



# Rubberex Corporation (M) Berhad

(Company No. 372642-U)



**Annual Report 2014**



## Rubberex Corporation (M) Berhad

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## **Notice of Annual General Meeting**

**NOTICE IS HEREBY GIVEN** that the Nineteenth Annual General Meeting of Rubberex Corporation (M) Berhad will be held at 10:00 a.m. on Wednesday, 20 May 2015 at The Rooms, Level 1, Impiana Hotel, 18 Jalan Raja Dr. Nazrin Shah, 30250 Ipoh, Perak Darul Ridzuan for the following purposes:-

### **AGENDA**

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2014 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) Dato' Abd Rahim bin Abd Halim **(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 conclusion of the next Annual General Meeting."

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

### **As Special Business**

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

6. **Authority to issue shares pursuant to Section 132D of the Companies Act, 1965**

"THAT subject always to the approvals of the relevant authorities, the Directors of the Company be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors of the Company may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company as at the date of this Annual General Meeting and that the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

**(Resolution 7)**



Notice of Annual General Meeting (cont'd)

**7. 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 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)**

**8. Retention of Independent Non-Executive Directors**

To retain the following Directors as Independent Non-Executive Director of the Company in accordance with the Malaysian Code of Corporate Governance 2012:-

- (i) Dato' Mohamed bin Hamzah
- (ii) Mr. Yap Jek Nan

**(Resolution 9)**

**(Resolution 10)**



## Notice of Annual General Meeting (cont'd)

9. 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)  
Secretary

Ipoh  
28 April 2015

### **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 12 May 2015 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.



## Notice of Annual General Meeting (cont'd)

### Explanatory Notes To Special Business:

#### 1. Resolution 7

##### **Authority to issue shares pursuant to Section 132D of the Companies Act, 1965**

The proposed adoption of the Resolution 7 is primarily to give flexibility to the Board of Directors to issue shares to such persons at any time in their absolute discretion without convening a general meeting. This authorisation will expire at the conclusion of the next Annual General Meeting of the Company.

The purpose of this general mandate is for possible fund-raising exercises including but not limited to further placement of shares, for purpose of funding current and/or future investment project(s), working capital, repayment of borrowings and/or acquisitions.

#### 2. Resolution 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**

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 28 April 2015, which is dispatched together with the Company's Annual Report 2014.

Please refer to the Circular to Shareholders dated 28 April 2015 for further information.

#### 3. Resolutions 9 and 10

##### **Retention of Independent Non-Executive Directors**

The resolutions will allow the following directors to continue to act as Independent Non-Executive Directors of the Company:

- (i) **Dato' Mohamed bin Hamzah**  
Dato' Mohamed bin Hamzah was appointed Independent Non-Executive Director of the Company on 24 October 1996, and has therefore served for more than nine (9) years. As at the date of this notice of the AGM, Dato' Mohamed bin Hamzah has served the Company for 19 years. However, Dato' Mohamed bin Hamzah has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Board, therefore, considers Dato' Mohamed bin Hamzah to be independent and believes that Dato' Mohamed bin Hamzah should be retained as Independent Non-Executive Director.
- (ii) **Mr. Yap Jek Nan**  
Mr. Yap Jek Nan was appointed Independent Non-Executive Director of the Company on 24 October 1996, and has therefore served for more than nine (9) years. As at the date of this notice of the AGM, Mr. Yap Jek Nan has served the Company for 19 years. However, Mr. Yap Jek Nan has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Board, therefore, considers Mr. Yap Jek Nan to be independent and believes that Mr. Yap Jek Nan should be retained as Independent Non-Executive Director.



## Corporate Information

<b>DIRECTORS</b>	Y. Bhg. Dato' Abd Rahim bin Abd Halim <i>Chairman</i>
	Y. Bhg. Dato' Mohamed bin Hamzah <i>Deputy Chairman</i>
	Khoo Chin Leng <i>Managing Director</i>
	Sharifuddin bin Shoib
	Mustapha bin Mohamed
	Poh Choo Lim
	Yap Jek Nan
<b>COMPANY SECRETARY</b>	Chan Chee Kheong MAICSA 0810287
<b>AUDITOR</b>	Deloitte Chartered Accountants
<b>PRINCIPAL BANKERS</b>	HSBC Bank Malaysia Berhad RHB Bank Berhad Hong Leong Bank Berhad Asian Finance Bank Berhad Hongkong & Shanghai Banking Corporation Limited HSBC Bank (China) Limited China Construction Bank Limited United Overseas Bank (China) Limited
<b>REGISTERED OFFICE</b>	41, Jalan Medan Ipoh 6, Bandar Baru Medan Ipoh, 31400 Ipoh, Perak Darul Ridzuan. Tel no.: 605 545 1222 Fax no.: 605 545 9222
<b>REGISTRAR</b>	Tricor Investor Services Sdn Bhd 41, Jalan Medan Ipoh 6, Bandar Baru Medan Ipoh, 31400 Ipoh, Perak Darul Ridzuan.
<b>STOCK EXCHANGE LISTING</b>	Bursa Malaysia Securities Berhad (Main Market) Stock name: RUBEREX Stock code: 7803
<b>WEBSITES</b>	<a href="http://www.rubberex.com.my">www.rubberex.com.my</a> <a href="http://www.rubberex-corp.com.my">www.rubberex-corp.com.my</a>



## Directors' Profile

**Dato' Abd Rahim bin Abd Halim**, aged 66, a Malaysian, is a non-independent non-executive Chairman of the Company. He was appointed to the Board on 09 August 2002 and assumed his current position on 27 August 2014. He was also appointed as Chairman of the Remuneration Committee on 27 August 2014. Dato' Abd Rahim bin Abd Halim 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' Abd Rahim bin Abd Halim 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. Formerly the Managing Director of MBM Resources Berhad, he is currently its Chairman. Dato' Abd Rahim bin Abd Halim is also on the Board of several private companies including Perusahaan Otomobil Kedua Sdn Bhd ("Perodua") and Oriental Metal Industries (M) Sdn Bhd, where he is presently the Chairman.

Dato' Abd Rahim bin Abd Halim does not have any family relationship or conflict of interest with any other director or substantial shareholder of the Company, other than his shareholding interests disclosed in this report. He has not been convicted of any offences in the past ten years, other than traffic offences, if any.

**Dato' Mohamed bin Hamzah**, aged 74, a Malaysian, is an independent non-executive director of the Company. He was appointed to the Board of the Company on 24 October 1996 and served as Chairman from 30 November 1998 to 27 August 2014 after which he opted for the re-designation as Deputy Chairman. He is currently 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. Dato' Mohamed bin Hamzah spent 25 years of his career as a Government officer in the Diplomatic and Administrative Service where he also 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 and 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.

Dato' Mohamed bin Hamzah does not have any family relationship or conflict of interest with any other director or substantial shareholder of the Company, other than his shareholding interests disclosed in this report. He has not been convicted of any offences in the past ten years, other than traffic offences, if any.

**Mr. Khoo Chin Leng**, aged 55, a Malaysian, is a non-independent Managing Director of the Company and was appointed to the Board of the Company on 01 July 2013. He is a member of the Malaysian Institute of Accountants and a Fellow Member of the Chartered Association of Certified Accountants (FCCA), United Kingdom. Mr. Khoo Chin Leng joined Rubberex (M) Sdn Berhad, a wholly owned subsidiary of the Company, in 1988 as the Accountant and has held various positions within the Finance Division of the Group. Mr. Khoo Chin Leng was instrumental in the set-up of the Group's subsidiary companies in China and has been active in its operations since 2005. These subsidiary companies are mainly involved in the manufacture and sales of industrial gloves and vinyl disposable gloves. Prior to joining Rubberex (M) Sdn Berhad, he was attached to IJM Corporation Berhad, as its Accountant for 5 years.

Mr. Khoo Chin Leng does not have any family relationship or conflict of interest with any other director or substantial shareholder of the Company, other than his shareholding interests disclosed in this report. He has not been convicted of any offences in the past ten years, other than traffic offences, if any.





## Director's Profile (cont'd)

**En. Sharifuddin bin Shoib**, aged 68, 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 a Member of the Remuneration Committee and was appointed a Member of the Audit Committee of the Board on 27 August 2014. En. Sharifuddin bin Shoib holds a Bachelor of Engineering (Mechanical) degree from Australia which was obtained in 1974 and is a member of the Institute of Engineers Malaysia. He has been a board member of Rubberex (M) Sdn Berhad, a wholly owned subsidiary of the Company, since inception. En. Sharifuddin bin Shoib 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 and a former non-executive Chairman of Rubber Thread Industries (M) Sdn Bhd ("RTI") in Ipoh, Perak. Currently, En. Sharifuddin bin Shoib is a non-executive Chairman of OKA Corporation Berhad which is primarily involved in the manufacture and sale of pre-cast concrete products and ready-mixed concrete.

En. Sharifuddin bin Shoib does not have any family relationship or conflict of interest with any other director or substantial shareholder of the Company, other than his shareholding interests disclosed in this report. He has not been convicted of any offences in the past ten years, other than traffic offences, if any.

**En. Mustapha bin Mohamed**, aged 69, a Malaysian, is an independent non-executive director of the Company, appointed since 11 April 2008. He is also a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Board. He is a Fellow Member of the Association of Chartered Certified Accountants, a Chartered Accountant with the Malaysian Institute of Accountants and Certified Public Accountants (Malaysia). En. Mustapha bin Mohamed was previously with Coopers & Lybrand Malaysia (now known as Pricewaterhouse Coopers) for 22 years from 1971 to 1993 of which he was a Partner from 1987 to 1993. He previously served as director of Gadek Berhad, Gadek Capital Berhad, 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 MBM Resources Berhad and is also involved in his own business, providing advisory services in relation to his own profession.

En. Mustapha bin Mohamed does not have any family relationship or conflict of interest with any other director or substantial shareholder of the Company, other than his shareholding interests disclosed in this report. He has not been convicted of any offences in the past ten years, other than traffic offences, if any.

**Mr. Poh Choo Lim**, aged 66, 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 Choo Lim is involved in the housing and development industry as well as the hotel management business. He is also the Executive Director of Aun Huat & Brothers Sdn Bhd and Grand View Hotel in Ipoh, Perak.

Mr. Poh Choo Lim does not have any family relationship or conflict of interest with any other director or substantial shareholder of the Company, other than his shareholding interests disclosed in this report. He has not been convicted of any offences in the past ten years, other than traffic offences, if any.

**Mr. Yap Jek Nan**, aged 50, 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 a director of MBM Land Sdn Bhd, a property development company in Ipoh, Perak.

Mr. Yap Jek Nan does not have any family relationship or conflict of interest with any other director or substantial shareholder of the Company, other than his shareholding interests disclosed in this report. He has not been convicted of any offences in the past ten years, other than traffic offences, if any.



## **Chairman's Statement**

### **Introduction**

On behalf of the Board, I am pleased to present my inaugural Annual Report of the Company for the financial year ended 31 December 2014.

It was an eventful year for the Rubberex Group. Our established operations in Malaysia and China continued to market our products to most major markets in Europe as well as North and South America. Whilst significant world events such as the ongoing Euro-zone crisis, the Ukrainian-Russian conflict, the recent crash in crude oil prices and the slowdown of the Chinese economy have created more uncertainties and dampened demand, the Group was able to weather these challenges through our proactive marketing strategies.

During the year, the strengthening of the U.S. Dollar and to a lesser extent, the Euro, had a positive direct effect on our revenue stream. This factor, coupled with favourable raw material input prices such as latex and plastic resin, have resulted in higher profit margins for the Group's products. However, competition remains intense and foreign exchange risk remains a big concern.

It is largely against this backdrop that the Group registered a slightly lower sales turnover but this was more than compensated by a marked improvement to our bottom line for the financial year just ended compared to the previous year.

### **Financial Results**

The Group achieved a sales turnover of RM296.4 million in 2014 compared to RM325.3 million in 2013, a decrease of 9%. However, the Group's pretax profit improved significantly from RM4.4 million in the previous year to RM16.5 million in the financial year 2014, a turnaround of 275%. Our biggest revenue contributor remains the vinyl disposable gloves segment in China which alone contributed to 42% of the Group's turnover. Overall demand for the Group's products remains stable; we have maintained our marketing policies to focus on premium customers and market segments that have proven to yield higher profit margins.

The performances of our Malaysian and European operations were commendable, supported by favourable raw material prices and exchange rates, as well as better capacity utilization that played a part in enhancing profit margins.

In China, severe price pressures encountered in 2013 for our vinyl disposable gloves eased significantly. Demand stabilized in 2014 and this enabled the group to gradually increase our sale prices.

Complementing all these improvements and developments, the Group has also benefited from the weakening of the local currency; the Ringgit slid to an average of RM3.50 per USD at year-end compared to RM3.28 at the beginning of the year. Fair value losses on investments held overseas as well as unrealized foreign exchange losses amounting to RM2.9 million were recognized in the books, as required by the Malaysian Accounting Standards. This had impacted the Group's bottom line.

On the whole, the Group performance in 2014 was commendable; earnings before taxes, depreciation and amortization (EBITDA) improved from RM26.5 million in 2013 to RM38.0 million in 2014. Our net cash position was also strong, with a net cash balance of RM43.0 million, as at 31 December 2014. The Group has also maintained a satisfactory gearing ratio, with total liabilities over equity of 52% in the financial year just ended.



## Chairman's Statement (cont'd)

### Dividends

The Board will continue with its policy of paying dividends as long as Group performance and cashflow positions are satisfactory. Two interim dividends were declared and paid in 2014; the first interim of 1.5 sen tax-exempt (nominal value of RM0.50 each) on 18 February 2014 and the second of 2.0 sen tax-exempt on 19 December 2014. Total dividend paid out during the year amounted to approximately RM8.0 million.

### Future prospects

Operating conditions for financial year 2015 are expected to remain challenging with volatile foreign exchange environment and rising labour costs. Our Malaysia operations, which produce the traditional general purpose household and industrial gloves, are expected to remain stable in line with improving hygiene standards around the world. Steady demand in our traditional markets is the mainstay for our Malaysian operations.

In China, our vinyl disposable gloves segment has shown a commendable turnaround, from an operational loss position of RM8.6 million in 2013 to record a profit of RM1.7 million despite on-going competition among glove manufacturers in the country. We are constantly keeping abreast with changing market trends, health or regulatory requirements as well as customer preferences. Our ability to respond to such needs is supported by strong internal research and development (R&D) teams. In terms of marketing strategies, our focus on products with higher margins such as medical grade gloves and premium customers has proven to yield positive results for the Group. Meanwhile, to further generate savings and improve efficiencies, factory automation and machinery upgrades have been given priority.

Since the middle of 2014, the Group has also expanded its Malaysian factory to include new production lines for nitrile disposable gloves. This new product will complement our existing range of gloves and will cater mostly to the healthcare and medical segment of the market. This expansion, which is implemented in phases, is funded by a combination of bank borrowing and internal reserves. The Board believes that this new product will boost the profitability and the earnings base of the Group, which is expected to materialize in the second quarter of this year.

### 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. We also put on record our sincere appreciation to Y. Bhg. Dato' Mohamed bin Hamzah for his invaluable service and contribution as Chairman for the past 16 years. The Board has designated Y. Bhg. Dato' as our Deputy Chairman and Senior Independent Director, whose role includes shareholder's relation.

Our thanks also go towards the Malaysian and Chinese governments, the relevant authorities, our customers, shareholders, bankers, advisors and business associates for their valued support and assistance.

Thank you.

**Dato' Abd Rahim bin Abd Halim**  
Chairman

26 March 2015



## **Audit Committee Report**

### **MEMBERS OF THE AUDIT COMMITTEE**

Dato' Mohamed bin Hamzah	(Chairman, Independent Non-Executive Director)
Dato' Abd Rahim bin Abd Halim	(Non-Independent Non-Executive Director, Resigned on 27 August 2014)
Mustapha bin Mohamed	(Independent Non-Executive Director)
Sharifuddin bin Shoib	(Non-Independent Non-Executive Director, Appointed on 27 August 2014)

### **TERMS OF REFERENCE OF THE AUDIT COMMITTEE**

#### **1. MEMBERSHIP**

- 1.1 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;
- 1.2 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;
- 1.3 No Alternate Directors shall be appointed as a member of the Audit Committee;
- 1.4 The Chairman of the Audit Committee shall be elected amongst their members and is an independent non-executive Director;
- 1.5 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
- 1.6 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)

### 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 2014. The attendance record of each member is as follows:-

Dato' Mohamed bin Hamzah	4/4
Dato' Abd Rahim bin Abd Halim (resigned on 27 August 2014)	3/4
Mustapha bin Mohamed	4/4
Sharifuddin bin Shoib (appointed on 27 August 2014)	1/4

### SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The main activities of the Audit Committee in the financial year ended 31 December 2014 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;
6. Reviewed the Company's and the Group's compliance with the listing requirements of Bursa Malaysia Securities Berhad;



## Audit Committee Report (cont'd)

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

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 2014 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 the Audit Committee and the Board, as appropriate.

All internal audit activities for the financial year ended 31 December 2014 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 RM169,324.



## **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 2012 ("Code"). The Company has, throughout the financial year ended 31 December 2014, 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, Khoo Chin Leng has many years of experience in the Group's core businesses. The Group is focused on the glove business and the intimate knowledge and vast experiences of the management team in the business has also 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**

All directors, including non-independent directors, have attended and completed the Mandatory Accreditation Programme as prescribed by Bursa Malaysia Securities Berhad. The directors, either collectively or individually, have also attended various public talks and training sessions to keep abreast with developments in the business environment as well as to assist them in discharging their duties more effectively. Some of these training sessions were as follows:-

- MIA Conference 2014; and
- Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers





## Statement of Corporate Governance (cont'd)

### Board Meetings

Four Board Meetings were held during the financial year ended 31 December 2014. The attendance record of each director during the year was as follows:

<b>Name</b>	<b>Attendance</b>
Dato' Abd Rahim bin Abd Halim	4/4
Dato' Mohamed bin Hamzah	4/4
Khoo Chin Leng	4/4
Sharifuddin bin Shoib	4/4
Mustapha bin Mohamed	4/4
Poh Choo Lim	4/4
Yap Jek Nan	4/4

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, an executive director is 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 a Company Secretary who ensures 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 Secretary is also charged with highlighting all issues that he feels ought to be brought to the Board's attention.

Besides the Company Secretary, 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 investment bankers, valuers, human resource consultants, etc.



## Statement of Corporate Governance (cont'd)

### Appointment of Directors

The Nomination Committee has three (3) member comprising two independent non-executive directors and one non-independent non-executive director. This Committee is responsible for making recommendations for any appointments to the Board. In making these recommendations, the Nomination Committee considers the required mix of skills, contribution, experience and diversity, including gender diversity, which 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.

### 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:

Dato' Abd Rahim bin Abd Halim (Chairman, appointed on 27 August 2014)  
Dato' Mohamed bin Hamzah  
Sharifuddin bin Shoib  
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 2014 are as follows:-

1. Aggregate remuneration of directors of the Company categorised into appropriate components:

	<b>Emoluments RM</b>	<b>Fees RM</b>	<b>Total RM</b>
Executive Director	540,660	-	540,660
Non-executive Directors	-	197,500	197,500



## Statement of Corporate Governance (cont'd)

### Directors' Remuneration (cont'd)

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

Range of remuneration	Executive	Non-executive
Below RM50,000	-	6
RM500,001 to RM600,000	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 Malaysian Financial Reporting Standards and the provisions of the Companies Act, 1965, in Malaysia

### Financial Reporting

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

### Shareholders

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

Any queries or concerns with regards to the Rubberex Group may be addressed to the following person:-

Chan Chee Kheong, 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.



## Statement of Corporate Governance (cont'd)

### Internal Control (cont'd)

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 RM169,324.

### 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.

### Share Buy-backs

A total of 22,000 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
May	12,000	0.6650	0.6650	0.6698	8,038
November	10,000	0.6600	0.6600	0.6649	6,649
	<b>22,000</b>	<b>0.6650</b>	<b>0.6600</b>	<b>0.6676</b>	<b>14,687</b>

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

There was no resale of Treasury shares during the year.



## Statement of Corporate Governance (cont'd)

### **OTHER INFORMATION** (cont'd)

#### **Options, Warrants and Convertible Securities**

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.

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

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

#### **Imposition of Sanctions/Penalties**

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

#### **Non-audit fees**

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

#### **Variation in results**

There was no material variance between the audited results of the Group for the financial year ended 31 December 2014 and unaudited results previously released on 27 February 2015.

#### **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 either still subsisting at the end of the financial year or entered into since the end of the financial year.

#### **Revaluation Policy on landed properties**

There was no revaluation of landed properties during the financial year ended 31 December 2014.

#### **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 2014.



## **Statement on Risk Management and Internal Control**

This Statement is prepared in compliance with paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which requires the Board of Directors of public listed companies to include in its Annual Report, a “statement about the state of internal control of the listed issuer as a group”.

The Board of Directors of Rubberex Corporation (M) Berhad is committed to maintaining a sound system of risk management and internal control in the Group and is pleased to provide the following Statement on Risk Management and Internal Control for the financial year ended 31 December 2014.

### **Board Responsibility**

The Board of Directors is responsible for the adequacy and effectiveness of the Group’s Risk Management and Internal Control systems. This includes the establishment of an appropriate control environment and risk management framework as well as continually reviewing the adequacy and integrity of the said systems to safeguard our stakeholders’ interests and the Group’s assets. The system of risk management and internal controls covers finance, operations, management information systems and compliance with relevant laws, both local and foreign, all other statutory regulations, policies and procedures.

Whilst acknowledging its responsibilities, the Board of Directors is also aware of the limitations that are inherent in any systems of internal control and risk management, therefore such systems are designed to manage rather than totally eliminate the risks of failure to achieve business objectives. Accordingly, such systems can only provide reasonable rather than absolute assurance against material losses, misstatements or breaches of laws and/or regulations.

### **Risk Management Framework**

The Group’s risk management and internal control framework is a continually updated and ongoing process for identifying, evaluating and managing significant risks impacting the Group. The implementation of the risk management and internal control systems are operated within the Group by qualified personnel and supported by Management throughout the financial year. The Board of Directors, with the assistance of its Audit Committee, has also received assurance from senior Management that the Group’s risk management and internal control systems are operating adequately and effectively at the present time.

### **Internal Audit Function**

The Internal Audit department is an independent division in the Group that reports functionally to the Audit Committee. The head of the Internal Audit department meets at least quarterly with the Audit Committee and provides the Committee with objective reports on the state of internal controls within the Group. Internal Audit also carries out ad-hoc audit assignments under the direction of the Audit Committee, if necessary.



## Statement on Risk Management and Internal Control (cont'd)

### **Other Key Elements of the Group's Internal Control System**

The Group's internal control system is designed primarily to facilitate the achievement of the Group's business objectives and comprise, among others, the following salient features:-

- **Organisation Structure**

The organisation structure of the Group includes defined lines of responsibility and delegation of authority to the Committees of the Board as well as authority limits for management and operating units;

- **Group Policies and Procedures**

The Group's policies and procedures are set in place to ensure controls in authorisation limits as well as compliance to current laws and regulations. These policies and procedures are clearly communicated to employees and include an expected code of conduct and discipline to which employees acknowledge at the time of employment;

- **Budgeting and Monitoring Processes**

The operating subsidiary companies within the Group draw up an annual budget plan prior to the commencement of each new financial year that is seen and approved by Management before a Group Annual Budget is compiled and presented to the Board of Directors for consideration. Actual operating results are compared to the forecasted results regularly with variances reviewed and management action taken, where necessary. The Board of Directors is also informed of such variances on a quarterly basis;

- **Financial Performance Review**

Regular and comprehensive information are provided to Management, covering financial results and key business indicators such as sales, production volumes, profit margins and cash flow performance;

- **Audit Committee**

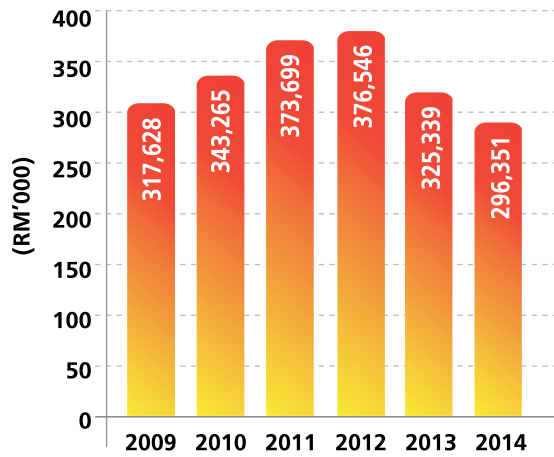
The Audit Committee comprises non-executive members of the Board of Directors, with two independent directors forming the majority and a member that is a qualified accountant. The Audit Committee has full and unrestricted access to any information pertaining to the Group and has direct communication access to both the internal and external auditors of the Group.

For the financial year just ended, no major control deficiencies were noted and the Board of Directors is of the view that the risk management and internal control systems of the Group are appropriate and adequate.

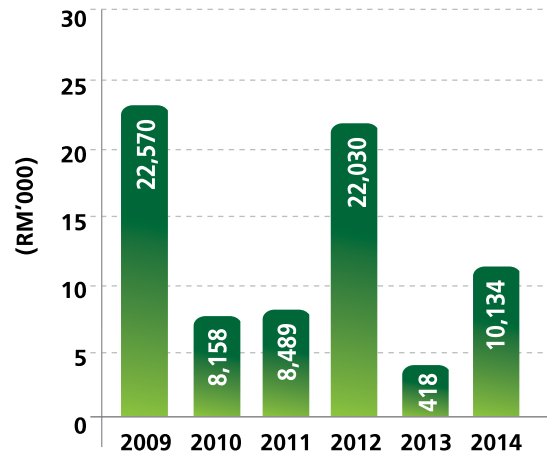


## Financial Highlights 2014

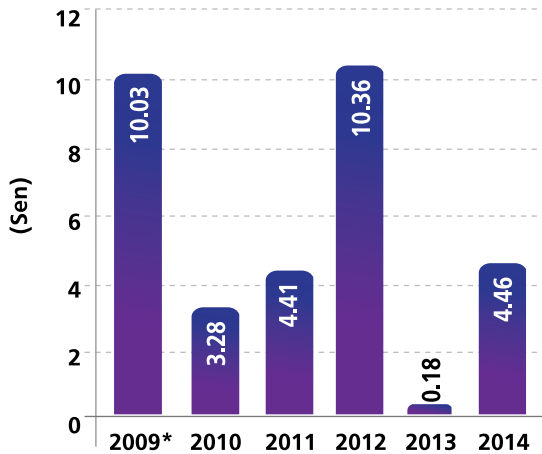
### Revenue



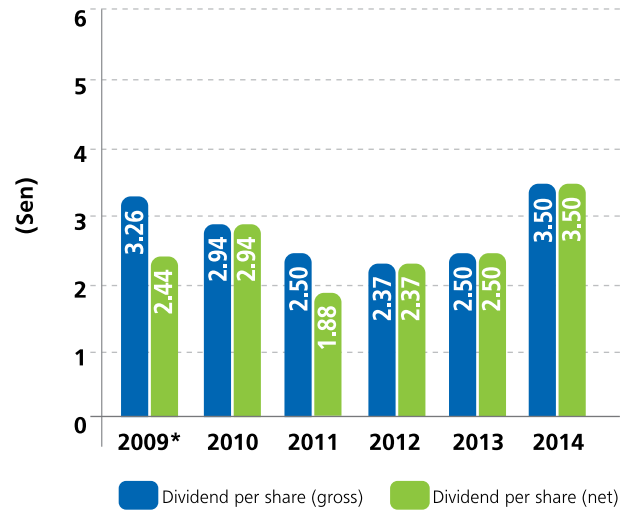
### Profit for the Year



### Earnings Per Share (basic)



### Dividend Per Share (gross/net)



\* Restated due to subdivision of shares in 2010 wherein the par value of each ordinary share of RUBEREX was revised from RM1.00 to RM0.50





## Statement of Shareholdings

as at 19 March 2015

Authorised Share Capital	:	RM200,000,000
Issued and Paid up Capital	:	RM114,639,408
Treasury Shares	:	1,982,200
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 19 MARCH 2015

#### Size of Shareholdings as at 19 March 2015

(excluding 1,982,200 treasury shares)

	No. of Holders	% of Holders	No. of Shares	% of Shares
Less than 100	189	3.70	9,621	0.00
100 – 1,000	315	6.16	177,006	0.08
1,001 – 10,000	3,020	59.07	16,073,034	7.07
10,001 – 100,000	1,416	27.69	42,963,232	18.90
100,001 to less than 5% of issued shares	170	3.32	98,536,224	43.35
5% and above of issued shares	3	0.06	69,537,500	30.59
<b>Total</b>	<b>5,113</b>	<b>100.00</b>	<b>227,296,617</b>	<b>100.00</b>

### 30 LARGEST SECURITIES ACCOUNT HOLDERS FOR ORDINARY SHARES

No.	Names	Shares	%
1	Public Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Med-Bumikar Mara Sdn Bhd (PIVB)	32,444,889	14.27
2	Duvest Holdings Sdn Bhd	24,047,750	10.58
3	Med-Bumikar Mara Sdn Bhd	13,044,861	5.74
4	Public Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Aun Huat & Brothers Sdn Berhad (E-IMO/BCM)	8,352,941	3.67
5	Aun Huat & Brothers Sdn Berhad	6,956,145	3.06
6	Teng Cheng Bon @ Teng Kim Tee	6,889,184	3.03
7	Aun Huat & Brothers Sdn Berhad	5,891,686	2.59
8	Yap Siew Chin	5,355,400	2.36
9	HSBC Nominees (Asing) Sdn Bhd – Exempt An For Skandinaviska Enskilda Banken AB (Swedish Clients)	4,138,600	1.82
10	RHB Capital Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Ping Kok Koh (041005)	3,429,704	1.51
11	Diamond Silk International Sdn Bhd	3,401,183	1.50
12	Kon Choi Ying	2,934,638	1.29
13	Public Nominees (Tempatan) Sdn Bhd – Pledged Securities Account For Med-Bumikar Mara Sdn Bhd (SAM)	2,889,111	1.27
14	RHB Capital Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Sharifuddin bin Shoib (041004)	2,164,542	0.95



Statement of Shareholdings  
as at 19 March 2015

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

No.	Names	Shares	%
15	Kenanga Nominees (Tempatan) Sdn Bhd – Ping Kok Koh (PCS)	1,813,334	0.80
16	Wong Kit Peng	1,750,000	0.77
17	Mohamed bin Hamzah	1,275,135	0.56
18	Ong Suan Kim	1,201,964	0.53
19	Low Hin Choong	1,147,600	0.50
20	Tok Peck Hong	1,081,000	0.48
21	Opulent Base Sdn Bhd	1,000,000	0.44
22	Woi Yoon Kim	833,089	0.37
23	Rampai Dedikasi Sdn Bhd	800,000	0.35
24	Teo Kwee Hock	724,300	0.32
25	Teng Cheng Bon @ Teng Kim Tee	709,590	0.31
26	Sabri bin Abd Hamid	696,000	0.31
27	Goh Mooi Huan	671,966	0.30
28	Mega First Housing Development Sdn Bhd	667,700	0.29
29	Shum Yoke Chee	653,758	0.29
30	Alliance Group Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Tan Leong Kheng (6000006)	635,600	0.28
		<b>137,601,670</b>	<b>60.54</b>

**SUBSTANTIAL SHAREHOLDERS AS AT 19 MARCH 2015  
ORDINARY SHARES OF RM0.50 EACH**

	Direct	No. of shares held		%
		%	Indirect	
Med-Bumikar Mara Sdn Bhd	48,378,861	21.28	-	-
Duvest Holdings Sdn Bhd	24,047,750	10.58	-	-
Teng Cheng Bon @ Teng Kim Tee	7,598,774	3.34	24,047,750	10.58 *
Aun Huat & Brothers Sdn Berhad	21,200,772	9.33	-	-
Ping Kok Koh	-	-	33,108,854	14.57 \\
Sharifuddin bin Shoib	54,114	0.02	26,212,292	11.53 **
P & F Holdings Sdn Bhd	370,666	0.16	21,200,772	9.33 ++
Poh Cheong Meng & Sons Sdn Bhd	516,024	0.23	21,200,772	9.33 ++
Poh Yin Hoe & Sons Holding Sdn Bhd	-	-	21,200,772	9.33 ++
Poh Chee Meng & Sons Holdings Sdn Bhd	383,121	0.17	21,200,772	9.33 ++

\* 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, Kenanga Nominees (Tempatan) Sdn Bhd, Maybank Nominees (Tempatan) Sdn Bhd, RHB Capital Nominees (Tempatan) Sdn Bhd and Kon Choi Ying

++ Held directly by Aun Huat & Brothers Sdn Berhad



Statement of Shareholdings  
as at 19 March 2015

**DIRECTORS' INTERESTS AS AT 19 MARCH 2015**  
**ORDINARY SHARES OF RM0.50 EACH**

	Direct	No. of shares held		%
		%	Indirect	
Dato' Abd Rahim bin Abd Halim	200,000	0.09	100,000	0.04
Dato' Mohamed bin Hamzah	1,275,135	0.56	153,505	0.07
Khoo Chin Leng	10,690	0.00	7,604	0.00
Sharifuddin bin Shoib	54,114	0.02	26,212,292	11.53
Mustapha bin Mohamed	-	-	-	-
Poh Choo Lim	340,000	0.15	120,000	0.05
Yap Jek Nan	-	-	-	-

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## 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, 2014.

### PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

The principal activities of the subsidiary companies are disclosed in Note 16 to the financial statements.

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

### RESULTS OF OPERATIONS

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

	<b>The Group RM</b>	<b>The Company RM</b>
Profit for the year	10,133,850	12,984,353

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

### DIVIDENDS

A first interim dividend of 1.50 sen per ordinary share, tax-exempt, amounting to RM3,409,778, computed based on the issued and paid-up capital of 229,278,817 ordinary shares of RM0.50 each, less treasury shares of 1,960,200 held by the Company, was declared and paid in respect of the current financial year.

A second interim dividend of 2.00 sen per ordinary shares, tax-exempt, amounting to RM4,545,932 computed based on the issued and paid-up capital of 229,278,817 ordinary shares of RM0.50 each, less treasury shares of 1,982,200 held by the Company, was declared and paid 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

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

### TREASURY SHARES

During the year, the Company repurchased 22,000 ordinary shares from the open market of Bursa Malaysia Securities Berhad. The total amount paid for the acquisition of the shares was RM14,687 and has been deducted from equity. The repurchase transactions were financed by internally generated funds and the average price paid for the shares was RM0.67 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 STATUTORY INFORMATION

Before the statements of profit or loss and other 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 had satisfied themselves that no known bad debts need to be written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

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

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



## Directors' Report (cont'd)

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

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

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

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

### **DIRECTORS**

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

Dato' Abd Rahim bin Abd Halim  
Dato' Mohamed bin Hamzah  
Mr. Khoo Chin Leng  
En. Mustapha bin Mohamed  
Mr. Poh Choo Lim  
Mr. Yap Jek Nan  
En. Sharifuddin bin Shoib

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

In accordance with Section 129(6) 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 31.12.2014
	Balance as of 1.1.2014	Bought	Sold	
<b>Shares in the Company</b>				
<b>Registered in the name of directors</b>				
Dato' Abd Rahim bin Abd Halim	-	200,000	-	200,000
Dato' Mohamed bin Hamzah	1,095,135	180,000	-	1,275,135
Mr. Khoo Chin Leng	10,690	-	-	10,690
En. Sharifuddin bin Shoib	54,114	-	-	54,114
Mr. Poh Choo Lim	340,000	-	-	340,000
<b>Indirect interest</b>				
Dato' Abd Rahim bin Abd Halim	-	100,000	-	100,000
Dato' Mohamed bin Hamzah	153,505	-	-	153,505
Mr. Khoo Chin Leng	5,472	2,132	-	7,604
En. Sharifuddin bin Shoib	26,212,292	-	-	26,212,292
Mr. Poh Choo Lim	120,000	-	-	120,000

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 of 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.

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, have indicated their willingness to continue in office.

Signed on behalf of the Board  
in accordance with a resolution of the Directors,

**MR. KHOO CHIN LENG**

**DATO' MOHAMED BIN HAMZAH**

Ipoh,  
March 20, 2015





**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, 2014 and the statements of profit or loss and other 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 43 to 103.

*Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation of these financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible 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 give a true and fair view of the financial position of the Group and of the Company as of December 31, 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.



**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 subsidiary companies 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 subsidiary companies, of which we have not acted as auditors, which are indicated in Note 16 to the financial statements;
- (c) we are satisfied that the accounts of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes; and
- (d) the auditors' reports on the accounts of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

**Other Reporting Responsibilities**

The supplementary information set out in Note 36 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 Matter**

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**  
**AF 0080**  
**Chartered Accountants**

**LIM KENG PEO**  
**Partner - 2939/01/16(J)**  
**Chartered Accountant**

March 20, 2015



**Statements of Profit or Loss and Other Comprehensive Income**  
for the year ended December 31, 2014

	Note	The Group		The Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Revenue	5	296,350,885	325,339,170	7,154,010	13,766,500
Investment revenue	7	56,880	-	56,880	-
Other gains and losses	8	(3,401,173)	1,748,536	8,308,150	8,440,804
Other operating income	10	125,206	498,147	-	-
Changes in inventories of finished goods, trading goods and work-in-progress		(14,704,870)	(18,373,535)	-	-
Purchase of finished goods and trading goods		(21,262,730)	(24,174,937)	-	-
Raw materials and consumables used		(138,659,034)	(182,436,710)	-	-
Employee benefits expenses	9	(41,108,912)	(41,821,139)	(197,500)	(127,500)
Depreciation expenses	14	(16,644,601)	(15,672,463)	-	-
Amortisation of prepaid lease payments	15	(244,849)	(243,349)	-	-
Finance costs	11	(4,588,777)	(6,209,574)	(1,725,057)	(1,838,138)
Other operating expenses	10	(39,376,348)	(34,279,983)	(612,130)	(290,079)
Profit before tax		16,541,677	4,374,163	12,984,353	19,951,587
Income tax expenses	12	(6,407,827)	(3,956,462)	-	(435)
<b>PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<u>10,133,850</u>	<u>417,701</u>	<u>12,984,353</u>	<u>19,951,152</u>
<b>Other comprehensive income</b>					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		6,946,331	17,315,314	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<u>17,080,181</u>	<u>17,733,015</u>	<u>12,984,353</u>	<u>19,951,152</u>
<b>Earnings per share</b>					
Basic and diluted (sen per share)	13	<u>4.46</u>	<u>0.18</u>		

The accompanying Notes form an integral part of the financial statements.



**Statements of Financial Position**  
as of December 31, 2014

	Note	The Group		The Company	
		2014 RM	2013 RM	2014 RM	2013 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	14	141,298,362	132,246,901	-	-
Prepaid lease payments	15	13,989,605	13,859,866	-	-
Investment in subsidiary companies	16	-	-	197,013,296	190,724,526
Deferred tax assets	12	639,634	-	-	-
Goodwill on consolidation	17	2,793,422	2,793,422	-	-
<b>Total non-current assets</b>		<b>158,721,023</b>	<b>148,900,189</b>	<b>197,013,296</b>	<b>190,724,526</b>
<b>Current assets</b>					
Inventories	18	63,091,028	85,027,622	-	-
Trade and other receivables	19	47,331,034	45,196,816	-	-
Amount owing by subsidiary companies	20	-	-	6,514,428	16,103,194
Current tax assets	12	307,889	560,656	198,993	198,993
Other assets	21	1,059,715	502,792	1,000	1,000
Other financial assets	22	133,713	-	-	-
Cash and bank balances	23	43,526,913	21,972,087	10,742,830	1,035,131
<b>Total current assets</b>		<b>155,450,292</b>	<b>153,259,973</b>	<b>17,457,251</b>	<b>17,338,318</b>
<b>Total assets</b>		<b>314,171,315</b>	<b>302,160,162</b>	<b>214,470,547</b>	<b>208,062,844</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Share capital	24(a)	114,639,408	114,639,408	114,639,408	114,639,408
Treasury shares	24(b)	(1,419,529)	(1,404,842)	(1,419,529)	(1,404,842)
Reserves	25	92,967,215	81,442,744	48,668,936	43,640,293
<b>Total equity</b>		<b>206,187,094</b>	<b>194,677,310</b>	<b>161,888,815</b>	<b>156,874,859</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities	12	50,091	246,439	-	-
Borrowings	27	18,195,000	16,000,000	12,375,000	16,000,000
<b>Total non-current liabilities</b>		<b>18,245,091</b>	<b>16,246,439</b>	<b>12,375,000</b>	<b>16,000,000</b>

The accompanying Notes form an integral part of the financial statements.



Statements of Financial Position  
as of December 31, 2014 (cont'd)

	Note	The Group		The Company	
		2014 RM	2013 RM	2014 RM	2013 RM
<b>Current liabilities</b>					
Trade and other payables	28	31,378,046	36,459,578	-	2,410,658
Amount owing to subsidiary companies	20	-	-	6,835,871	145,827
Borrowings	27	50,108,468	48,105,861	33,125,000	32,400,000
Current tax liabilities	12	1,156,173	543,575	-	-
Other liabilities - accrued expenses	29	4,498,650	4,993,502	245,861	231,500
Other financial liabilities	30	2,597,793	1,133,897	-	-
<b>Total current liabilities</b>		<b>89,739,130</b>	<b>91,236,413</b>	<b>40,206,732</b>	<b>35,187,985</b>
<b>Total liabilities</b>		<b>107,984,221</b>	<b>107,482,852</b>	<b>52,581,732</b>	<b>51,187,985</b>
<b>Total equity and liabilities</b>		<b>314,171,315</b>	<b>302,160,162</b>	<b>214,470,547</b>	<b>208,062,844</b>

The accompanying Notes form an integral part of the financial statements.



**Statement of Changes in Equity**  
for the year ended December 31, 2014

The Group	Note(s)	← Attributable to Owners of the Company →					Distributable Reserve Retained Earnings RM	Net Equity RM
		Issued Capital RM	Non-distributable Reserves			Capital Reserve RM		
			Treasury Shares RM	Share Premium RM	Translation Reserve RM			
<b>Balance as of January 1, 2013</b>		114,639,408	(1,389,339)	29,334,830	(853,899)	(7,527,752)	46,040,021	180,243,269
Profit for the year		-	-	-	-	-	417,701	417,701
Other comprehensive income for the year		-	-	-	17,315,314	-	-	17,315,314
Total comprehensive income for the year		-	-	-	17,315,314	-	417,701	17,733,015
Payment of dividend	26	-	-	-	-	-	(5,683,471)	(5,683,471)
Adjustment relating to contingent consideration under profit guarantee		-	-	-	-	2,400,000	-	2,400,000
Purchase of treasury shares	24(b)	-	(15,503)	-	-	-	-	(15,503)
<b>Balance as of December 31, 2013</b>		114,639,408	(1,404,842)	29,334,830	16,461,415	(5,127,752)	40,774,251	194,677,310
Profit for the year		-	-	-	-	-	10,133,850	10,133,850
Other comprehensive income for the year		-	-	-	6,946,331	-	-	6,946,331
Total comprehensive income for the year		-	-	-	6,946,331	-	10,133,850	17,080,181
Payment of dividend	26	-	-	-	-	-	(7,955,710)	(7,955,710)
Adjustment relating to contingent consideration under profit guarantee		-	-	-	-	2,400,000	-	2,400,000
Purchase of treasury shares	24(b)	-	(14,687)	-	-	-	-	(14,687)
<b>Balance as of December 31, 2014</b>		114,639,408	(1,419,529)	29,334,830	23,407,746	(2,727,752)	42,952,391	206,187,094

The accompanying Notes form an integral part of the financial statements.

The Company	Note(s)	← Attributable to Owners of the Company →				
		Issued Capital RM	Treasury Shares RM	Share Premium RM	Non- distributable Reserve Retained Earnings RM	Distributable Reserve Net Equity RM
<b>Balance as of January 1, 2013</b>		114,639,408	(1,389,339)	29,334,830	37,782	142,622,681
Profit and total comprehensive income for the year		-	-	-	19,951,152	19,951,152
Payment of dividend	26	-	-	-	(5,683,471)	(5,683,471)
Purchase of treasury shares	24(b)	-	(15,503)	-	-	(15,503)
<b>Balance as of December 31, 2013</b>		114,639,408	(1,404,842)	29,334,830	14,305,463	156,874,859
Profit and total comprehensive income for the year		-	-	-	12,984,353	12,984,353
Payment of dividend	26	-	-	-	(7,955,710)	(7,955,710)
Purchase of treasury shares	24(b)	-	(14,687)	-	-	(14,687)
<b>Balance as of December 31, 2014</b>		114,639,408	(1,419,529)	29,334,830	19,334,106	161,888,815

The accompanying Notes form an integral part of the financial statements.

Statement of Changes in Equity  
for the year ended December 31, 2014 (cont'd)



**Rubberex Corporation**  
**(M) Berhad**





**Statement of Cash Flows**  
for the year ended December 31, 2014

<b>The Group</b>	<b>Note</b>	<b>2014 RM</b>	<b>2013 RM</b>
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>			
Profit for the year		10,133,850	417,701
Adjustments for:			
Depreciation of property, plant and equipment		16,644,601	15,672,463
Income tax expense recognised in profit or loss		6,407,827	3,956,462
Finance costs		4,588,777	6,209,574
Fair value losses on financial derivatives		2,643,941	1,131,840
Inventories written off		498,753	74,206
Impairment loss on property, plant and equipment		270,600	-
Unrealised loss/(gain) on foreign exchange		265,575	(863,254)
Amortisation of prepaid lease payments		244,849	243,349
Property, plant and equipment written off		81,146	918,038
Allowance for doubtful debts		59,803	120,432
(Gain)/Loss on disposal of property, plant and equipment		(119,782)	135,021
Investment revenue recognised in profit or loss		(56,880)	-
Interest income		(11,633)	(20,280)
Prepaid lease payments written off		-	295,707
Bad debts written off		-	89,918
Reversal of inventories written down		-	(89,266)
Waiver of debts		-	(78,293)
		<hr/>	<hr/>
		41,651,427	28,213,618
Movements in working capital:			
Decrease/(Increase) in:			
Inventories		21,263,421	15,385,270
Trade and other receivables		(1,995,941)	7,450,022
Other assets		(568,193)	(67,236)
Other financial assets		(1,134,605)	(250,502)
(Decrease)/Increase in:			
Trade and other payables		(2,998,116)	439,395
Other liabilities - accrued expenses		(535,231)	(2,223,792)
Other financial liabilities		(186,937)	-
		<hr/>	<hr/>
Cash Generated From Operations		55,495,825	48,946,775
Income tax refunded		18,000	745,074
Interest received		11,633	20,280
Income tax paid		(6,435,599)	(5,029,173)
		<hr/>	<hr/>
Net Cash From Operating Activities		49,089,859	44,682,956
		<hr/>	<hr/>





Statement of Cash Flows  
for the year ended December 31, 2014 (cont'd)

<b>The Group</b>	<b>Note</b>	<b>2014 RM</b>	<b>2013 RM</b>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>			
Proceeds from disposal of property, plant and equipment		3,153,483	112,222
Interest received		56,880	-
Purchase of property, plant and equipment	32(a)	(24,859,338)	(4,762,302)
Net Cash Used In Investing Activities		(21,648,975)	(4,650,080)
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>			
Proceeds from term loans		15,800,000	-
Proceeds from/(Repayment of) bills payable		2,079,549	(3,688,042)
Repayment of term loans		(9,196,500)	(9,937,500)
Dividend paid		(7,955,710)	(5,683,471)
Repayment of revolving credit - net		(5,000,000)	(15,898,044)
Finance costs paid		(4,588,777)	(6,214,912)
Repurchase of shares - treasury shares		(14,687)	(15,503)
Net Cash Used In Financing Activities		(8,876,125)	(41,437,472)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		18,564,759	(1,404,596)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		21,461,532	21,195,092
Effect of exchange rate changes on the balance of cash held in foreign currencies		2,996,231	1,671,036
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	32(b)	43,022,522	21,461,532

The accompanying Notes form an integral part of the financial statements.



Statement of Cash Flows  
for the year ended December 31, 2014 (cont'd)

<b>The Company</b>	<b>Note</b>	<b>2014 RM</b>	<b>2013 RM</b>
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>			
Profit for the year		12,984,353	19,951,152
Adjustments for:			
Finance costs		1,725,057	1,838,138
Unrealised gain on foreign exchange		(8,310,637)	(8,450,651)
Dividend income		(7,154,010)	(13,766,500)
Investment revenue recognised in profit or loss		(56,880)	-
Income tax expense recognised in profit or loss		-	435
		<hr/>	<hr/>
		(812,117)	(427,426)
Movements in working capital:			
(Decrease)/Increase in:			
Other payables		(10,658)	(1,510,567)
Other liabilities - accrued expenses		14,361	60,285
		<hr/>	<hr/>
Cash Used In Operations		(808,414)	(1,877,708)
Dividends received from subsidiary companies		7,154,010	13,766,500
Income tax refunded		-	69,127
Income tax paid		-	(18,000)
		<hr/>	<hr/>
Net Cash From Operating Activities		6,345,596	11,939,919
		<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Repayment from subsidiary companies		10,787,882	6,044,013
Interest received		56,880	-
		<hr/>	<hr/>
Net Cash From Investing Activities		10,844,762	6,044,013
		<hr/>	<hr/>



Statement of Cash Flows  
for the year ended December 31, 2014 (cont'd)

<b>The Company</b>	<b>Note</b>	<b>2014 RM</b>	<b>2013 RM</b>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>			
Proceeds from term loan - net		8,000,000	-
Advances received from subsidiary companies - net		6,366,117	-
Repayment of term loan		(8,400,000)	(8,400,000)
Dividends paid		(7,955,710)	(5,683,471)
Finance costs paid		(2,978,379)	(3,464,217)
Repayment of revolving credit - net		(2,500,000)	-
Repurchase of shares - treasury shares		(14,687)	(15,503)
		<hr/>	<hr/>
Net Cash Used In Financing Activities		(7,482,659)	(17,563,191)
		<hr/>	<hr/>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		9,707,699	420,741
		<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		1,035,131	614,390
		<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	32(b)	<u>10,742,830</u>	<u>1,035,131</u>

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 and its subsidiary companies during the financial year.

The registered office of the Company is located at 41, Jalan Medan Ipoh 6, Bandar Baru Medan Ipoh, 31400 Ipoh, Perak Darul Ridzuan.

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

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors on March 20, 2015.

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act, 1965 in Malaysia.

#### 2.1 Adoption of amendments to MFRSs

##### **Amendments to MFRSs affecting amounts reported and/or disclosures in the financial statements**

In the current year, the Group and the Company have applied a number of amendments to MFRSs and a new IC Interpretation issued by the Malaysian Accounting Standards Board ("MASB") that are mandatorily effective for an accounting period that begins on or after January 1, 2014.

The adoption of amendments to MFRSs and the new IC Interpretation has had no material impact on the disclosures or on the amounts recognised in the financial statements, except as follows:

##### **Amendments to MFRS 136 *Recoverable Amount Disclosures for Non-Financial Assets***

The Group and the Company have applied the amendments to MFRS 136 *Recoverable Amount Disclosures for Non-Financial Assets* for the first time in the current year. The amendments to MFRS 136 remove the requirement to disclose the recoverable amount of a cash-generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements which is applicable when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosures required by MFRS 13 *Fair Value Measurements*.



## Notes to the Financial Statements (cont'd)

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

#### 2.2 Standards and IC Interpretations ("IC Int.") in issue but not yet effective

The Group and the Company have not elected for early adoption the relevant new and revised MFRSs and IC Int. and amendments to MFRSs and IC Int. which have been issued but not yet effective until future periods at the date of authorisation for issue of these financial statements. The directors anticipate that the adoption of these Standards and IC Int. will be adopted in the annual financial statements of the Group and of the Company when they become mandatorily effective for adoption. The adoption of these Standards and IC Int. is not expected to have a material impact on the financial statements of the Group and of the Company, except as further discussed below:

##### **MFRS 15 Revenue from Contracts with Customers**

MFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in MFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by MFRS 15.

The directors of the Group and of the Company anticipate that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in these financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 15 until the Group and the Company complete a detailed review.



## 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 financial instruments that are measured at fair values or at amortised costs, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transaction that are within the scope of MFRS 2, leasing transactions that are within the scope of MFRS 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value in use in MFRS 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below:

#### **Subsidiary Companies and Basis of Consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiary companies. Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassessed whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.



## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### **Subsidiaries and Basis of Consolidation** (cont'd)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstance that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary company begins when the Company obtains control over the subsidiary company and ceases when the Company loses control of the subsidiary company. Specifically, income and expenses of a subsidiary company acquired or disposed of during the year are included in the consolidated profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary companies is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

#### ***Changes in the Group's ownership interest in existing subsidiary companies***

Changes in the Group's ownership interests in subsidiary companies that do not result in the Group losing 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 Company.

When the Group loses control of a subsidiary company, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary company and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary company are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary company (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable MFRSs). The fair value of any investment retained in the former subsidiary company at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.



## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### **Subsidiary Companies**

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

#### **Business Combinations**

Acquisitions of subsidiary companies and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or deferred tax liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another MFRSs.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.





## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### **Business Combinations** (cont'd)

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with MFRS 139 or MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interests in the acquiree is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

The policy described above is applied to all business combinations that take place on or after January 1, 2011.

#### **Revenue Recognition**

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

#### ***Sale of goods***

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

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



## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### ***Rental income***

Rental income is accrued on a time apportionment basis, by reference to the agreements entered.

#### ***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.

#### **Segment Reporting**

For management purposes, the Group is organised into operating segments that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that related to transactions with any of the Group's other components. The Group's reporting segments were identified based on internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Group's reportable segments are strategic business operations that are managed separately based on the Group's management and internal reporting structure.

#### **Employee Benefits**

##### ***Short-term employee benefits***

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

##### ***Defined contribution plans***

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



## 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 period, 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 profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risk; 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 profit or loss on repayment of the monetary items.

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 profit or loss in the year in which the foreign incorporated subsidiary company is disposed of when the gain or loss on disposal is recognised.

Goodwill and fair value adjustments on identifiable assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in a separate component of equity.

#### 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 profit or loss in the period in which they are incurred.



## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### **Taxation**

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

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The 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 period.

#### **Deferred tax**

Deferred tax is recognised on temporary 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. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits 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 period. 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 period, to recover or settle the carrying amount of its assets and liabilities.

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

#### **Current and deferred tax for the year**

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to 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.



## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Property, Plant and Equipment

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

Freehold land and capital work-in-progress are not amortised/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	10% to 25%
Electrical installation	10%
Motor vehicles	18% to 20%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, 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 profit or loss.

#### 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 values at the inception of the lease or, if lower, at the present values 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 profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group general policy on borrowing costs.

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.



## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### **Prepaid Lease Payment**

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 end of the reporting period. 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 evenly over the lease periods ranging from 50 to 99 years.

#### **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. A cash-generating units to which goodwill has been allocated is 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 profit or loss and any impairment loss recognised for goodwill is not subsequently reversed.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

#### **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 deferred tax asset, inventories and 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.



## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### **Impairment of Assets excluding Goodwill** (cont'd)

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

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

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 profit or loss.

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 profit or loss.

#### **Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the "Weighted Average" method. The cost of raw materials, packing materials, trading goods, parts and consumables comprise the original purchase price plus cost incurred in bringing the inventories to their present location and condition. 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 assets and financial liabilities 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.

Financial assets and financial liabilities 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. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

#### ***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 are classified into "loans and receivables" and "at FVTPL" categories while financial assets of the Company are classified into "loans and receivable" category. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

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.

#### **(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.





## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Financial Instruments (cont'd)

##### *Effective interest method* (cont'd)

#### (a) Financial assets (cont'd)

##### (ii) **Financial assets at FVTPL**

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and MFRS 139 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item. Fair value is determined in the manner described in Note 31.

##### (iii) **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.



## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Financial Instruments (cont'd)

#### *Effective interest method* (cont'd)

#### (a) Financial assets (cont'd)

#### (iii) *Impairment of financial assets* (cont'd)

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

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 profit or loss.

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 profit or loss 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.



Notes to the Financial Statements (cont'd)

**3. SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

**Financial Instruments** (cont'd)

**Effective interest method** (cont'd)

**(a) Financial assets** (cont'd)

**(iv) 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.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

**(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 arrangements and the definition of a financial liability and equity instrument.

**(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.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

**(iii) Financial liabilities**

Financial liabilities of the Group and of the Company are classified as either "financial liabilities at FVTPL" or "other financial liabilities" categories.

**(iv) Financial liabilities at FVTPL**

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.



Notes to the Financial Statements (cont'd)

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Financial Instruments (cont'd)**

***Effective interest method (cont'd)***

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

**(iv) Financial liabilities at FVTPL (cont'd)**

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and MFRS 139 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the "other gains and losses" line item in profit or loss. Fair value is determined in the manner described in Note 31.

**(v) Other financial liabilities**

Other financial liabilities, including borrowings, 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.

**(vi) 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. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.



## Notes to the Financial Statements (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### Financial Instruments (cont'd)

##### *Effective interest method (cont'd)*

#### (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 profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

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 and cash equivalents comprise cash and bank balances, bank overdrafts which form an integral part of the Group's cash management and 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

#### (a) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, the directors are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

#### (b) 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 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.



Notes to the Financial Statements (cont'd)

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

**(b) Key sources of estimation uncertainty** (cont'd)

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. Key assumptions used in determining the recoverable amount of cash generating unit based on value-in-use calculations are disclosed in Note 17. Changes in assumptions could significantly affect the results of the tests for impairment of goodwill of the Group.

(ii) Impairment of Property, Plant and Equipment

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. The Group performs an impairment indicator test annually for signs of impairment of its property, plant and equipment. If there are signs of impairment, then a review of recoverable amounts is performed.

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 using 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 indication of impairment existed on certain property, plant and equipment. A review of recoverable amounts on the affected property, plant and equipment were carried out by the Group and an impairment loss of RM270,600 (2013: Nil) was recognised during the year as the carrying amounts were determined to have exceeded their recoverable amounts.



Notes to the Financial Statements (cont'd)

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

**(b) Key sources of estimation uncertainty** (cont'd)

(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

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 alternative 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.

**5. REVENUE**

	<b>The Group</b>		<b>The Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Sale of manufactured products	272,022,597	293,975,032	-	-
Sale of trading products	24,328,288	31,364,138	-	-
Dividends (gross) received from subsidiary companies	-	-	7,154,010	13,766,500
	<u>296,350,885</u>	<u>325,339,170</u>	<u>7,154,010</u>	<u>13,766,500</u>



Notes to the Financial Statements (cont'd)

**6. SEGMENT REPORTING**

Segmental information is presented in respect of the geographical segments of the Group. The segment reporting is presented 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 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.

**Geographical segments by location of assets**

<b>The Group 2014</b>	<b>Malaysia RM</b>	<b>People's Republic of China RM</b>	<b>Europe RM</b>	<b>Eliminations RM</b>	<b>Total RM</b>
<b>Revenue</b>	159,602,922	270,177,992	55,931,276	(189,361,305)	296,350,885
<b>Results</b>					
Segment results	33,418,474	1,690,163	3,544,858	(17,579,921)	21,073,574
Investment revenue					56,880
Finance costs					(4,588,777)
Profit before tax					16,541,677
Income tax expenses					(6,407,827)
Profit for the year					10,133,850
<b>Assets</b>					
Segment assets	89,264,124	195,948,680	28,010,988	-	313,223,792
Unallocated corporate assets					947,523
Consolidated total assets					314,171,315
<b>Liabilities</b>					
Segment liabilities	20,562,785	15,857,239	2,054,465	-	38,474,489
Unallocated corporate liabilities					69,509,732
Consolidated total liabilities					107,984,221
<b>Other Information</b>					
Capital expenditure	19,854,754	4,992,981	11,603	-	24,859,338
Depreciation and amortisation charges	4,435,885	12,405,214	48,351	-	16,889,450
Impairment loss on property, plant and equipment	270,600	-	-	-	270,600
Property, plant and equipment written off	-	81,146	-	-	81,146
Inventories written off	498,753	-	-	-	498,753





Notes to the Financial Statements (cont'd)

**6. SEGMENT REPORTING** (cont'd)

<b>The Group 2013</b>	<b>Malaysia RM</b>	<b>People's Republic of China RM</b>	<b>Europe RM</b>	<b>Eliminations RM</b>	<b>Total RM</b>
<b>Revenue</b>	142,379,645	349,342,016	51,421,328	(217,803,819)	325,339,170
<b>Results</b>					
Segment results	38,923,010	(8,646,531)	2,837,952	(22,530,694)	10,583,737
Investment revenue					-
Finance costs					(6,209,574)
Profit before tax					4,374,163
Income tax expenses					(3,956,462)
Profit for the year					417,701
<b>Assets</b>					
Segment assets	64,311,939	206,709,914	30,577,653	-	301,599,506
Unallocated corporate assets	-	-	-	-	560,656
Consolidated total assets					302,160,162
<b>Liabilities</b>					
Segment liabilities	18,392,319	20,897,384	3,297,274	-	42,586,977
Unallocated corporate liabilities					64,895,875
Consolidated total liabilities					107,482,852
<b>Other Information</b>					
Capital expenditure	2,024,711	6,321,336	306,827	-	8,652,874
Depreciation and amortisation charges	4,267,961	11,610,547	37,304	-	15,915,812
Impairment loss on property, plant and equipment	-	-	-	-	-
Property, plant and equipment written off	-	918,038	-	-	918,038
Prepaid lease payment written off	-	295,707	-	-	295,707
Inventories written off	74,206	-	-	-	74,206

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than current and deferred tax assets. Goodwill is allocated to reportable segments as described in Note 17; and
- all liabilities are allocated to reportable segments other than borrowings, current and deferred tax liabilities.



Notes to the Financial Statements (cont'd)

**6. SEGMENT REPORTING** (cont'd)

Revenue from sales to external customers by location of customers:

	<b>The Group</b>	
	<b>2013 RM</b>	<b>2012 RM</b>
Europe	145,241,845	145,189,933
North and South America	67,300,537	100,462,787
Asia	58,849,286	45,128,422
Rest of the world	24,959,217	34,558,028
	296,350,885	325,339,170

There are no single customer that contributed 10% or more to the Group's revenue for both 2014 and 2013.

**7. INVESTMENT REVENUE**

	<b>The Group</b>		<b>The Company</b>	
	<b>2014 RM</b>	<b>2013 RM</b>	<b>2014 RM</b>	<b>2013 RM</b>
Interest income from:				
Fixed deposits	56,880	-	56,880	-
Advances to subsidiary companies	-	-	1,253,322	1,620,741
	56,880	-	1,310,202	1,620,741
Less: Set off against finance costs (Note 11)	-	-	(1,253,322)	(1,620,741)
	56,880	-	56,880	-

The following is an analysis of investment revenue earned on the financial assets by category of assets:

	<b>The Group</b>		<b>The Company</b>	
	<b>2014 RM</b>	<b>2013 RM</b>	<b>2014 RM</b>	<b>2013 RM</b>
Loans and receivables (including fixed deposits, cash and bank balances)	56,880	-	1,310,202	1,620,741
	56,880	-	1,310,202	1,620,741



**8. OTHER GAINS AND LOSSES**

	<b>The Group</b>		<b>The Company</b>	
	<b>2014 RM</b>	<b>2013 RM</b>	<b>2014 RM</b>	<b>2013 RM</b>
Gain/(Loss) on disposal of property, plant and equipment	119,782	(135,021)	-	-
Fair value losses on financial derivatives designated as at FVTPL	(2,643,941)	(1,131,840)	-	-
Realised (loss)/gain on foreign exchange	(606,129)	2,182,894	(2,487)	(9,847)
Unrealised (loss)/gain on foreign exchange	(265,575)	863,254	8,310,637	8,450,651
Others	(5,310)	(30,751)	-	-
	<b>(3,401,173)</b>	<b>1,748,536</b>	<b>8,308,150</b>	<b>8,440,804</b>

**9. EMPLOYEE BENEFITS EXPENSES**

Employee benefits recognised as an expense during the financial year is as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2014 RM</b>	<b>2013 RM</b>	<b>2014 RM</b>	<b>2013 RM</b>
Statutory contributions	3,108,534	3,133,094	-	-
Other employee benefits expense	37,802,878	38,560,545	-	-
Directors' fees	197,500	127,500	197,500	127,500
	<b>41,108,912</b>	<b>41,821,139</b>	<b>197,500</b>	<b>127,500</b>

Employee benefits expenses include directors' remuneration, salaries, bonuses, statutory contributions and all other employee related expenses.

Included in employee benefits expenses are the following:

	<b>The Group</b>	
	<b>2014 RM</b>	<b>2013 RM</b>
Rental of hostel	35,684	59,440



Notes to the Financial Statements (cont'd)

9. EMPLOYEE BENEFITS EXPENSES (cont'd)

Details of remuneration of directors of the Group and of the Company are as follows:

	The Group		The Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Executive directors of the Company:				
Salaries, allowances and bonuses	487,020	622,554	-	-
Statutory contributions	53,640	66,108	-	-
	540,660	688,662	-	-
Executive directors of the subsidiary companies:				
Salaries, allowances and bonuses	1,487,086	1,437,281	-	-
Statutory contributions	82,416	127,740	-	-
	1,569,502	1,565,021	-	-
Non-executive directors:				
Fees	197,500	127,500	197,500	127,500
	<u>2,307,662</u>	<u>2,381,183</u>	<u>197,500</u>	<u>127,500</u>

The estimated monetary value of benefits-in-kind received and receivable by the directors other than in cash from the Group and the Company amounted to RM1,800 and Nil (2013: RM3,600 and RM1,200) respectively.

**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 certain members of senior management of the Group.

The remuneration of members of key management personnel of the Group during the year are as follows:

	The Group	
	2014 RM	2013 RM
Short-term employee benefits	706,172	515,043
Statutory contributions	75,612	53,722
	<u>781,784</u>	<u>568,765</u>

The estimated monetary value of benefits-in-kind received and receivable by members of key management personnel other than in cash from the Group amounted to RM1,800 (2013: RM1,800).



Notes to the Financial Statements (cont'd)

**10. OTHER OPERATING INCOME/(EXPENSES)**

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

	<b>The Group</b>		<b>The Company</b>	
	<b>2014 RM</b>	<b>2013 RM</b>	<b>2014 RM</b>	<b>2013 RM</b>
Interest income	11,633	20,280	-	-
Rental income	11,310	10,763	-	-
Waiver of debts	-	78,293	-	-
Rental of premises	(719,215)	(450,230)	-	-
Auditors' remuneration	(440,303)	(426,004)	(64,000)	(64,000)
Impairment loss on property, plant and equipment	(270,600)	-	-	-
Property, plant and equipment written off	(81,146)	(918,038)	-	-
Allowance for doubtful debts	(59,803)	(120,432)	-	-
Prepaid lease payment written off	-	(295,707)	-	-
Bad debts written off	-	(89,918)	-	-

**11. FINANCE COSTS**

	<b>The Group</b>		<b>The Company</b>	
	<b>2014 RM</b>	<b>2013 RM</b>	<b>2014 RM</b>	<b>2013 RM</b>
Interest on:				
Term loans	1,897,687	1,938,402	1,852,560	1,612,966
Revolving credit	1,327,953	2,521,617	1,123,616	1,842,718
Bills payable	427,204	614,086	-	-
Bank overdrafts	44,822	166,447	-	-
Bank charges and commitment fees	891,111	969,022	2,203	3,195
	4,588,777	6,209,574	2,978,379	3,458,879
Less: Set off against investment revenue (Note 7)	-	-	(1,253,322)	(1,620,741)
	4,588,777	6,209,574	1,725,057	1,838,138

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



Notes to the Financial Statements (cont'd)

**12. INCOME TAX EXPENSES**

	<b>The Group</b>		<b>The Company</b>	
	<b>2014 RM</b>	<b>2013 RM</b>	<b>2014 RM</b>	<b>2013 RM</b>
Income tax expenses comprise:				
Current tax expense:				
Malaysian	4,637,000	3,709,252	-	-
Foreign	1,007,122	852,272	-	-
Adjustment recognised in the current year in relation to the income tax of prior years	1,599,694	(7,762)	-	435
	<u>7,243,816</u>	<u>4,553,762</u>	-	<u>435</u>
Deferred tax relating to origination and reversal of temporary differences:				
Current year:				
Malaysian	(499,685)	(524,648)	-	-
Foreign	49,696	(652)	-	-
Adjustment recognised in the current year in relation to the deferred tax of prior years	(386,000)	(72,000)	-	-
	<u>(835,989)</u>	<u>(597,300)</u>	-	-
	<u>6,407,827</u>	<u>3,956,462</u>	-	<u>435</u>

Malaysian income tax rate remained at 25% for the year of assessment 2014 and 2013. Taxation for other jurisdictions are calculated at the rates prevailing in the relevant jurisdictions.

In Malaysia, the Real Property Gains Tax ("RPGT") has been revised to 30% for disposal within the first three years, 20% in the fourth year, 15% in the fifth year and 5% from sixth year onwards, on gains from the disposal of real property effective January 1, 2014. The Finance (No. 2) Act, 2014 which was gazetted on December 30, 2014 reduced the corporate income tax rate from 25% to 24% with effect from year of assessment 2016. Following these, the applicable tax rates to be used for the measurement of any applicable deferred tax will be the abovementioned expected rates.



Notes to the Financial Statements (cont'd)

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

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

	<b>The Group</b>		<b>The Company</b>	
	<b>2014 RM</b>	<b>2013 RM</b>	<b>2014 RM</b>	<b>2013 RM</b>
Profit before tax	16,541,677	4,374,163	12,984,353	19,951,587
Tax calculated at 25% (2013: 25%)	4,135,000	1,094,000	3,246,000	4,988,000
Tax effects of:				
Expenses that are not deductible in determining taxable profit	1,305,133	1,377,224	618,000	564,000
Unutilised tax losses and unabsorbed tax capital allowances not recognised as deferred tax assets	513,000	3,455,000	-	-
Income that is not taxable in determining taxable profit:				
Off-shore profit of a foreign subsidiary not subjected to tax	-	(850,000)	-	-
Others	(910,000)	(1,077,000)	(3,864,000)	(5,552,000)
Effect of different tax rates in other jurisdictions	177,000	37,000	-	-
Effect on opening balance of deferred tax due to change in tax rate	(26,000)	-	-	-
	5,194,133	4,036,224	-	-
Adjustment recognised in the current year in relation to the income tax of prior years	1,599,694	(7,762)	-	435
Adjustment recognised in the current year in relation to the deferred tax of prior years	(386,000)	(72,000)	-	-
Income tax expense recognised in profit or loss	6,407,827	3,956,462	-	435
<b>Current tax assets</b>				
Tax refund receivables	307,889	560,656	198,993	198,993
<b>Current tax liabilities</b>				
Income tax payables	1,156,173	543,575	-	-



Notes to the Financial Statements (cont'd)

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

*Deferred tax balances*

	As of January 1 RM	Recognised in profit or loss RM	Translation reserves RM	As of December 31 RM
<b>The Group 2014</b>				
<b>Deferred tax (liabilities)/assets</b>				
Provision for rental	-	(49,696)	(7)	(49,703)
Property, plant and equipment	(569,183)	296,000	-	(273,183)
Unrealised gain on inventories	515,744	(140,315)	-	375,429
Changes in fair value of derivative	-	621,000	-	621,000
Unrealised exchange differences on receivables	(193,000)	109,000	-	(84,000)
	<u>(246,439)</u>	<u>835,989</u>	<u>(7)</u>	<u>589,543</u>

	As of January 1 RM	Recognised in profit or loss RM	Translation reserves RM	As of December 31 RM
<b>The Group 2013</b>				
<b>Deferred tax liabilities</b>				
Property, plant and equipment	(1,055,271)	486,155	(67)	(569,183)
Unrealised exchange differences on receivables	(93,500)	(99,500)	-	(193,000)
Unrealised gain on inventories	305,099	210,645	-	515,744
	<u>(843,672)</u>	<u>597,300</u>	<u>(67)</u>	<u>(246,439)</u>





Notes to the Financial Statements (cont'd)

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

	<b>The Group</b>		<b>The Company</b>	
	<b>2014 RM</b>	<b>2013 RM</b>	<b>2014 RM</b>	<b>2013 RM</b>
The deferred tax assets are in respect of the following:				
Tax effect of:				
Temporary differences arising from property, plant and equipment	(272,795)	-	-	-
Unrealised gain on inventories	375,429	-	-	-
Changes in fair value of derivative	621,000	-	-	-
Unrealised exchange differences on receivables	(84,000)	-	-	-
	<u>639,634</u>	<u>-</u>	<u>-</u>	<u>-</u>

	<b>The Group</b>		<b>The Company</b>	
	<b>2014 RM</b>	<b>2013 RM</b>	<b>2014 RM</b>	<b>2013 RM</b>
The deferred tax liabilities are in respect of the following:				
Tax effect of:				
Temporary differences arising from property, plant and equipment	(388)	(569,183)	-	-
Provision of rental	(49,703)	-	-	-
Unrealised gain on inventories	-	515,744	-	-
Unrealised exchange differences on receivables	-	(193,000)	-	-
	<u>(50,091)</u>	<u>(246,439)</u>	<u>-</u>	<u>-</u>

As of December 31, 2014, the amount of deductible temporary differences of the Group of which deferred tax assets are not recognised in the financial statements, are as follows:

<b>The Group</b>	<b>2014 RM</b>	<b>2013 RM</b>
Unutilised tax losses and unabsorbed tax capital allowances	<u>20,587,000</u>	<u>17,295,000</u>



Notes to the Financial Statements (cont'd)

**13. EARNINGS PER SHARE**

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

**Basic and Diluted**

	<b>The Group</b>	
	<b>2014 RM</b>	<b>2013 RM</b>
Profit for the year attributable to owners of the Company	10,133,850	417,701
	<b>2014 Shares</b>	<b>2013 Shares</b>
Number of ordinary shares in issue as of January 1	229,278,817	229,278,817
Less: Shares repurchased as of January 1	(1,960,200)	(1,939,900)
	227,318,617	227,338,917
Shares repurchased	(9,667)	(8,383)
Weighted average number of ordinary shares in issue	227,308,950	227,330,534
	<b>2014</b>	<b>2013</b>
Basic and diluted earnings per ordinary share (sen)	4.46	0.18

#### 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
<b>Cost</b>								
As of January 1, 2013	3,519,496	50,646,397	207,025,449	9,110,077	-	2,592,285	15,359,121	288,252,825
Additions	-	134,677	3,622,273	935,352	-	70,000	3,890,572	8,652,874
Disposals	-	-	(240,962)	-	-	(86,811)	-	(327,773)
Write off	-	-	(2,072,057)	(37,960)	-	-	(240,961)	(2,350,978)
Net foreign currency exchange differences	-	3,309,287	10,112,532	205,893	-	169,930	1,948,194	15,745,836
As of December 31, 2013	3,519,496	54,090,361	218,447,235	10,213,362	-	2,745,404	20,956,926	309,972,784
Additions	-	1,157,201	8,631,843	819,364	33,312	350,560	13,867,058	24,859,338
Disposals	-	-	-	-	-	(626,098)	(2,971,091)	(3,597,189)
Write off	-	-	(177,454)	(1,215)	-	-	-	(178,669)
Reclassification	-	975,586	7,182,764	-	-	69,440	(8,227,790)	-
Net foreign currency exchange differences	-	1,582,731	5,169,691	55,818	115,584	36,865	238,587	7,199,276
As of December 31, 2014	3,519,496	57,805,879	239,254,079	11,087,329	148,896	2,576,171	23,863,690	338,255,540

Notes to the Financial Statements (cont'd)



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

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
<b>Accumulated depreciation and impairment</b>								
As of January 1, 2013	-	14,368,718	134,630,436	8,156,224	-	1,682,480	-	158,837,858
Charge for the year	-	1,576,222	13,332,798	458,613	-	304,830	-	15,672,463
Disposals	-	-	-	-	-	(80,530)	-	(80,530)
Write off	-	-	(1,398,776)	(34,164)	-	-	-	(1,432,940)
Net foreign currency exchange differences	-	305,912	4,169,449	145,047	-	108,624	-	4,729,032
As of December 31, 2013	-	16,250,852	150,733,907	8,725,720	-	2,015,404	-	177,725,883
Charge for the year	-	1,574,356	14,248,434	481,347	-	340,464	-	16,644,601
Disposals	-	-	-	-	-	(563,488)	-	(563,488)
Write off	-	-	(96,867)	(656)	-	-	-	(97,523)
Reclassification	-	-	(56,709)	-	-	56,709	-	-
Impairment loss recognised for the year	-	-	265,372	5,228	-	-	-	270,600
Net foreign currency exchange differences	-	193,610	2,696,952	58,076	-	28,467	-	2,977,105
As of December 31, 2014	-	18,018,818	167,791,089	9,269,715	-	1,877,556	-	196,957,178
<b>Carrying amount</b>								
As of December 31, 2014	3,519,496	39,787,061	71,462,990	1,817,614	148,896	698,615	23,863,690	141,298,362
As of December 31, 2013	3,519,496	37,839,509	67,713,328	1,487,642	-	730,000	20,956,926	132,246,901

During the year, one of the subsidiary companies ceased its production line in supported gloves. The Group carried out a review of recoverable amount of that production line and related equipment on the basis of fair value less costs of disposal. The review led to the recognition of an impairment loss of RM270,600 recognised in profit or loss, with no recoverable amount as of December 31, 2014. The impairment losses have been included in profit or loss in the other operating expenses line item.

Certain factory buildings of the Group with carrying value of RM7,574,148 (2013: RM32,177,405) as of December 31, 2014 are charged to a licensed bank for facilities granted to a subsidiary company as disclosed in Note 27.





Notes to the Financial Statements (cont'd)

**15. PREPAID LEASE PAYMENTS**

<b>The Group</b>	<b>Long-term leasehold land RM</b>	<b>Short-term leasehold land RM</b>	<b>Total RM</b>
<b>At cost</b>			
As of January 1, 2013	1,731,254	13,347,521	15,078,775
Write off	-	(295,707)	(295,707)
Net foreign currency exchange differences	-	1,027,650	1,027,650
As of December 31, 2013	1,731,254	14,079,464	15,810,718
Net foreign currency exchange differences	-	452,721	452,721
As of December 31, 2014	1,731,254	14,532,185	16,263,439
<b>Accumulated amortisation</b>			
As of January 1, 2013	340,576	1,229,862	1,570,438
Amortisation for the year	29,892	213,457	243,349
Net foreign currency exchange differences	-	137,065	137,065
As of December 31, 2013	370,468	1,580,384	1,950,852
Amortisation for the year	29,892	214,957	244,849
Net foreign currency exchange differences	-	78,133	78,133
As of December 31, 2014	400,360	1,873,474	2,273,834
<b>Carrying amount</b>			
As of December 31, 2014	1,330,894	12,658,711	13,989,605
As of December 31, 2013	1,360,786	12,499,080	13,859,866

Short-term leasehold land of a subsidiary company with carrying amount of RM7,943,540 (2013: RM12,499,080) is charged to a licensed bank for facilities granted to a subsidiary as disclosed in Note 27.

**16. INVESTMENT IN SUBSIDIARY COMPANIES**

<b>The Company</b>	<b>2014 RM</b>	<b>2013 RM</b>
Unquoted shares, at cost:		
In Malaysia	27,353,102	27,353,102
Outside Malaysia	32,711,191	35,111,191
	60,064,293	62,464,293
Amount owing by subsidiary companies	136,949,003	128,260,233
	197,013,296	190,724,526

The amount owing by subsidiary companies 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)

**16. INVESTMENT IN SUBSIDIARY COMPANIES** (cont'd)

The subsidiary companies are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2014 %	2013 %	
<b>Direct subsidiary companies</b>				
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.
<b>Indirect subsidiary companies</b>				
<b><i>Held through Rubberex (M) Sdn. Berhad</i></b>				
Rubberex Marketing (M) Sdn. Bhd.	Malaysia	100	100	Trading of gloves, household items, kitchen items and personal protective products.
Rubberex Spain, S.L.*	Spain	100	100	Trading of gloves, household items, kitchen items and personal protective products.
<b><i>Held through Diamond Grip (M) Sdn. Bhd.</i></b>				
Rubberex Alliance Sdn. Bhd. (formerly known as Biogreen Medical Sdn. Bhd.)	Malaysia	100	100	Temporarily ceased its business operations since 2011, commence business in 2015 in manufacturing and sale of disposable gloves.
<b><i>Held through Pioneer Vantage Limited</i></b>				
LPL (Hui Zhou) Glove Co. Limited ^	People's Republic of China	100	100	Manufacturing and sales of industrial and disposable gloves.



Notes to the Financial Statements (cont'd)

**16. INVESTMENT IN SUBSIDIARY COMPANIES** (cont'd)

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2014 %	2013 %	
<b>Indirect subsidiary companies</b> (cont'd)				
<b><i>Held through Lifestyle Investment (Hong Kong) Limited</i></b>				
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.

**Composition of the Group**

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		2014	2013
Manufacturing and sale of household and industrial rubber gloves	Malaysia	1	1
Manufacturing and sale of industrial rubber gloves	Malaysia	1	1
Manufacturing and sale of industrial and disposable gloves	People's Republic of China	2	2
Investment holding	Hong Kong	2	2
Trading of gloves and other latex products	Hong Kong	1	1
Trading of gloves, household items, kitchen items and personal protective products	Malaysia	1	1
	Spain	1	1
Dormant	Malaysia	2	2
		11	11



Notes to the Financial Statements (cont'd)

**17. GOODWILL ON CONSOLIDATION**

<b>The Group</b>	<b>2014 RM</b>	<b>2013 RM</b>
Cost:		
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 2015 to 2019. The following key assumptions are used to generate the financial forecast:

Sales volume	Remained unchanged
Inflation rate	5.00% per annum
Discount rate	7.80%

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**

<b>The Group</b>	<b>2014 RM</b>	<b>2013 RM</b>
Finished and trading goods	42,791,068	58,091,701
Raw materials	17,442,533	24,383,048
Packing materials	2,262,178	1,793,578
Parts and consumables	595,249	667,890
Finished and trading goods, at net realisable value	-	86,008
Work-in-progress	-	5,397
Net	63,091,028	85,027,622

The cost of inventories recognised as an expense during the year was RM207,178,607 (2013: RM242,595,123).





Notes to the Financial Statements (cont'd)

**18. INVENTORIES** (cont'd)

Included in cost of inventories recognised as an (expense)/income are the following:

<b>The Group</b>	<b>2014 RM</b>	<b>2013 RM</b>
Raw materials written off	(316,449)	(74,206)
Trading goods written off	(120,504)	-
Parts and consumables written off	(61,800)	-
Reversal of inventories written down	-	89,266
	<hr/>	<hr/>

**19. TRADE AND OTHER RECEIVABLES**

<b>The Group</b>	<b>2014 RM</b>	<b>2013 RM</b>
Trade receivables	36,416,212	35,006,232
Less: Allowance for doubtful debts	(348,894)	(308,257)
	<hr/>	<hr/>
Other receivables	36,067,318	34,697,975
	11,263,716	10,498,841
	<hr/>	<hr/>
	47,331,034	45,196,816
	<hr/>	<hr/>

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

<b>The Group</b>	<b>2014 RM</b>	<b>2013 RM</b>
United States Dollar	24,082,500	21,469,847
Euro	12,149,027	13,730,649
Chinese Renminbi	9,945,832	8,874,529
Ringgit Malaysia	1,141,432	1,036,095
Swiss Franc	336,862	371,208
Hong Kong Dollar	24,275	22,745
	<hr/>	<hr/>
	47,679,928	45,505,073
	<hr/>	<hr/>

Trade receivables comprise amounts receivable for the sale of goods. The credit period granted on sale of goods ranged from 15 to 150 days (2013: 15 to 150 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 RM348,894 (2013: RM308,257) based on the past default experience of the Group.

Other receivables of the Group comprise mainly advance payments of RM1,450,298 (2013: RM5,062,542) to the Chinese Government for acquisition of land use rights in People's Republic of China of which the land title has not been issued; proceeds receivable from China Government for the surrender of land use rights of RM3,308,945 (2013: Nil); and advance payments of RM481,232 (2013: RM203,833) to suppliers for purchase of raw materials and property, plant and equipment.



19. TRADE AND OTHER RECEIVABLES (cont'd)

Movement in the allowance for doubtful debts is as follows:

<b>The Group</b>	<b>2014 RM</b>	<b>2013 RM</b>
Balance at January 1	308,257	159,679
Increase in allowance recognised in profit or loss	59,803	120,432
Net foreign currency exchange differences	(19,166)	28,146
Balance at December 31	<u>348,894</u>	<u>308,257</u>

Ageing of impaired trade receivables:

<b>The Group</b>	<b>2014 RM</b>	<b>2013 RM</b>
More than 150 days	<u>348,894</u>	<u>308,257</u>

Included in trade receivables of the Group are receivables with total carrying amount of RM2,694,290 (2013: RM3,778,269) which are past due at the end of the reporting period 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 counterparties.

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 period are as follows:

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

<b>The Group</b>	<b>2014 RM</b>	<b>2013 RM</b>
Number of days past due:		
1 - 30 days	1,482,667	487,134
31 - 60 days	847,965	1,395,555
61 - 90 days	104,837	686,009
91 - 120 days	31,141	360,898
More than 120 days	227,680	848,673
	<u>2,694,290</u>	<u>3,778,269</u>



Notes to the Financial Statements (cont'd)

**20. RELATED PARTY TRANSACTIONS**

The amount owing by/(to) 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 at rates ranging from 5.33% to 7.85% (2013: 7.50%) per annum.

Amount owing by subsidiary companies are denominated in Ringgit Malaysia.

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

<b>The Company</b>	<b>2014 RM</b>	<b>2013 RM</b>
Ringgit Malaysia	4,384,444	-
Hong Kong Dollar	2,451,427	145,827
	<u>6,835,871</u>	<u>145,827</u>

The amounts owing by/(to) subsidiary companies, classified as current assets/(liabilities), are repayable upon demand and will be settled in cash. The amount owing by subsidiary companies treated as net investment in foreign operations is disclosed in Note 16. 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.

During the financial year, transactions undertaken by the Company with its subsidiary companies are as follows:

	<b>2014 RM</b>	<b>2013 RM</b>
Advances received	32,034,931	11,794,012
Interest on advances received/receivable	1,253,322	1,620,741
Dividend income	7,154,010	13,766,500
	<u>39,442,263</u>	<u>27,181,253</u>

The transactions with subsidiary companies are aggregated as these transactions are similar in nature.

**21. OTHER ASSETS**

	<b>The Group</b>		<b>The Company</b>	
	<b>2014 RM</b>	<b>2013 RM</b>	<b>2014 RM</b>	<b>2013 RM</b>
Refundable deposits	369,733	331,150	1,000	1,000
Prepaid expenses	689,982	171,642	-	-
	<u>1,059,715</u>	<u>502,792</u>	<u>1,000</u>	<u>1,000</u>



Notes to the Financial Statements (cont'd)

**22. OTHER FINANCIAL ASSETS**

	<b>2014 RM</b>	<b>2013 RM</b>
Derivative assets carried at FVTPL		
- foreign currency forward contracts	133,713	-

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.

**23. CASH AND BANK BALANCES**

	<b>The Group</b>		<b>The Company</b>	
	<b>2014 RM</b>	<b>2013 RM</b>	<b>2014 RM</b>	<b>2013 RM</b>
Fixed deposits with licensed bank	1,300,000	-	1,300,000	-
Cash and bank balances	42,226,913	21,972,087	9,442,830	1,035,131
	<u>43,526,913</u>	<u>21,972,087</u>	<u>10,742,830</u>	<u>1,035,131</u>

The fixed deposits of the Group and of the Company have an average maturity of 1 month (2013: Nil) with average effective interest rate of 3.20% (2013: Nil) per annum.

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

	<b>The Group</b>	
	<b>2014 RM</b>	<b>2013 RM</b>
Ringgit Malaysia	17,532,585	4,720,213
United States Dollar	16,794,719	12,717,192
Chinese Renminbi	4,848,889	1,327,988
Euro	3,938,596	2,907,207
Hong Kong Dollar	217,012	106,259
Great Britain Pound	195,112	193,228
	<u>43,526,913</u>	<u>21,972,087</u>

Cash and bank balances of the Company are denominated in Ringgit Malaysia.



Notes to the Financial Statements (cont'd)

**24. SHARE CAPITAL AND TREASURY SHARES**

**(a) Share Capital**

	Par value RM	The Group and The Company			
		2014 Number of ordinary shares	2013 Number of ordinary shares	2014 RM	2013 RM
<b>Authorised:</b>					
As of January 1 and December 31	0.50	400,000,000	400,000,000	200,000,000	200,000,000
<b>Issued and fully paid:</b>					
As of January 1 and December 31	0.50	229,278,817	229,278,817	114,639,408	114,639,408

**(b) Treasury Shares**

	The Group and The Company			
	2014 Number of ordinary shares	2013 Number of ordinary shares	2014 RM	2013 RM
As of January 1	1,960,200	1,939,900	1,404,842	1,389,339
Repurchased during the year	22,000	20,300	14,687	15,503
As of December 31	1,982,200	1,960,200	1,419,529	1,404,842

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting ("AGM") held on May 21, 2014, 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 22,000 (2013: 20,300) ordinary shares from the open market of Bursa Malaysia Securities Berhad. The total amount paid for acquisition of shares was RM14,687 (2013: RM15,503) and has been deducted from equity. The average price paid for the shares repurchased was RM0.67 (2013: RM0.76) 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, 2014, there are 1,982,200 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 227,296,617.

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.



Notes to the Financial Statements (cont'd)

**25. RESERVES**

	The Group		The Company	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Non-distributable reserves:</b>				
Share premium	29,334,830	29,334,830	29,334,830	29,334,830
Translation reserve:				
Exchange differences arising on translation of financial statements of foreign subsidiary companies	25,445,098	23,058,634	-	-
Exchange differences arising from the translation of net investment in foreign entities	(2,037,352)	(6,597,219)	-	-
Capital reserve	(2,727,752)	(5,127,752)	-	-
	<u>50,014,824</u>	<u>40,668,493</u>	<u>29,334,830</u>	<u>29,334,830</u>
<b>Distributable reserve:</b>				
Retained earnings	42,952,391	40,774,251	19,334,106	14,305,463
	<u>92,967,215</u>	<u>81,442,744</u>	<u>48,668,936</u>	<u>43,640,293</u>

**Share premium**

Share premium arose from the following:

	The Group and The Company	
	2014 RM	2013 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	77,361
Exercise of Warrants in 2012	3,630	3,630
Conversion of ICULS in 2012	5,190,391	5,190,391
	<u>29,334,830</u>	<u>29,334,830</u>



Notes to the Financial Statements (cont'd)

**25. RESERVES** (cont'd)

**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 foreign operations for which settlement is neither planned nor likely to occur (therefore, forming part of the net investment in the foreign operations) that are taken up in other comprehensive income and accumulated in equity. Such exchange differences are recognised as income or expense in profit or loss, 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).

**Retained earnings**

The entire retained earnings of the Company as of December 31, 2014 is available for distribution as single tier dividends to the shareholders of the Company.

**26. DIVIDENDS**

	← The Group and The Company →			
	2014 RM	2013 RM	Net dividend per share	
			2014 sen	2013 sen
First interim dividend paid - 1.5 sen per share, tax-exempt (2013: 2.5 sen per share, tax-exempt)	3,409,778	5,683,471	1.50	2.50
Second interim dividend paid - 2.0 sen per share, tax-exempt (2013: Nil)	4,545,932	-	2.00	-
	7,955,710	5,683,471	3.50	2.50

A first interim dividend of 1.50 sen per ordinary share, tax-exempt, amounting to RM3,409,778, computed based on the issued and paid-up capital of 229,278,817 ordinary shares of RM0.50 each, less treasury shares of 1,960,200 held by the Company, was declared and paid in respect of the current financial year.

A second interim dividend of 2.00 sen per ordinary shares, tax-exempt, amounting to RM4,545,932 computed based on the issued and paid-up capital of 229,278,817 ordinary shares of RM0.50 each, less treasury shares of 1,982,200 held by the Company, was declared and paid in respect of the current financial year.



Notes to the Financial Statements (cont'd)

**27. BORROWINGS**

	<b>The Group</b>		<b>The Company</b>	
	<b>2014 RM</b>	<b>2013 RM</b>	<b>2014 RM</b>	<b>2013 RM</b>
Secured:				
Term loans	-	811,050	-	-
Unsecured:				
Term loans	31,800,000	24,400,000	24,000,000	24,400,000
Revolving credits	22,000,000	27,000,000	21,500,000	24,000,000
Bills payable	13,999,077	11,384,256	-	-
Bank overdrafts	504,391	510,555	-	-
	<u>68,303,468</u>	<u>64,105,861</u>	<u>45,500,000</u>	<u>48,400,000</u>
Less: Amount due within 12 months (shown under current liabilities)	<u>(50,108,468)</u>	<u>(48,105,861)</u>	<u>(33,125,000)</u>	<u>(32,400,000)</u>
Non-current portion	<u>18,195,000</u>	<u>16,000,000</u>	<u>12,375,000</u>	<u>16,000,000</u>

The non-current portion is repayable as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2014 RM</b>	<b>2013 RM</b>	<b>2014 RM</b>	<b>2013 RM</b>
More than 1 year but not later than 2 years	12,840,000	8,400,000	10,200,000	8,400,000
More than 2 years but not later than 5 years	5,355,000	7,600,000	2,175,000	7,600,000
	<u>18,195,000</u>	<u>16,000,000</u>	<u>12,375,000</u>	<u>16,000,000</u>





Notes to the Financial Statements (cont'd)

**27. BORROWINGS** (cont'd)

Analysis of borrowings by currency is as follows:

<b>The Group 2014</b>	<b>Ringgit Malaysia RM</b>	<b>United States Dollar RM</b>	<b>Chinese Renminbi RM</b>	<b>Total RM</b>
Term loans	31,800,000	-	-	31,800,000
Revolving credits	22,000,000	-	-	22,000,000
Bills payable	5,521,000	8,478,077	-	13,999,077
Bank overdrafts	504,391	-	-	504,391
	<b>59,825,391</b>	<b>8,478,077</b>	<b>-</b>	<b>68,303,468</b>
<b>The Group 2013</b>				
Revolving credit	27,000,000	-	-	27,000,000
Term loans	24,400,000	-	811,050	25,211,050
Bills payable	4,725,000	6,659,256	-	11,384,256
Bank overdrafts	510,555	-	-	510,555
	<b>56,635,555</b>	<b>6,659,256</b>	<b>811,050</b>	<b>64,105,861</b>

Borrowings of the Company are denominated in Ringgit Malaysia.

The effective interest rates per annum are as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Term loans	5.33 - 6.16	5.30 - 7.65	5.33 - 6.16	5.30 - 5.40
Revolving credit	4.64 - 7.85	4.64 - 7.70	7.85	7.60
Bills payable	2.00 - 7.70	2.00 - 7.70	-	-
Bank overdrafts	7.10 - 7.85	7.10 - 7.85	-	-



Notes to the Financial Statements (cont'd)

**27. BORROWINGS** (cont'd)

The Company has three term loans:

- (a) a five (5) year term loan of RM25,000,000 (2013: RM25,000,000) which is repayable by ten (10) equal semi-annual instalments commencing December 26, 2011;
- (b) a five (5) year term loan of RM17,000,000 (2013: RM17,000,000) which is repayable by ten (10) equal semi-annual instalments commencing November 1, 2012; and
- (c) a five (5) year term loan of RM21,500,000 (2013: Nil) of which RM8,000,000 has been drawdown, which will be repayable by twenty (20) equal quarterly instalments commencing the first quarter after full drawdown of the facilities.

One of the subsidiary company has a five (5) year term loan of RM13,200,000 (2013: Nil) of which RM7,800,000 has been drawdown, which will be repayable by twenty (20) equal quarterly instalments commencing the first quarter after full drawdown of the facilities.

As of December 31, 2014, banking facilities of the Group and of the Company are as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2014 RM</b>	<b>2013 RM</b>	<b>2014 RM</b>	<b>2013 RM</b>
Secured:				
Term loans	-	811,050	-	-
Unsecured:				
Term loans	76,700,000	42,000,000	63,500,000	42,000,000
Bank overdrafts, bills payable and other banking facilities	311,497,000	299,611,000	137,000,000	120,000,000

The Company's term loan and other banking facilities are guaranteed by subsidiary companies and also secured by letters of negative pledge from the Company and its subsidiary companies.

Term loans and other banking facilities of the Group to the extent of RM5,630,000 (2013: RM18,924,500) 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)

**28. TRADE AND OTHER PAYABLES**

	<b>The Group</b>		<b>The Company</b>	
	<b>2014 RM</b>	<b>2013 RM</b>	<b>2014 RM</b>	<b>2013 RM</b>
Trade payables	19,142,022	24,483,936	-	-
Other payables for consumables, utilities, services, maintenance of property, plant and equipment and advances received	12,236,024	9,575,642	-	10,658
Amount payable to vendors for acquisition of additional shares in subsidiary companies (Note 35)	-	2,400,000	-	2,400,000
	<u>31,378,046</u>	<u>36,459,578</u>	<u>-</u>	<u>2,410,658</u>

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

	<b>The Group</b>	
	<b>2014 RM</b>	<b>2013 RM</b>
Ringgit Malaysia	12,164,319	11,810,615
Chinese Renminbi	10,181,499	14,048,612
United States Dollar	7,032,058	7,307,344
Euro	1,921,722	3,219,505
Hong Kong Dollar	78,448	73,502
	<u>31,378,046</u>	<u>36,459,578</u>

Other payables of the Company in prior year were denominated in Ringgit Malaysia.

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 15 to 75 days (2013: 15 to 75 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.

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



Notes to the Financial Statements (cont'd)

**29. OTHER LIABILITIES - ACCRUED EXPENSES**

The currency profile of accrued expenses is as follows:

	<b>The Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>
Ringgit Malaysia	3,109,926	3,331,962
Chinese Renminbi	1,175,604	1,338,466
Euro	132,743	77,768
United States Dollar	41,214	199,495
Hong Kong Dollar	39,163	45,811
	<hr/>	<hr/>
	4,498,650	4,993,502

Other liabilities of the Company are denominated in Ringgit Malaysia.

**30. OTHER FINANCIAL LIABILITIES**

The currency profile of accrued expenses is as follows:

	<b>The Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>
Derivative liabilities carried at FVTPL		
- foreign currency forward contracts (net)	2,597,793	1,133,897
	<hr/>	<hr/>

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.



Notes to the Financial Statements (cont'd)

**31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT**

**Categories of financial instruments**

	The Group		The Company	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Financial assets</b>				
Loans and receivables:				
Trade and other receivables	47,331,034	45,196,816	-	-
Amount owing by subsidiary companies	-	-	6,514,428	16,103,194
Cash and bank balances	43,526,913	21,972,087	10,742,830	1,035,131
Fair value through profit or loss:				
Derivative assets - foreign currency forward contracts	133,713	-	-	-
<b>Financial liabilities</b>				
Other financial liabilities:				
Trade and other payables	31,378,046	36,459,578	-	2,410,658
Other liabilities - accrued expenses	4,498,650	4,993,502	245,861	231,500
Amount owing to subsidiary companies	-	-	6,835,871	145,827
Borrowings	68,303,468	64,105,861	45,500,000	48,400,000
Fair value through profit or loss:				
Derivative liabilities - foreign currency forward contracts	2,597,793	1,133,897	-	-

**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)

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

**Financial Risk Management Objectives and Policies (cont'd)**

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

**(i) Foreign currency risk management**

The Group transacts business in various foreign currencies including United States Dollar ("USD"), Euro ("EURO"), Chinese Renminbi ("RMB"), Hong Kong Dollar ("HKD"), Swiss Franc ("CHF") and Great Britain Pound ("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 period are disclosed in Notes 19, 20, 23, 27, 28 and 29.

Foreign currency sensitivity analysis

The Group is mainly exposed to the currency of USD, EURO, RMB, HKD, CHF and GBP 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 1.30% (2013: 2.00%) increase/decrease in RM against the relevant foreign currencies. The sensitivity rate of 1.30% (2013: 2.00%) 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 following sensitivity analysis includes only outstanding foreign currency denominated monetary items. If the foreign currency denominated monetary items at the end of the reporting period were translated into Ringgit Malaysia with a 1.30% (2013: 2.00%) increase/decrease in the exchange rates against the following relevant foreign currencies, the effect on profit net of tax in profit or loss and other reserve will be lower/ higher by approximately:

The Group	2014		2013	
	Profit or loss RM	Other reserve RM	Profit or loss RM	Other reserve RM
USD impact	331,827	-	405,762	199,296
EURO impact	31,031	146,146	61,350	-
CHF impact	4,379	-	7,424	-
RMB impact	2,536	37,455	3,865	119,018
HKD impact	14	1,280	21	173
<b>The Company</b>				
HKD impact	1,748,468	-	2,917	-

The above impacts are mainly attributable to the exposure of the respective currencies on the financial instruments outstanding at the end of the reporting period 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 full exposure during the year.



Notes to the Financial Statements (cont'd)

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

Financial Risk Management Objectives and Policies (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 fixed deposit and borrowings are as disclosed in Notes 23 and 27 respectively.

Interest rate sensitivity analysis

For illustration purposes, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. 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 net of tax will be lower/higher by RM153,396 (2013: RM32,507).

	Basis points	
	2014	2013
Fixed deposit:		
Malaysia	6	-
Bills payable:		
Malaysia	10	10
People's Republic of China	50	25
Bank overdrafts:		
Malaysia	25	25
Revolving credits:		
Malaysia	40	3
Term loans:		
Malaysia	30	10

The assumed movement in the basis points for interest rate sensitivity analysis is based on the currently observable market environment.



Notes to the Financial Statements (cont'd)

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

**Financial Risk Management Objectives and Policies (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 and the Company. The Group and the Company have 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 back 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 Chinese Government, as well as proceeds receivable from the Chinese Government.

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.





Notes to the Financial Statements (cont'd)

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

**Financial Risk Management Objectives and Policies (cont'd)**

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

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 RM17,654,000 (2013: RM10,941,000) representing the outstanding balance of credit facilities of subsidiary companies in which financial guarantees are given by the Company as of the end of the reporting period.

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

Other Financial Assets

The credit risk on liquid funds 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 and the Company have credit facilities of approximately RM104,749,000 (2013: RM101,784,000) and RM42,000,000 (2013: RM42,000,000) respectively which are unused at the end of the reporting period.



Notes to the Financial Statements (cont'd)

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

Financial Risk Management Objectives and Policies (cont'd)

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

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

The Group 2014	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	47,331,034	-	-	47,331,034
Cash and bank balances	43,526,913	-	-	43,526,913
Derivative financial assets:				
Foreign currency forward contracts	133,713	-	-	133,713
Total undiscounted financial assets	90,991,660	-	-	90,991,660
Non-derivative financial liabilities:				
Other financial liabilities at amortised cost	89,252,644	19,312,585	-	108,565,229
Derivative financial liabilities:				
Foreign currency forward contracts	2,597,793	-	-	2,597,793
Total undiscounted financial liabilities	91,850,437	19,312,585	-	111,163,022
Total net undiscounted financial liabilities	(858,777)	(19,312,585)	-	(20,171,362)



Notes to the Financial Statements (cont'd)

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

Financial Risk Management Objectives and Policies (cont'd)

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

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

<b>The Group 2013</b>	<b>On demand or within one year RM</b>	<b>One year to five years RM</b>	<b>Over five years RM</b>	<b>Total RM</b>
Non-derivative financial assets:				
Loans and receivables	45,196,816	-	-	45,196,816
Cash and bank balances	21,972,087	-	-	21,972,087
Total undiscounted financial assets	67,168,903	-	-	67,168,903
Non-derivative financial liabilities:				
Financial liabilities at amortised cost	90,825,166	17,093,500	-	107,918,666
Derivative financial liabilities:				
Foreign currency forward contracts	1,133,897	-	-	1,133,897
Total undiscounted financial liabilities	91,959,063	17,093,500	-	109,052,563
Total net undiscounted financial liabilities	(24,790,160)	(17,093,500)	-	(41,883,660)



Notes to the Financial Statements (cont'd)

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

**Financial Risk Management Objectives and Policies (cont'd)**

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

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

<b>The Company 2014</b>	<b>On demand or within one year RM</b>	<b>One year to five years RM</b>	<b>Over five years RM</b>	<b>Total RM</b>
Non-derivative financial assets:				
Loans and receivables	6,514,428	-	-	6,514,428
Cash and bank balances	10,742,830	-	-	10,742,830
<b>Total undiscounted financial assets</b>	<b>17,257,258</b>	<b>-</b>	<b>-</b>	<b>17,257,258</b>
Non-derivative financial liabilities:				
Other financial liabilities at amortised cost	41,861,739	12,934,495	-	54,796,234
<b>Total net undiscounted financial liabilities</b>	<b>(24,604,481)</b>	<b>(12,934,495)</b>	<b>-</b>	<b>(37,538,976)</b>
<b>The Company 2013</b>	<b>On demand or within one year RM</b>	<b>One year to five years RM</b>	<b>Over five years RM</b>	<b>Total RM</b>
Non-derivative financial assets:				
Loans and receivables	16,103,194	-	-	16,103,194
Cash and bank balances	1,035,131	-	-	1,035,131
<b>Total undiscounted financial assets</b>	<b>17,138,325</b>	<b>-</b>	<b>-</b>	<b>17,138,325</b>
Non-derivative financial liabilities:				
Other financial liabilities at amortised cost	36,392,185	17,093,500	-	53,485,685
<b>Total net undiscounted financial liabilities</b>	<b>(19,253,860)</b>	<b>(17,093,500)</b>	<b>-</b>	<b>(36,347,360)</b>



Notes to the Financial Statements (cont'd)

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

**Financial Risk Management Objectives and Policies** (cont'd)

**(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 2013.

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

The Group is complied with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

**Gearing ratio**

The gearing ratio at the end of the reporting period is as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Debt (i)	68,303,468	64,105,861	45,500,000	48,400,000
Cash and bank balances	(43,526,913)	(21,972,087)	(10,742,830)	(1,035,131)
Net debt	<u>24,776,555</u>	<u>42,133,774</u>	<u>34,757,170</u>	<u>47,364,869</u>
Equity (ii)	<u>206,187,094</u>	<u>194,677,310</u>	<u>161,888,815</u>	<u>156,874,859</u>
Net debt to equity ratio	<u>0.12</u>	<u>0.22</u>	<u>0.21</u>	<u>0.30</u>

(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.



Notes to the Financial Statements (cont'd)

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

**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 end of the reporting period are as follows:

	Sell USD	Outstanding contracts		Net
		Sell EURO	Buy USD	
<b>2014</b>				
Foreign currency	12,085,858	3,200,000	(31,912)	
Notional value (RM)	40,044,398	13,443,878	(102,464)	
Fair value (RM)	(2,302,475)	(170,723)	9,118	(2,464,080)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>2013</b>				
Foreign currency	15,646,936	3,238,028	(55,950)	
Notional value (RM)	50,897,433	14,184,700	(175,036)	
Fair value (RM)	(645,754)	(496,351)	8,208	(1,133,897)
	<hr/>	<hr/>	<hr/>	<hr/>

The fair values of foreign currency forward contracts, which are categorised as Level 2 in the fair value hierarchy, 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 values of term loans, which are categorised as Level 2 in the fair value hierarchy, 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.

There were no transfers between levels 1 and 2 in 2014.



Notes to the Financial Statements (cont'd)

**32. STATEMENTS OF CASH FLOWS**

(a) Purchase of property, plant and equipment

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

	<b>The Group</b>	
	<b>2014 RM</b>	<b>2013 RM</b>
Cash purchase	24,859,338	4,762,302
Advance payments made in prior year	-	3,890,572
	24,859,338	8,652,874

(b) Cash and cash equivalents

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

	<b>The Group</b>		<b>The Company</b>	
	<b>2014 RM</b>	<b>2013 RM</b>	<b>2014 RM</b>	<b>2013 RM</b>
Fixed deposits with licensed bank	1,300,000	-	1,300,000	-
Cash and other bank balances	42,226,913	21,972,087	9,442,830	1,035,131
Bank overdrafts	(504,391)	(510,555)	-	-
	43,022,522	21,461,532	10,742,830	1,035,131

**33. CAPITAL COMMITMENTS**

As of the end of the reporting period, the Group has the following commitment in respect of property, plant and equipment:

	<b>2014 RM</b>	<b>2013 RM</b>
Capital expenditure:		
Approved and contracted for	12,214,669	3,906,849



Notes to the Financial Statements (cont'd)

**34. 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:

	<b>2014 RM</b>	<b>2013 RM</b>
Within one year	545,179	578,615
In the second to fifth year inclusive	1,544,673	2,218,022
	<u>2,089,852</u>	<u>2,796,637</u>

Operating lease payments represent rentals payable by the Group for hostels. Leases are negotiated for terms of five years (2013: five years) with an option to renew the lease after that date.

**35. 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 were as follows:

- (i) The Vendors and the Company collectively were 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 ended December 31, 2009 was 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 was RM2,400,000; and
- (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 28. However, RM2,400,000 (2013: RM2,400,000) was adjusted against the GRA held under other payables relating to contingent consideration under this profit guarantee scheme during the current financial year. As of December 31, 2014, total carrying amount of GRA amounted to Nil (2013: RM2,400,000).





Notes to the Financial Statements (cont'd)

**36. 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, 2014 into realised and unrealised profits or losses, pursuant to the directive issued by Bursa Malaysia Securities Berhad on March 25, 2010, is as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Total retained earnings of the Company and its subsidiary companies</b>				
Realised	55,579,681	53,326,229	16,267,985	19,873,906
Unrealised	1,191,584	(6,946,722)	3,066,121	(5,568,443)
	<u>56,771,265</u>	<u>46,379,507</u>	<u>19,334,106</u>	<u>14,305,463</u>
Add: Consolidation adjustments	<u>(13,818,874)</u>	<u>(5,605,256)</u>	<u>-</u>	<u>-</u>
<b>Total retained earnings as per statements of financial position</b>	<u>42,952,391</u>	<u>40,774,251</u>	<u>19,334,106</u>	<u>14,305,463</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 Malaysian Financial Reporting Standards, International 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, 2014 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 36, 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. KHOO CHIN LENG**

**DATO' MOHAMED BIN HAMZAH**

Ipoh,  
March 20, 2015

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## Declaration by the Director

Primarily Responsible for the Financial Management of the Company

I, **MR. KHOO CHIN LENG**, the director 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 20th day of March, 2015.

Before me,

**WILSON ARUMAI DHAS (A182)**  
COMMISSIONER FOR OATHS



**Properties Held By The Company And Its Subsidiaries**  
as at 31 December 2014

Location	Tenure/ Expiry Date	Description of existing use	Land area (sq. m)	Date of Acquisition/ [Revaluation]	Age (years)/ Carrying amount (RM'000)
Lot 228174, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	Freehold/-	Manufacturing, warehouse and office	37,258	[1996]	20.5/3,520
Lot 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	16.0/1,092
Lot 383268, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	Leasehold (99 years)/ 23 December 2106	Manufacturing, warehouse and office	12,141	2007	7.0/239
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	9.0/8,078
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	8.0/4,580
Factory buildings located at Lot 228174, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	-	Manufacturing, warehouse and office	12,620	[1996]	20.5/1,810
Factory buildings located at Lot 218274, Mukim Hulu Kinta, Kawasan Perindustrian Bercham, Bercham, Ipoh, Perak Darul Ridzuan, Malaysia.	-	Manufacturing, warehouse and office	10,860	1999	16.0/3,381
Factory buildings located at Daxiotang Village, Luoyang Town, Buluo County, Huizhou City, Guangdong Province, People's Republic of China.	-	Manufacturing warehouse and office	71,512	2006	9.0/34,596



## Form of Proxy

CDS Account 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 Nineteenth Annual General Meeting of the Company to be held at The Rooms, Level 1, Impiana Hotel, 18 Jalan Raja Dr. Nazrin Shah, 30250 Ipoh, Perak Darul Ridzuan on Wednesday, 20 May 2015 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 2014		
2.	To approve the payment of Directors' fees		
3.	Re-election of Director – Dato' Abd Rahim bin Abd Halim		
4.	Re-election of Director – En. 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.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965		
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		
9.	Retention of Independent Non-Executive Director – Dato' Mohamed bin Hamzah		
10.	Retention of Independent Non-Executive Director – Mr. Yap Jek Nan		

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 \_\_\_\_\_ 2015

\_\_\_\_\_  
 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 12 May 2015 and only a Depositor whose name appear on such Record of Depositors shall be entitled to attend this meeting.



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80 SEN  
STAMP  
(Within  
Malaysia)

The Company Secretary  
**RUBBEREX CORPORATION (M) BERHAD** (372642-U)  
41, Jalan Medan Ipoh 6  
Bandar Baru Medan Ipoh,  
31400 Ipoh,  
Perak Darul Ridzuan, Malaysia.

Please fold along this line

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