:				
Malaysian	2,601,000	2,444,328	35,000	-
Foreign	604,654	574,601	-	-
	3,205,654	3,018,929	35,000	-
Adjustment recognised in the current year in relation to the income tax of prior years	321,616	80,593	142,543	-
	3,527,270	3,099,522	177,543	-
Deferred tax:				
Relating to origination and reversal of temporary differences:				
Malaysian	(392,020)	(1,099,000)	-	-
Foreign	(2,958)	(999)	-	-
	(394,978)	(1,099,999)	-	-
Relating to crystallisation of deferred tax liability on revaluation surplus of factory buildings of certain subsidiary companies	(17,262)	(17,296)	-	-
Relating to reversal of liability component of ICULS	5,824	13,037	5,824	13,037
	(406,416)	(1,104,258)	5,824	13,037
	3,120,854	1,995,264	183,367	13,037

The Group's and the Company's income tax rate remained at 25% for the year of assessment 2011. Taxation for other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions.

Notes to the Financial Statements (cont'd)

12. **INCOME TAX EXPENSE** (cont'd)

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

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Profit/(Loss) before tax	11,609,873	10,152,410	6,869,067	(9,602,768)
Tax/(Loss) calculated at 25% (2010: 25%)	2,902,000	2,538,000	1,717,000	(2,400,692)
Tax effects of:				
Expenses that are not deductible in determining taxable profit	2,066,740	1,832,815	686,824	3,323,660
Unutilised tax losses and unabsorbed tax capital allowances not recognised as deferred tax assets	283,560	1,923,417	-	140,069
Utilisation of unutilised tax losses previously not recognised as deferred tax assets	(1,114,764)	-	-	-
Income that is not taxable in determining taxable profit:				
Off-shore profit of a foreign subsidiary not subjected to tax	(1,112,946)	(2,743,973)	-	-
Others	(373,626)	-	(2,363,000)	(1,050,000)
Reinvestment allowances utilised	(162,000)	(997,066)	-	-
Effect of different tax rates in other jurisdictions	310,274	(638,522)	-	-
Adjustment recognised in the current year in relation to the income tax of prior years	321,616	80,593	142,543	-
Income tax expense recognised in statements of comprehensive income	3,120,854	1,995,264	183,367	13,037

According to the tax legislation of People's Republic of China, 100% of the chargeable income is exempted from tax for the first and second year from the date of commencement of business operations and 50% of chargeable income is exempted for the years from 2010 to 2012. From year 2013 onwards, 100% of the chargeable income will be subjected to tax.

Current tax assets

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Tax refund receivable	1,073,211	767,996	222,055	379,848

Notes to the Financial Statements (cont'd)

12. INCOME TAX EXPENSE (cont'd)

Current tax liabilities

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Income tax payable	757,989	915,793	-	-

As of December 31, 2011, the Company has Section 108 tax credits and tax-exempt accounts balances of approximately RM1,694,000 (2010: RM1,694,000) and RM6,638,000 (2010: RM10,838,000) 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 of December 31, 2011, certain subsidiary companies have tax-exempt account balance of approximately RM9,208,000 (2010: RM13,092,514). The tax-exempt account arose from reinvestment allowances claimed and utilised under Schedule 7A of the Income Tax Act, 1967. The tax-exempt account is available for distribution as tax-exempt dividends to the shareholder of the subsidiary companies.

Deferred tax balances

The Group 2011	Opening balance RM	Recognised in statements of comprehensive income RM	Net foreign currency exchange differences recognised in other comprehensive income RM	Closing balance RM
Deferred tax liabilities				
Property, plant and equipment	(2,562,380)	985,958	(126)	(1,576,548)
Revaluation surplus on factory buildings	(169,162)	17,262	-	(151,900)
	(2,731,542)	1,003,220	(126)	(1,728,448)
Deferred tax assets				
Unrealised gain on inventories	457,063	(331,980)	-	125,083
Unabsorbed tax capital allowances	378,000	(378,000)	-	-
Unrealised exchange differences on receivables	41,000	119,000	-	160,000
	876,063	(590,980)	-	285,083
	(1,855,479)	412,240	(126)	(1,443,365)

Notes to the Financial Statements (cont'd)

12. INCOME TAX EXPENSE (cont'd)

Deferred tax balances (cont'd)

The Group 2010	Opening balance RM	Recognised in statements of comprehensive income RM	Net foreign currency exchange differences recognised in other comprehensive income RM	Closing balance RM
Deferred tax liabilities				
Property, plant and equipment	(3,383,241)	819,999	862	(2,562,380)
Revaluation surplus on factory buildings	(186,458)	17,296	-	(169,162)
Unrealised exchange differences on receivables	(215,000)	215,000	-	-
	<u>(3,784,699)</u>	<u>1,052,295</u>	<u>862</u>	<u>(2,731,542)</u>
Deferred tax assets				
Unrealised gain on inventories	457,063	-	-	457,063
Unabsorbed tax capital allowances	354,000	24,000	-	378,000
Unrealised exchange differences on receivables	-	41,000	-	41,000
	<u>811,063</u>	<u>65,000</u>	<u>-</u>	<u>876,063</u>
	<u>(2,973,636)</u>	<u>1,117,295</u>	<u>862</u>	<u>(1,855,479)</u>

Deferred tax assets

The Group and The Company

	Opening balance RM	Recognised in statements of comprehensive income RM	Closing balance RM
2011			
Liability component of ICULS	22,830	(5,824)	17,006
2010			
Liability component of ICULS	35,867	(13,037)	22,830

Notes to the Financial Statements (cont'd)

12. INCOME TAX EXPENSE (cont'd)

As of December 31, 2011, the amount of estimated deferred tax assets of the Group which is not recognised in the financial statements, is as follows:

	The Group	
	Deferred Tax Assets	
	2011	2010
	RM	RM
Unutilised tax losses and unabsorbed tax capital allowances	11,224,000	16,213,000
Temporary differences arising from property, plant and equipment	-	226,000
	<u>11,224,000</u>	<u>16,439,000</u>

13. EARNINGS PER SHARE

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

Basic

	The Group	
	2011	2010
	RM	RM
Profit for the year attributable to owners of the Company	<u>8,906,715</u>	<u>6,604,261</u>
	2011	2010
	Shares	Shares
Number of ordinary shares in issue as of January 1	202,155,788	98,623,917
Less: Shares repurchased as of January 1	(90,000)	-
	<u>202,065,788</u>	<u>98,623,917</u>
Conversion of ICULS	-	1,821,298
Exercise of Warrants	-	1,000
Effect of subdivision of shares	-	100,446,215
	<u>202,065,788</u>	<u>200,892,430</u>
Exercise of Warrants	-	1,833
Conversion of ICULS	87,029	748,845
Shares repurchased	(114,650)	(35,833)
	<u>202,038,167</u>	<u>201,607,275</u>
Weighted average number of ordinary shares in issue	<u>202,038,167</u>	<u>201,607,275</u>
Basic earnings per ordinary share (sen)	<u>4.41</u>	<u>3.28</u>

Notes to the Financial Statements (cont'd)

13. EARNINGS PER SHARE (cont'd)

Fully Diluted

	The Group	
	2011 RM	2010 RM
Profit for the year attributable to owners of the Company	8,906,715	6,604,261
Add: Interest on ICULS	33,993	87,747
	<u>8,940,708</u>	<u>6,692,008</u>
	2011 Shares	2010 Shares
Weighted average number of ordinary shares in issue	202,038,167	201,607,275
Effect of conversion of ICULS	26,761,266	27,113,031
	<u>228,799,433</u>	<u>228,720,306</u>
	2011	2010
Fully diluted earnings per ordinary share (sen)	<u>3.91</u>	<u>2.93</u>

The effects of Warrants on fully diluted earnings per ordinary share in the current year have not been presented as the average fair value of the shares of the Company was lower than the exercise price of the Warrants. The effect would be anti-dilutive to the earnings per ordinary share.

14. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold land RM	Factory buildings RM	Plant and machinery RM	Factory and office equipment, furniture and fittings RM	Electrical installation RM	Motor vehicles RM	Capital work-in progress RM	Total RM
Cost								
As of January 1, 2010	3,519,496	49,295,569	184,644,648	14,339,817	288,434	2,390,770	20,800,190	275,278,924
Additions	-	748,336	4,783,730	1,206,604	-	236,096	6,077,241	13,052,007
Disposals	-	-	(200,024)	-	-	-	-	(200,024)
Write off	-	-	-	(15,289)	-	-	-	(15,289)
Reclassification	-	202,784	(44,262)	40,810	-	-	(199,332)	-
Net foreign currency exchange differences	-	(2,164,679)	(5,054,864)	(544,180)	-	(96,142)	(1,431,300)	(9,291,165)
As of December 31, 2010	3,519,496	48,082,010	184,129,228	15,027,762	288,434	2,530,724	25,246,799	278,824,453
Additions	-	113,267	5,439,492	299,211	-	279,875	320,087	6,451,932
Disposals	-	-	-	(12,985)	-	(263,520)	-	(276,505)
Write off	-	-	-	(10,683)	-	-	-	(10,683)
Reclassification	-	(2,673,997)	10,078,672	(6,624,726)	(25,526)	(26,688)	(727,735)	-
Net foreign currency exchange differences	-	2,156,544	6,157,439	204,319	-	106,983	1,905,480	10,530,765
As of December 31, 2011	3,519,496	47,677,824	205,804,831	8,882,898	262,908	2,627,374	26,744,631	295,519,962
Accumulated depreciation and impairment								
As of January 1, 2010	-	10,327,861	99,597,285	7,828,396	73,254	1,063,746	-	118,890,542
Charge for the year	-	1,673,858	12,997,059	1,678,166	26,292	365,246	-	16,740,621
Disposals	-	-	(160,326)	-	-	-	-	(160,326)
Write off	-	-	-	(2,006)	-	-	-	(2,006)
Reclassification	-	466	(731)	265	-	-	-	-
Net foreign currency exchange differences	-	(102,078)	(793,957)	(153,013)	-	(40,879)	-	(1,089,927)
As of December 31, 2010	-	11,900,107	111,639,330	9,351,808	99,546	1,388,113	-	134,378,904
Charge for the year	-	1,449,291	13,197,748	512,665	24,101	322,302	-	15,506,107
Impairment loss recognised for the year	-	-	943,266	2,505	59,062	732	-	1,005,565
Disposals	-	-	-	(12,484)	-	(247,931)	-	(260,415)
Write off	-	-	-	(2,078)	-	-	-	(2,078)
Reclassification	-	(583,171)	2,762,031	(2,166,915)	(7,141)	(4,804)	-	-
Net foreign currency exchange differences	-	149,144	1,928,270	101,542	-	62,299	-	2,241,255
As of December 31, 2011	-	12,915,371	130,470,645	7,787,043	175,568	1,520,711	-	152,869,338
Carrying amount								
As of December 31, 2011	3,519,496	34,762,453	75,334,186	1,095,855	87,340	1,106,663	26,744,631	142,650,624
As of December 31, 2010	3,519,496	36,181,903	72,489,898	5,675,954	188,888	1,142,611	25,246,799	144,445,549

Notes to the Financial Statements (cont'd)

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Certain factory buildings of the Group with carrying value of RM20,210,177 (2010: RM28,134,355) as of December 31, 2011 are charged to a licensed bank for facilities granted to a subsidiary as disclosed in Note 29.

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

	The Group	
	2011	2010
	RM	RM
At cost:		
Plant and machinery	78,826,536	53,755,322
Factory and office equipment, furniture and fittings	6,762,319	5,823,315
Motor vehicles	978,091	524,759
	86,566,946	60,103,396

15. PREPAID LEASE PAYMENTS

The Group	Long-term	Short-term	
2011	leasehold	leasehold	
	land	land	Total
	RM	RM	RM
At cost			
At beginning of year	1,731,254	12,852,702	14,583,956
Additions	-	-	-
Disposals	-	-	-
Net foreign currency exchange differences	-	753,712	753,712
At end of year	1,731,254	13,606,414	15,337,668
Accumulated amortisation			
At beginning of year	280,792	780,454	1,061,246
Amortisation for the year	29,892	197,551	227,443
Disposals	-	-	-
Net foreign currency exchange differences	-	72,859	72,859
At end of year	310,684	1,050,864	1,361,548
Carrying amount	1,420,570	12,555,550	13,976,120

Notes to the Financial Statements (cont'd)

15. PREPAID LEASE PAYMENTS (cont'd)

The Group 2010	Long-term leasehold land RM	Short-term leasehold land RM	Total RM
At cost			
At beginning of year	1,731,254	13,575,096	15,306,350
Additions	-	-	-
Disposals	-	-	-
Net foreign currency exchange differences	-	(722,394)	(722,394)
At end of year	1,731,254	12,852,702	14,583,956
Accumulated amortisation			
At beginning of year	250,900	629,520	880,420
Amortisation for the year	29,892	198,470	228,362
Disposals	-	-	-
Net foreign currency exchange differences	-	(47,536)	(47,536)
At end of year	280,792	780,454	1,061,246
Carrying amount	1,450,462	12,072,248	13,522,710

Short-term leasehold land of a subsidiary with carrying amount of RM12,555,550 (2010: RM12,072,248) is charged to a licensed bank for facilities granted to a subsidiary as disclosed in Note 29.

16. INVESTMENTS IN SUBSIDIARY COMPANIES

	The Company 2011 RM	2010 RM
Unquoted shares, at cost:		
In Malaysia	27,353,102	27,353,102
Outside Malaysia	38,418,534	40,818,534
	65,771,636	68,171,636

Notes to the Financial Statements (cont'd)

16. INVESTMENTS IN SUBSIDIARY COMPANIES (cont'd)

The subsidiary companies are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2011 %	2010 %	
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	Ceased its business activities since January 1, 2007.
Diamond Grip (M) Sdn. Bhd.	Malaysia	100	100	Manufacturing and sales of industrial rubber gloves.
Pioneer Vantage Limited *	Hong Kong	100	100	Investment holding.
Rubberex (Hong Kong) Limited *	Hong Kong	100	100	Trading of gloves and other latex products.
Lifestyle Investment (Hong Kong) Limited *	Hong Kong	100	100	Investment holding.
Indirect subsidiary companies				
<i>Held through Rubberex (M) Sdn. Berhad</i>				
Rubberex Marketing (M) Sdn. Bhd.	Malaysia	100	70	Trading of gloves, household items, kitchen items and personal protective products.
Gentle Touch Limited #	United Kingdom	100	100	Dissolved on December 6, 2011.
Rubberex Spain, S.L. *	Spain	100	100	Trading of gloves, household items, kitchen items and personal protective products.

Notes to the Financial Statements (cont'd)

16. INVESTMENTS IN SUBSIDIARY COMPANIES (cont'd)

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2011 %	2010 %	
Indirect subsidiary companies (cont'd)				
<i>Held through Diamond Grip (M) Sdn. Bhd.</i>				
Biogreen Medical Sdn. Bhd.	Malaysia	100	60	Temporarily ceased its business operations and management intends to commence trading operations in the near future.
<i>Held through Pioneer Vantage Limited</i>				
LPL (Hui Zhou) Glove Co. Limited ^	People's Republic of China	100	100	Manufacturing and sales of industrial and disposable gloves.
<i>Held through Lifestyle Investment (Hong Kong) Limited</i>				
Lifestyle Safety Products (Hui Zhou) Co. Limited ^	People's Republic of China	100	100	Manufacturing and sales of disposable gloves.

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

^ The financial statements of these companies are examined by a member firm of auditors of the Company.

No statutory audit required.

During the financial year, the following acquisitions took place:

- (i) Rubberex (M) Sdn. Berhad acquired the remaining 30% equity interest in Rubberex Marketing (M) Sdn. Bhd. for a total consideration of RM572,626; and
- (ii) Diamond Grip (M) Sdn. Bhd. acquired the remaining 40% equity interest in Biogreen Medical Sdn. Bhd. for a nominal sum of RM2.

Notes to the Financial Statements (cont'd)

17. GOODWILL ON CONSOLIDATION

	The Group	
	2011 RM	2010 RM
Goodwill:		
At beginning and end of year	2,793,422	2,793,422

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 pre-tax cash flow projections based on a financial forecast approved by management covering a five year period from 2012 to 2016. The following key assumptions are used to generate the financial forecast:

Sales volume	Remained unchanged
Inflation rate	3.00% per annum
Discount rate	9.35%

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

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 the recoverable amount of the CGU to be lower than the carrying amount of CGU and the allocated goodwill.

18. INVENTORIES

	The Group	
	2011 RM	2010 RM
At cost:		
Finished and trading goods	46,421,789	42,569,851
Raw materials	26,495,378	20,736,551
Packing materials	1,667,991	2,320,767
Parts and consumables	610,579	581,207
Work-in-progress	80,949	268,973
	75,276,686	66,477,349
At net realisable value:		
Finished and trading goods	2,612,147	155,195
	77,888,833	66,632,544
Less: Allowance for slow moving inventories	(233,148)	-
Net	77,655,685	66,632,544

Notes to the Financial Statements (cont'd)

18. INVENTORIES (cont'd)

The cost of inventories recognised as an expense during the year was RM333,651,074 (2010: RM296,507,103).

Included in cost of inventories recognised as an expense for the Group are as follows:

	2011	2010
	RM	RM
Finished and trading goods written off	605,538	-
Packing materials written off	481,090	-
Finished and trading goods written down to net realisable value	438,072	115,308
Allowance for slow moving inventories - finished and trading goods	255,436	-
Raw materials written off	93,207	22,913
Allowance for inventory obsolescence - finished and trading goods	-	63,616
	<hr/>	<hr/>

Movement in the allowance for slow moving inventories is as follows:

	The Group	
	2011	2010
	RM	RM
Balance at beginning of year	-	-
Additional allowance recognised during the year	255,436	-
Net foreign currency exchange differences	(22,288)	-
	<hr/>	<hr/>
Balance at end of year	233,148	-
	<hr/>	<hr/>

19. TRADE AND OTHER RECEIVABLES

	The Group	
	2011	2010
	RM	RM
Trade receivables	39,682,200	33,864,075
Less: Allowance for doubtful debts	(260,563)	(171,192)
	<hr/>	<hr/>
Other receivables	39,421,637	33,692,883
	16,560,253	14,752,800
	<hr/>	<hr/>
	55,981,890	48,445,683
	<hr/>	<hr/>

Notes to the Financial Statements (cont'd)

19. TRADE AND OTHER RECEIVABLES (cont'd)

The currency profile of trade and other receivables is as follows:

	The Group	
	2011 RM	2010 RM
USD	28,422,296	25,042,158
RMB	11,837,493	13,202,022
Euro	9,748,971	8,980,114
RM	6,169,286	1,288,269
GBP	42,447	82,978
HKD	21,960	21,334
	56,242,453	48,616,875

Trade receivables comprise amounts receivable for the sale of goods. The credit period granted on sale of goods ranged from 30 to 180 days (2010: 30 to 180 days). No interest is charged on overdue outstanding balances of trade receivables. An allowance has been made for estimated irrecoverable amounts of trade receivables of RM260,563 (2010: RM171,192) based on the past default experience of the Group.

Other receivables of the Group comprise mainly advance payments of RM7,995,509 (2010: RM5,742,797) to Chinese Government for acquisition of land use rights in People's Republic of China of which the land title has not been issued at date of report and advance payments of RM2,381,591 (2010: RM3,913,811) to suppliers for purchase of raw materials and property, plant and equipment.

Movement in the allowance for doubtful debts is as follows:

	The Group	
	2011 RM	2010 RM
Balance at beginning of year	171,192	157,712
Increase in allowance recognised in statements of comprehensive income	96,026	49,776
Amounts recovered during the year	(3,486)	-
Amounts written off	-	(11,543)
Net foreign currency exchange differences	(3,169)	(24,753)
Balance at end of year	260,563	171,192

Ageing of impaired trade receivables:

	The Group	
	2011 RM	2010 RM
More than 150 days	260,563	171,192

Notes to the Financial Statements (cont'd)

19. TRADE AND OTHER RECEIVABLES (cont'd)

Included in trade receivables of the Group are receivables with total carrying amount of RM2,988,033 (2010: RM3,042,992) which are past due at the end of the reporting date for which the Group has not recognised an allowance for doubtful debts as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances nor does it has a legal right to offset against any amounts owed by the Group to the counterparty.

The Group seeks to maintain strict control over its outstanding trade receivables and has a credit period policy to minimise credit risk. Overdue balances are reviewed by management at least twice per month.

Ageing of trade receivables which are past due but not impaired at the end of the reporting date are as follows:

	The Group	
	2011	2010
	RM	RM
1 - 30 days	1,000,276	68,506
31 - 60 days	1,039,353	1,101,882
61 - 90 days	269,033	619,770
91 - 120 days	368,772	671,945
More than 120 days	310,599	580,889
	2,988,033	3,042,992

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 which range from 5.34% to 7.70% (2010: 4.00% to 7.70%) per annum.

	The Company	
	2011	2010
	RM	RM
Amount owing by subsidiary companies	160,341,519	162,469,949
Less: Amount due within 12 months (shown under current assets)	(32,960,969)	(44,959,128)
Non-current portion	127,380,550	117,510,821

The amount owing by subsidiary companies shown under current portion is repayable upon demand while the non-current portion is treated as net investment in foreign operations as the settlement is neither planned nor likely to occur in the foreseeable future.

Notes to the Financial Statements (cont'd)

20. RELATED PARTY TRANSACTIONS (cont'd)

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

	The Company	
	2011	2010
	RM	RM
HKD	127,380,550	117,510,821
RM	32,960,969	44,959,128
	<u>160,341,519</u>	<u>162,469,949</u>

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

	The Company	
	2011	2010
	RM	RM
HKD	5,931,698	5,271,728
RM	-	4,083,510
	<u>5,931,698</u>	<u>9,355,238</u>

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.

Notes to the Financial Statements (cont'd)

20. RELATED PARTY TRANSACTIONS (cont'd)

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

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Subsidiary companies				
Rubberex (M) Sdn. Berhad				
Assignment of debts	-	-	2,616,646	-
Interest on advances received/receivable	-	-	373,974	767,352
Net advances (granted)/received	-	-	(11,706,019)	17,780,209
Biogreen Medical Sdn. Bhd.				
Interest on advances received/receivable	-	-	222,005	291,786
Net advances granted	-	-	-	(291,786)
Pioneer Vantage Limited				
Interest on advances received/receivable	-	-	3,048,778	3,222,360
Net advances granted	-	-	(20,498)	(19,946,447)
Lifestyle Investment (Hong Kong) Limited				
Advances granted	-	-	(3,219,775)	(2,459,898)
Interest on advances received/receivable	-	-	-	420,803
Rubberex (Hong Kong) Limited				
Advances received	-	-	3,203,932	15,943,272
Assignment of debts	-	-	(2,616,646)	-
Interest on advances received/receivable	-	-	-	380,753
Diamond Grip (M) Sdn. Bhd.				
Dividend income	-	-	6,000,000	4,200,000
Advances received/ (granted)	-	-	23,600,000	(3,200,000)

Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel of the Group includes Executive Directors and Non-Executive Directors of the Company and certain members of senior management of the Group.

Notes to the Financial Statements (cont'd)

20. RELATED PARTY TRANSACTIONS (cont'd)

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:

	The Group	
	2011	2010
	RM	RM
Short-term employee benefits	1,323,275	1,152,004
Post-employment benefits - Defined contribution plan	159,384	138,924
	1,482,659	1,290,928

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 RM4,800 (2010: RM4,800).

21. OTHER FINANCIAL ASSETS

	The Group	
	2011	2010
	RM	RM
Financial derivatives - foreign currency forward contracts	881,350	278,156

The Group enters into foreign currency forward contracts in the normal course of business to manage its exposure against foreign currency fluctuation on foreign receipts and payments.

22. OTHER ASSETS

	The Group		The Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Refundable deposits	274,858	175,467	1,000	1,000
Prepaid expenses	172,849	353,384	-	-
	447,707	528,851	1,000	1,000

Notes to the Financial Statements (cont'd)

23. FIXED DEPOSITS, CASH AND BANK BALANCES

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Fixed deposits with a licensed bank	826,000	6,280,000	326,000	2,280,000
MTN Debt Service Reserve Account	188,521	526,557	188,521	526,557
MTN Disbursement Account	693	26,381	693	26,381
Cash and other bank balances	34,457,513	33,790,537	948,501	939,933
	<u>35,472,727</u>	<u>40,623,475</u>	<u>1,463,715</u>	<u>3,772,871</u>

MTN Debt Service 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.

The effective interest rates for fixed deposits ranged from 2.65% to 3.20% (2010: 2.65% to 2.90%) per annum. The fixed deposits have average maturity period of one to six months (2010: one to five months).

Fixed deposits of the Group and of the Company amounting to RM326,000 (2010: RM2,280,000) are pledged to a licensed bank as security for the MTN Programme.

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

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
USD	23,404,497	16,064,350	-	-
RMB	5,914,565	2,710,188	-	-
RM	3,981,664	11,819,641	1,463,715	3,772,871
Euro	1,749,832	6,206,999	-	-
HKD	247,476	3,794,855	-	-
GBP	174,693	27,442	-	-
	<u>35,472,727</u>	<u>40,623,475</u>	<u>1,463,715</u>	<u>3,772,871</u>

Notes to the Financial Statements (cont'd)

24. SHARE CAPITAL AND TREASURY SHARES

(a) Share Capital

	Par value RM	The Group and The Company			
		2011 Number of ordinary shares	2010 Number of ordinary shares	2011 RM	2010 RM
Authorised:					
At beginning of year	1.00/ 0.50	400,000,000	200,000,000	200,000,000	200,000,000
Effect of subdivision of shares		-	200,000,000	-	-
At end of year	0.50	<u>400,000,000</u>	<u>400,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>
Issued and fully paid:					
At beginning of year	1.00/ 0.50	202,155,788	98,623,917	101,077,894	98,623,917
Issued during the year:					
Conversion of ICULS	1.00	-	1,824,535	-	1,824,535
Exercise of Warrants	1.00	-	1,000	-	1,000
	1.00/ 0.50	<u>202,155,788</u>	<u>100,449,452</u>	<u>101,077,894</u>	<u>100,449,452</u>
Effect of subdivision of shares		-	100,449,452	-	-
Issued during the year:					
Conversion of ICULS	0.50	351,764	1,254,884	175,882	627,442
Exercise of Warrants	0.50	-	2,000	-	1,000
At end of year	0.50	<u>202,507,552</u>	<u>202,155,788</u>	<u>101,253,776</u>	<u>101,077,894</u>

During the financial year, the Company increased its issued and fully paid-up ordinary share capital from RM101,077,894 to RM101,253,776 by way of issuance of 351,764 new ordinary shares of RM0.50 each arising from the conversion of RM299,000 nominal value of 4%, 5-year ICULS at the conversion price of RM0.85 per ordinary share.

The resulting premium arising from the shares issued of RM77,361 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.

Notes to the Financial Statements (cont'd)

(b) Treasury Shares

	← The Group and The Company →			
	2011 Number of shares	2010 Number of shares	2011 RM	2010 RM
At beginning of year	90,000	-	85,067	-
Repurchased during the year	975,800	90,000	681,326	85,067
At end of year	1,065,800	90,000	766,393	85,067

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting ("AGM") held on May 27, 2011, renewed the approval for the Company 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.

During the year, the Company repurchased 975,800 (2010: 90,000) ordinary shares from the open market of Bursa Malaysia Securities Berhad. The total amount paid for acquisition of shares was RM681,326 (2010: RM85,067) and has been deducted from equity. The average price paid for the shares repurchased was RM0.70 (2010: RM0.95) 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 of December 31, 2011, there are 1,065,800 treasury shares held by the Company. The number of ordinary shares of RM0.50 each in issue and fully paid after excluding the Treasury Shares was 201,441,752.

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.

25. RESERVES

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Non-distributable reserves:				
Share premium	24,140,809	24,063,448	24,140,809	24,063,448
Translation reserve:				
Exchange differences arising on translation of financial statements of foreign subsidiary companies	14,961,177	7,695,346	-	-
Exchange differences arising from the translation of net investment in foreign entities	(11,011,802)	(14,592,478)	-	-
Capital reserve	(8,435,095)	(10,417,400)	-	-
Distributable reserve:				
Retained earnings/ (Accumulated losses)	28,740,415	23,622,442	(401,805)	(3,298,763)
	48,395,504	30,371,358	23,739,004	20,764,685

Notes to the Financial Statements (cont'd)

25. RESERVES (cont'd)

Share premium

Share premium arose from the following:

	The Group and The Company	
	2011	2010
	RM	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 in 2008	2,538,078	2,538,078
Resale of treasury shares in 2009	1,316,464	1,316,464
Conversion of ICULS in 2009	6,109,673	6,109,673
Exercise of share options in 2009	1,950,854	1,950,854
Exercise of Warrants in 2009	69	69
Conversion of ICULS in 2010	1,359,024	1,359,024
Exercise of Warrants in 2010	1,400	1,400
Conversion of ICULS in 2011	77,361	-
	24,140,809	24,063,448

Translation reserve

Translation reserve represents the exchange differences arising on translation of financial statements of foreign subsidiary companies and arising on translation of monetary items receivable from a foreign operation for which settlement is neither planned nor likely to occur (therefore, forming part of the net investment in the foreign operation) that are taken up in other comprehensive income and accumulated in equity. Such exchange differences are recognised as income or expense in the statements of comprehensive income, in the period in which the foreign subsidiary companies are disposed of.

Capital reserve

Capital reserve represents the excess of the purchase consideration for the acquisition of shares in the subsidiary companies from non-controlling interests over the share of the identifiable net assets of the subsidiary companies at the date of acquisition. The acquisition constitutes a capital transaction with owners, and the excess of purchase consideration over share of net assets is therefore recorded as a capital reserve.

Subsequent changes in the ownership interests in the subsidiary companies that do not result in a loss of control are also adjusted in capital reserve. Any differences between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received shall be recognised directly in capital reserve and attributed to the owners of the Company (controlling entity).

Notes to the Financial Statements (cont'd)

26. DIVIDEND

	← The Group and The Company →			
	2011 RM	2010 RM	Net dividend per share	
			2011 sen	2010 sen
First interim dividend paid - 2.5 sen per share, less tax (2010: 6.0 sen per share, tax-exempt)	3,788,742	5,917,435	1.88	6.00

An interim dividend of 2.5 sen per share, less tax, amounting to RM3,788,742 was paid on January 24, 2011 in respect of the current financial year.

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

	The Group and The Company	
	2011 RM	2010 RM
At beginning of year	20,187,916	24,765,128
Coupon interest paid	(921,842)	(1,088,581)
Interest expense (Note 11)	87,747	162,789
Converted during the year	(251,100)	(3,651,420)
	19,102,721	20,187,916
Analysed into:		
Equity component	18,570,838	18,814,944
Liability component (Note 29)	531,883	1,372,972

During the financial year, RM299,000 (2010: RM1,066,658) and Nil (2010: RM3,101,720) nominal value of ICULS were converted into 351,764 (2010: 1,254,884) ordinary shares of RM0.50 each and Nil (2010: 1,824,535) ordinary shares of RM1.00 each at the conversion price of RM0.85 and RM1.70 per ordinary share respectively.

The ICULS and Warrants are governed by a Trust Deed and Deed Poll respectively dated June 29, 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 August 15, 2007 to maturity date on August 14, 2012;
- (b) ICULS holders may convert such amount of the ICULS held into fully paid shares of the Company by tendering RM0.85 nominal value of the ICULS which will entitle the ICULS holders to one (1) fully paid ordinary share of RM0.50 each in the Company;

Notes to the Financial Statements (cont'd)

27. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS") (cont'd)

- (c) The conversion price of RM0.85 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;
- (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 RM0.85 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 RM0.85 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;
- (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; and
- (i) The Warrants may be exercised at any time or before August 14, 2012. Any Warrants which have not been exercised at maturity date will lapse and cease to be valid for any purpose. A notice of maturity shall be sent to each Warrant holder at least 30 days prior to maturity and the same shall be advertised in at least one local daily newspaper circulating in Malaysia.

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.

Warrants

The total number of Warrants that remain unexercised as of December 31, 2011 was 52,979,420

28. MEDIUM TERM NOTES

The Company subscribed to a 7-year Medium Term Notes Programme ("MTN Programme") in 2006 to part finance the capital expenditure of its subsidiary companies in People's Republic of China and in Malaysia. The Company has repaid RM35,000,000 Medium Term Notes which matured during the financial year.

The MTN Programme is secured by a charge over designated accounts opened by the Company as disclosed in Note 23.

Notes to the Financial Statements (cont'd)

29. BORROWINGS

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Secured:				
Term loans	6,278,688	5,361,160	-	-
Revolving credit	24,414,417	21,052,532	-	-
Bills payable	4,238,007	6,958,380	-	-
Unsecured:				
Term loans	32,500,000	-	32,500,000	-
Medium term notes (Note 28)	8,000,000	43,000,000	8,000,000	43,000,000
Revolving credit	30,000,000	30,000,000	30,000,000	30,000,000
Bills payable	11,520,000	11,457,000	-	-
ICULS (liability component) (Note 27)	531,883	1,372,972	531,883	1,372,972
Bank overdrafts	831,969	2,984,242	-	-
	<u>118,314,964</u>	<u>122,186,286</u>	<u>71,031,883</u>	<u>74,372,972</u>
Less: Amount due within 12 months (shown under current liabilities)	<u>(89,551,014)</u>	<u>(111,088,250)</u>	<u>(44,531,883)</u>	<u>(65,834,096)</u>
Non-current portion	<u>28,763,950</u>	<u>11,098,036</u>	<u>26,500,000</u>	<u>8,538,876</u>

The non-current portion is repayable as follows:

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
More than 1 year but not later than 2 years	8,509,300	11,098,036	7,000,000	8,538,876
More than 2 years but not later than 5 years	19,254,650	-	18,500,000	-
More than 5 years	1,000,000	-	1,000,000	-
	<u>28,763,950</u>	<u>11,098,036</u>	<u>26,500,000</u>	<u>8,538,876</u>

Notes to the Financial Statements (cont'd)

29. BORROWINGS (cont'd)

Analysis of borrowings by currency is as follows:

The Group 2011	Ringgit Malaysia RM	USD RM	RMB RM	Total RM
Medium term notes	8,000,000	-	-	8,000,000
Revolving credit	30,000,000	10,478,546	13,935,871	54,414,417
Bills payable	11,520,000	-	4,238,007	15,758,007
Term loans	32,500,000	-	6,278,688	38,778,688
ICULS (liability component)	531,883	-	-	531,883
Bank overdrafts	831,969	-	-	831,969
	83,383,852	10,478,546	24,452,566	118,314,964

The Group 2010	Ringgit Malaysia RM	USD RM	RMB RM	Total RM
Medium term notes	43,000,000	-	-	43,000,000
Revolving credit	30,000,000	8,116,632	12,935,900	51,052,532
Bills payable	11,457,000	1,579,412	5,378,968	18,415,380
Term loans	-	-	5,361,160	5,361,160
ICULS (liability component)	1,372,972	-	-	1,372,972
Bank overdrafts	2,984,242	-	-	2,984,242
	88,814,214	9,696,044	23,676,028	122,186,286

Borrowings of the Company are denominated in Ringgit Malaysia.

The effective interest rates per annum are as follows:

	The Group		The Company	
	2011	2010	2011	2010
	%	%	%	%
Medium term notes	7.50 - 7.70	7.50 - 7.70	7.50 - 7.70	7.50 - 7.70
Revolving credit	4.30 - 8.90	4.00 - 7.25	7.25 - 7.60	7.25
Bills payable	3.37 - 5.86	3.50 - 5.86	-	-
Term loans	5.34 - 7.65	5.94	5.34 - 5.36	-
ICULS	6.39	6.39	6.39	6.39
Bank overdrafts	7.10 - 7.85	6.80 - 7.05	-	-

Notes to the Financial Statements (cont'd)

29. BORROWINGS (cont'd)

The Group has four term loans:

- (a) a three (3) year term loan of RMB4,000,000 (2010: RMB4,000,000) which is repayable by twenty nine (29) monthly instalments of RMB130,005 and final instalment of RMB230,000 commencing March 11, 2010;
- (b) a three (3) year term loan of RMB11,000,000 (2010: RMB11,000,000) which is repayable by twenty nine (29) monthly instalments of RMB370,000 and final instalment of RMB270,000 commencing July 21, 2010;
- (c) a five (5) year term loan of RM25,000,000 (2010: Nil) which is repayable by ten (10) equal semi-annual instalments of RM2,500,000 commencing December 26, 2011; and
- (d) a five (5) year term loan of RM18,000,000 (2010: Nil) which will be repayable by ten (10) equal semi-annual instalments of RM1,800,000 commencing November 1, 2012.

As of December 31, 2011, banking facilities of the Group and of the Company are as follows:

	The Group		The Company	
	2011	2010	2011	2010
Secured:				
Revolving credit (RMB)	43,400,000	43,400,000	-	-
Bills payable (RMB)	20,000,000	20,000,000	-	-
Term loans (RMB)	15,000,000	15,000,000	-	-
Bills payable (HKD)	15,000,000	-	-	-
Revolving credit (USD)	3,000,000	3,000,000	-	-
Unsecured:				
Term loans (RM)	43,000,000	-	43,000,000	-
Bank overdrafts and other banking facilities (RM)	228,500,000	184,500,000	55,000,000	33,000,000

Certain term loans and other banking facilities of the Group are secured by a charge over certain factory buildings and short-term leasehold land of subsidiary companies as disclosed in Note 14 and 15 respectively.

Notes to the Financial Statements (cont'd)

30. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Trade payables	19,143,820	14,654,564	-	-
Other payables for consumables utilities, services, maintenance of property, plant and equipment and advances received	7,820,148	10,912,092	34,491	37,342
Amount payable to vendors for acquisition of additional shares in subsidiary companies (Note 36)	7,200,000	9,600,000	7,200,000	9,600,000
	<u>34,163,968</u>	<u>35,166,656</u>	<u>7,234,491</u>	<u>9,637,342</u>
Less: Amount due within 12 months (shown under current liabilities)	<u>(29,363,968)</u>	<u>(27,966,656)</u>	<u>(2,434,491)</u>	<u>(2,437,342)</u>
Non-current portion	<u>4,800,000</u>	<u>7,200,000</u>	<u>4,800,000</u>	<u>7,200,000</u>

The non-current portion of the amount payable to vendors for the acquisition of the additional shares in subsidiary companies in 2009, is repayable as follows:

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
More than one year but not later than two years	2,400,000	2,400,000	2,400,000	2,400,000
More than two years but not later than five years	2,400,000	4,800,000	2,400,000	4,800,000
	<u>4,800,000</u>	<u>7,200,000</u>	<u>4,800,000</u>	<u>7,200,000</u>

Notes to the Financial Statements (cont'd)

30. TRADE AND OTHER PAYABLES (cont'd)

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

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
RM	15,332,394	17,928,288	7,234,491	9,637,342
RMB	11,483,221	9,478,216	-	-
USD	5,397,505	5,797,455	-	-
HKD	1,032,503	1,106,584	-	-
Euro	918,345	847,471	-	-
GBP	-	8,642	-	-
	<u>34,163,968</u>	<u>35,166,656</u>	<u>7,234,491</u>	<u>9,637,342</u>

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 (2010: 30 to 60 days). No interest is charged on overdue outstanding balances of trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Included in other payables of the Group is an amount of RM1,430,588 (2010: RM3,962,167) representing amount payable for purchase of property, plant and equipment by the subsidiary companies in 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.

31. OTHER LIABILITIES - ACCRUED EXPENSES

The currency profile of accrued expenses is as follows:

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
RMB	4,849,839	3,264,379	-	-
RM	3,673,626	3,438,269	821,634	880,126
Euro	116,568	275,010	-	-
HKD	175,698	199,834	-	-
GBP	-	7,754	-	-
	<u>8,815,731</u>	<u>7,185,246</u>	<u>821,634</u>	<u>880,126</u>

Notes to the Financial Statements (cont'd)

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

Categories of financial instruments

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Financial assets				
Loans and receivables:				
Trade and other receivables	55,981,890	48,445,683	-	-
Amount owing by subsidiary companies	-	-	32,960,969	44,959,128
Derivative assets - foreign currency forward contracts	881,350	278,156	-	-
Fixed deposits, cash and bank balances	35,472,727	40,623,475	1,463,715	3,772,871
Financial liabilities				
Amortised cost:				
Trade and other payables	34,163,968	35,166,656	7,234,491	9,637,342
Other liabilities - accrued expenses	8,815,731	7,185,246	821,634	880,126
Amount owing to subsidiary companies	-	-	5,931,698	9,355,238
Borrowings	118,314,964	122,186,286	71,031,883	74,372,972

Financial Risk Management Objectives and Policies

The operations of the Group and of the Company are subject to a variety of financial risks, including market risk, credit risk, liquidity risk and cash flow risk. The principal objective of the Group and of the Company is to minimise its exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company. Management continually monitors the Group's and the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's and the Company's activities.

(a) Market risk

The Group and the Company are exposed primarily to the risks of changes in foreign currency exchange rates and interest rates.

There has been no change to the Group's and the Company's exposure to market risks or the manner in which these risks are managed and measured.

Notes to the Financial Statements (cont'd)

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(a) *Market risk* (cont'd)

(i) *Foreign currency risk management*

The Group transacts business in various foreign currencies including USD, Euro, RMB, HKD and GBP and therefore, is exposed to foreign exchange risk. The Group enters into foreign currency forward contracts to manage its exposure against foreign currency fluctuations on foreign receipts and payments.

The carrying amounts of the foreign currency denominated monetary assets and liabilities of the Group at the end of the reporting date are disclosed in Notes 19, 20, 23, 29, 30 and 31.

Foreign currency sensitivity analysis

The Group is mainly exposed to the currency of USD, Euro, RMB and HKD while the Company is mainly exposed to the currency of HKD. The management considers that the impact of other currencies to be minimal.

The following table details the sensitivity of the Group to a 1% increase and decrease in RM against the relevant foreign currencies. The sensitivity rate of 1% is used when reporting foreign currency risk internally to key management and represents management's assessment of the reasonably possible change in foreign exchange rates in the next 12 months.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the reporting date for a 1% change in foreign currency rates. A negative number below indicates a decrease in profit and other equity where RM strengthens 1% against the respective currencies. For a 1% weakening of RM against the respective currencies there would be an increase in profit and other equity.

The Group	2011		2010	
	Profit or loss RM	Other equity RM	Profit or loss RM	Other equity RM
USD impact	359,507	-	256,129	-
Euro impact	20,479	81,711	42,625	96,466
HKD impact	10	(9,398)	10	25,088
RMB impact	-	(230,336)	-	(205,064)
<hr/>				
The Company				
HKD impact	1,214,489	-	1,122,391	-
<hr/>				

The above impacts are mainly attributable to the exposure of the respective currencies on the financial instruments outstanding at the end of the reporting date in the Group and in the Company. In the opinion of the management, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Notes to the Financial Statements (cont'd)

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(a) Market risk (cont'd)

(ii) Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group and the Company finance their operations by a mixture of internal funds and bank and other borrowings. The Group and the Company regularly review 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 of 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 policy of the Group and of the Company are 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.

The details of the Group's and of the Company's borrowings are as disclosed in Note 29.

Interest rate sensitivity analysis

For illustration purposes, if the annual effective interest rates increase/decrease by the following basis points for the respective borrowings with all other variable including tax rate being held constant, the profit will be lower/higher by RM451,478 (2010: RM202,212)

	Basis points	
	2011	2010
Bills payable:		
Malaysia	25	20
People's Republic of China	68	35
Bank overdrafts:		
Malaysia	30	20
Revolving credit:		
Malaysia	18	19
People's Republic of China	113	45
Hong Kong	-	29
Term loans:		
Malaysia	30	-

The Group and the Company do not consider their exposure to interest rate risk from interest-bearing assets significant as of December 31, 2011 due to insignificant fluctuations in the market interest rates of interest-bearing assets. Therefore, interest rate sensitivity analysis on interest-bearing assets is not disclosed.

Notes to the Financial Statements (cont'd)

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Credit risk management

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 exposure of the Group to credit risk arises principally from its receivables and other financial assets while the exposure of the Company to credit risk arises from its intercompany balances, financial guarantees given to licensed banks for credit facilities granted to subsidiary companies and other financial assets.

Receivables

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.

As the Group does not hold any collateral, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

A significant portion of trade receivables are regular customers of the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Trade receivables with balances exceeding credit limits are monitored through the holding of new shipment until the old debts plus the new orders are within the credit limit.

For other receivables, management does not foresee any credit risk due to the nature of other receivables which comprise mainly advance payments made to suppliers and advance payments to Chinese Government for acquisition of land use rights in People's Republic of China.

The ageing of trade receivables that are past due and/or impaired is disclosed in Note 19.

Intercompany Balances

The Company provided unsecured advances to its subsidiary companies. There is no fixed repayment term imposed on intercompany balances as the credit risk is managed on a Group basis by the management of the Company to ensure that risk of losses incurred by the Company due to non-repayment by subsidiary companies, is minimal.

At the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

At the end of the financial period, there was no indication that the balances due from subsidiary companies are not recoverable.

Financial Guarantee

The Company provides unsecured financial guarantees to licensed banks in respect of credit facilities granted to subsidiary companies. The Company monitors on an ongoing basis the trend of repayments made by the subsidiary companies.

The maximum exposure to credit risk amounts to RM19,941,000 (2010: RM20,205,000) representing the outstanding balance of credit facilities of subsidiary companies in which financial guarantees are given as of the end of the reporting date.

At the end of the reporting date, there was no indication that the subsidiary companies would default on repayment.

Notes to the Financial Statements (cont'd)

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) *Credit risk management* (cont'd)

Other Financial Assets

The credit risk on liquid funds and derivative financial instruments are limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(c) *Liquidity and cash flow risks management*

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

The Group and the Company expect that the cash generated from its operations, its existing credit facilities and the trade terms provided by its suppliers will be sufficient to meet the Group's and the Company's currently anticipated capital expenditure and working capital needs for at least the next 12 months. The Group and the Company may consider opportunities to obtain additional funds to support its working capital requirements and capital expenditures, or may seek to raise additional funds through equity financing.

The Group has credit facilities of approximately RM89,008,000 (2010: RM56,707,000) which are unused at the end of the reporting date.

The maturity profile of the Group's and of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations are as follows:

The Group 2011	On demand or within one year RM	One year to five years RM	Over five years RM	Total RM
Non-derivative financial assets:				
Loans and receivables	55,981,890	-	-	55,981,890
Fixed deposits, cash and bank balances	35,472,727	-	-	35,472,727
Derivative financial assets:				
Foreign currency forward contracts	881,350	-	-	881,350
Total undiscounted financial assets	92,335,967	-	-	92,335,967

Notes to the Financial Statements (cont'd)

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) *Liquidity and cash flow risks management* (cont'd)

The Group 2011	On demand or within one year RM	One year to five years RM	Over five years RM	Total RM
Non-derivative financial liabilities:				
Other financial liabilities at amortised cost	129,319,361	35,838,597	1,026,700	166,184,658
Derivative financial liabilities:				
Compound instrument - ICULS (liability component)	531,883	-	-	531,883
Total undiscounted financial liabilities	129,851,244	35,838,597	1,026,700	166,716,541
Total net undiscounted financial liabilities	(37,515,277)	(35,838,597)	(1,026,700)	(74,380,574)
The Group 2010				
Non-derivative financial assets:				
Loans and receivables	48,445,683	-	-	48,445,683
Fixed deposits, cash and bank balances	40,623,475	-	-	40,623,475
Derivative financial assets:				
Foreign currency forward contracts	278,156	-	-	278,156
Total undiscounted financial assets	89,347,314	-	-	89,347,314
Non-derivative financial liabilities:				
Other financial liabilities at amortised cost	144,867,180	18,298,036	-	163,165,216
Derivative financial liabilities:				
Compound instrument - ICULS (liability component)	1,372,972	-	-	1,372,972
Total undiscounted financial liabilities	146,240,152	18,298,036	-	164,538,188
Total net undiscounted financial liabilities	(56,892,838)	(18,298,036)	-	(75,190,874)

Notes to the Financial Statements (cont'd)

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) *Liquidity and cash flow risks management* (cont'd)

The Company 2011	On demand or within one year RM	One year to five years RM	Over five years RM	Total RM
Non-derivative financial assets:				
Loans and receivables	32,960,969	-	-	32,960,969
Fixed deposits, cash and bank balances	1,463,715	-	-	1,463,715
Total undiscounted financial assets	34,424,684	-	-	34,424,684
Non-derivative financial liabilities:				
Other financial liabilities at amortised cost	54,856,573	33,343,800	1,026,700	89,227,073
Derivative financial liabilities: Compound instrument - ICULS (liability component)	531,883	-	-	531,883
Total undiscounted financial liabilities	55,388,456	33,343,800	1,026,700	89,758,956
Total net undiscounted financial liabilities	(20,963,772)	(33,343,800)	(1,026,700)	(55,334,272)
The Company 2010				
Non-derivative financial assets:				
Loans and receivables	44,959,128	-	-	44,959,128
Fixed deposits, cash and bank balances	3,772,871	-	-	3,772,871
Total undiscounted financial assets	48,731,999	-	-	48,731,999

Notes to the Financial Statements (cont'd)

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(c) *Liquidity and cash flow risks management* (cont'd)

The Company 2010	On demand or within one year RM	One year to five years RM	Over five years RM	Total RM
Non-derivative financial liabilities:				
Other financial liabilities at amortised cost	77,133,830	15,738,876	-	92,872,706
Derivative financial liabilities:				
Compound instrument - ICULS (liability component)	1,372,972	-	-	1,372,972
Total undiscounted financial liabilities	78,506,802	15,738,876	-	94,245,678
Total net undiscounted financial liabilities	(29,774,803)	(15,738,876)	-	(45,513,679)

(d) *Capital risk management*

The Group and the Company manage their capital to ensure the Group and the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's and the Company's overall strategy remains unchanged from 2010.

The capital structure of the Group and of the Company consist of net debts and equity. The Group and the Company are not subject to any externally imposed capital requirements.

Gearing ratio

The gearing ratio at the reporting date is as follows:

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Debt (i)	118,314,964	122,186,286	71,031,883	74,372,972
Fixed deposits, cash and bank balances	(35,472,727)	(40,623,475)	(1,463,715)	(3,772,871)
Net debt	82,842,237	81,562,811	69,568,168	70,600,101
Equity (ii)	167,453,725	150,179,129	142,797,225	140,572,456
Net debt to equity ratio	0.49	0.54	0.49	0.50

Notes to the Financial Statements (cont'd)

32. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(d) *Capital risk management* (cont'd)

- (i) Debt is defined as borrowings.
- (ii) Equity includes all capital and reserves of the Group and of the Company that are managed as capital.

Fair values of financial instruments

Foreign exchange forward contracts

The notional amounts and estimated fair values of the Group's foreign currency forward contracts outstanding at the reporting date are as follows:

The Group

	Foreign currency		Notional value		Fair value	
	2011	2010	2011 RM	2010 RM	2011 RM	2010 RM
Outstanding contracts						
Sell USD	7,291,362	6,650,000	23,159,045	20,754,000	(98,119)	183,284
Sell Euro	3,864,894	2,900,000	15,864,889	11,939,600	983,537	94,872
Buy USD	(577,998)	-	(1,832,750)	-	(4,068)	-
					<u>881,350</u>	<u>278,156</u>

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

Financial instruments carried at amortised cost

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

The fair value of term loans are estimated using discounted cash flow analysis based on the current borrowing rates for similar types of term loan arrangements. There is no material difference between the carrying amounts and the estimated fair values of term loans.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- " Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- " Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- " Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**Group
2011**

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Financial derivatives - foreign currency	-	881,350	-	<u>881,350</u>

There were no transfers between Levels 1 and 2 in 2011.

Notes to the Financial Statements (cont'd)

33. STATEMENTS OF CASH FLOWS

(a) Purchase of property, plant and equipment

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

	The Group	
	2011 RM	2010 RM
Cash purchase	6,049,085	9,089,840
Balance outstanding: Included in other payables	402,847	3,962,167
	6,451,932	13,052,007

(b) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include fixed deposits, cash on hand and in banks and net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting date as shown in the statement of cash flows can be reconciled to the related items in the statements of financial position as follows:

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Fixed deposits	826,000	6,280,000	326,000	2,280,000
MTN Debt Service Reserve Account	188,521	526,557	188,521	526,557
MTN Disbursement Account	693	26,381	693	26,381
Cash and other bank balances	34,457,513	33,790,537	948,501	939,933
Bank overdrafts	(831,969)	(2,984,242)	-	-
	34,640,758	37,639,233	1,463,715	3,772,871
Less:				
Fixed deposits pledged to bank	(326,000)	(2,280,000)	(326,000)	(2,280,000)
MTN Debt Service Reserve Account charged to Malaysian Trustee Berhad	(188,521)	(526,557)	(188,521)	(526,557)
MTN Disbursement Account charged to Malaysian Trustee Berhad	(693)	(26,381)	(693)	(26,381)
	34,125,544	34,806,295	948,501	939,933

Notes to the Financial Statements (cont'd)

34. CAPITAL COMMITMENTS

As of December 31, 2011, the Group has the following capital expenditure in respect of property, plant and equipment:

	The Group	
	2011 RM	2010 RM
Capital expenditure:		
Approved and contracted for	5,569,650	5,494,401

35. OPERATING LEASE ARRANGEMENTS

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	The Group	
	2011 RM	2010 RM
Within one year	91,814	81,413
In the second to third year inclusive	20,124	41,096
	111,938	122,509

Operating lease payments represent rentals payable by the Group for hostels. Leases are negotiated for terms which range from one to two years (2010: one to three years) with an option to renew the lease after that date.

36. PROFIT GUARANTEE

On June 8, 2009, the Company entered into Sale and Purchase Agreements with the Vendors of Pioneer Vantage Limited ("PVL"), Lifestyle Investment (Hong Kong) Limited ("LHK") and Rubberex (Hong Kong) Limited ("RHK") for the purchase of remaining 40% equity interest in PVL and LHK and additional 20% equity interest in RHK. The salient terms of the Sale and Purchase Agreements are as follows:

- (i) The Vendors and the Company collectively are in agreement that based on the management accounts as at April 30, 2009, the expected aggregate Profit After Tax ("PAT") of China Operations (comprise PVL, LHK, RHK, LPL (Hui Zhou) Glove Co. Ltd. and Lifestyle Safety Products (Hui Zhou) Co. Ltd.) for the financial year ending December 31, 2009 is RM20,000,000;
- (ii) The Vendors irrevocably undertake that in the event that China Operations suffer in aggregate a PAT of less than RM20,000,000 in any of the financial years from 2010 to 2014, the Vendors shall bear the share of ten percent (10%) of the shortfall in PAT in each of the relevant years. Conversely, in the event that China Operations attain in aggregate a PAT in excess of RM20,000,000 in each of the relevant years, the Vendors shall be entitled to share ten percent (10%) of the excess in PAT in each of the relevant years provided always that the share of excess shall not exceed twice of the Guaranteed Retention Amount ("GRA") held for each of the relevant years by the Company. GRA to be held by the Company for each of the relevant years is RM2,400,000; and

Notes to the Financial Statements (cont'd)

36. PROFIT GUARANTEE (cont'd)

- (iii) In order to give full effect to the undertaking by the Vendors to the Company, the Company shall retain the aggregate sum of RM12,000,000 being fifty percent (50%) of the total purchase consideration as GRA for the financial years 2010 to 2014, as disclosed in Note 30. However, RM2,400,000 (2010: RM2,400,000) was adjusted against the GRA held under other payables relating to contingent consideration under this profit guarantee scheme. As of December 31, 2011, total carrying amount of GRA amounted to RM7,200,000 (2010: RM9,600,000).

37. SUBSEQUENT EVENTS

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

- (a) An interim dividend of 2.5 sen per ordinary share, tax-exempt, amounting to RM5,044,089 was paid on February 20, 2012 in respect of financial year ending December 31, 2012; and
- (b) A subsidiary company, Diamond Grip (M) Sdn. Bhd. disposed of 75 units of glove knitting machines with total carrying amount of RM2,674 as of December 31, 2011 for a total consideration of USD300,000.

38. SUPPLEMENTARY INFORMATION - DISCLOSURE ON REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as of December 31, 2011 into realised and unrealised profits or losses, pursuant to the directive issued by Bursa Malaysia Securities Berhad on March 25, 2010, is as follows:

	The Group		The Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Total retained earnings of the Company and its subsidiary companies				
Realised	40,828,390	37,554,188	10,574,402	11,258,120
Unrealised	(11,511,405)	(16,422,107)	(10,976,207)	(14,556,883)
	<u>29,316,985</u>	<u>21,132,081</u>	<u>(401,805)</u>	<u>(3,298,763)</u>
Add: Consolidation adjustments	(576,570)	2,490,361	-	-
Total retained earnings/ (accumulated loss) as per statements of financial position	<u>28,740,415</u>	<u>23,622,442</u>	<u>(401,805)</u>	<u>(3,298,763)</u>

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements" as issued by the Malaysian Institute of Accountants on December 20, 2010.

This supplementary information have been made solely for complying with the disclosure requirements as stipulated in the directives of Bursa Malaysia and is not made for any other purposes.

Statement by Directors

The directors of **RUBBEREX CORPORATION (M) BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Financial Reporting Standards and the provisions of 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 of December 31, 2011 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

The supplementary information set out in Note 38, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the Directors,

MR. PING KOK KOH

DATO' MOHAMED BIN HAMZAH

Ipoh,
April 6, 2012

Declaration by the Officer

Primarily Responsible for the Financial Management of the Company

I, **MR. KHOO CHIN LENG**, the officer primarily responsible for the financial management of **RUBBEREX CORPORATION (M) BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

MR. KHOO CHIN LENG

Subscribed and solemnly declared by the abovenamed **MR. KHOO CHIN LENG** at **IPOH** this 6th day of April, 2012.

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 2011

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]	17.5/3,520
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	13.0/1,174
PT 218274, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	Leasehold (99 years)/ 23 December 2106	Manufacturing, warehouse and office	12,140	2007	4.0/246
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	6.0/8,038
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	41,115	2007	5.0/4,517
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]	17.5/2,915
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	13.0/4,312
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	6.0/27,536

Form of Proxy

CDS A/C No.	No. of shares held

I/We _____ Tel: _____
[Full name in block, NRIC No./Company No. and telephone number]

of _____
 being a member/members of RUBBEREX CORPORATION (M) BERHAD, hereby appoint:-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us and on my/our behalf at the Sixteenth Annual General Meeting of the Company to be held at Tronoh Hall, Level 3, Kinta Riverfront Hotel & Suites, Jalan Lim Bo Seng, 30000 Ipoh, Perak Darul Ridzuan on Tuesday, 29 May 2012 at 10:00 a.m. and at any adjournment thereof, and to vote as indicated below:-

Resolution		For	Against
1.	Adoption of Audited Financial Statements for the financial year ended 31 December 2011		
2.	To approve the payment of Directors' fees		
3.	Re-election of Director – Encik Sharifuddin bin Shoib		
4.	Re-election of Director – Encik Mustapha bin Mohamed		
5.	Re-appointment of Director – Dato' Mohamed bin Hamzah		
6.	To appoint Auditors and to authorise the Directors to fix their remuneration		
7.	Proposed Amendments to the Articles of Association of the Company		
8.	Proposed Renewal of Authority for RUBBEREX CORPORATION (M) BERHAD to purchase its own ordinary shares of RM0.50 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.

Dated this _____ day of _____ 2012

 Signature of Shareholder/Common Seal

Notes:

- A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149 (1) (b) of the Companies Act, 1965 shall not apply to the Company. A member shall not be entitled to appoint more than two proxies to attend at the same meeting. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
- If a member having appointed a proxy to attend a general meeting attends such meeting in person, the appointment of such proxy shall be null and void in respect of such meeting and his proxy shall not be entitled to attend such meeting.
- Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A (1) of SICDA.
- Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall 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 forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting, as the case may be, at which the person named as proxy in such instrument proposes to vote, or in the case of a poll, not less than twenty four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
- For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 58A (b) of the Articles of Association of the Company and Paragraph 7.16 (2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 21 May 2012 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.



Please fold along this line (1)

AFFIX
STAMP

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

Please fold along this line (2)

Rubberex Corporation (M) Berhad (372642-U)

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

www.rubberex.com.my