

Notes to the interim financial statements

1. Basis of preparation

This interim financial report had been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad, including compliance with Financial Reporting Standard (FRS) 134₂₀₀₄, Interim Financial Reporting, issued by the Malaysian Accounting Standards Board (MASB).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the financial year-end January 2006 annual financial statements except for the accounting policy changes arising from the adoption of new and revised standards as set out in Note 2.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the group since January 2006 annual financial statements.

2. Changes in Accounting Policies

MASB has issued a number of new and revised Financial Reporting Standards that are effective for accounting periods beginning on or after 1 January 2006. The adoption of these FRSs does not have significant financial impact on the Group. The principal effects of the changes are mainly resulting from the adoptions of FRS 101, Presentation of Financial Statements.

3. Audit qualifications

The report of the auditors' on the Group's financial statements for the year ended 31 January 2006 was not subject to any qualification.

4. Seasonal or cyclical factors

The Group's operations were not affected by seasonal or cyclical factors.

5. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter because of their nature, size, or incidence.

6. Changes in estimates

There were no changes in financial estimates reported in prior interim periods that would materially affect the current interim period financial statements.

7. Debt and equity securities

There were no issuances and repayment of debts and equity securities, share buy-backs, shares cancellations, shares held as treasury shares and resale of treasury shares for the current quarter.

8. Dividend paid

There were no dividends paid during the quarter ended 30 April 2006.

9. Segment Reporting

The Group's segmental report for the current quarter ended 30 April 2006 is as follows:

	Investment			
	<u>Manufacturing</u>	<u>holding</u>	<u>Others</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>				
Total	19,852	-	700	20,552
Inter segment	(679)	-	-	(679)
External	19,173	-	700	19,873
<u>Results</u>				
Segment loss	(1,922)	(200)	-	(2,122)
Interest income				10
Finance cost				(440)
Loss before Taxation				(2,552)
Taxation				(1)
Net loss for the year				(2,553)

The Group's segmental report for the corresponding quarter ended 30 April 2005 is as follows:

	Investment			
	<u>Manufacturing</u>	<u>holding</u>	<u>Others</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	22,454	-	-	22,454
<u>Results</u>				
Segment profit/ (loss)	438	(115)	(3)	320
Interest income				5
Finance cost				(115)

Profit before	210
taxation	
Taxation	(46)
Net profit for	
the period	<u>164</u>

10. Property, plant and equipment

The valuations of freehold land and leasehold land had been brought forward, without amendment from the previous annual financial statements.

11. Events subsequent to the balance sheet date

There were no material events subsequent to the end of the current quarter ended 30 April 2006.

12. Changes in composition of the Group

There were no changes in the composition of the Group during the current quarter ended 30 April 2006.

13. Contingent assets and contingent liabilities

There were no changes in contingent assets and liabilities since the last annual balance sheet date except for the following:

(i) Bank guarantees issued to third parties by:

	<u>30.04.06</u> RM'000	<u>31.01.06</u> RM'000
Integrated Rubber Corporation Bhd	230	230
Comfort Rubber Gloves Industries Sdn Bhd	2,378	3,192
	<u>2,608</u>	<u>3,422</u>

These are bank guarantees issued to authorities and utilities suppliers mainly for performance bonds, security deposits and payment guarantees.

- (ii) The Company has issued corporate guarantees amounting to RM21.0 million in favour of Bumiputra-Commerce Bank Berhad, RM8.5 million in favour of AmBank (M) Bhd and RM52.3 million in favour of Malayan Banking Berhad for the banking facilities extended to a subsidiary company. The amount of the banking facilities utilised as at 30 April 2006 is RM42.9 million.

14. Capital commitment

Capital commitments for the Group not provided for in the financial statements are as follows:

	<u>30.04.06</u>
	RM '000
Authorised and contracted for:	
Property, plant and equipment	2,748
Approved but not contracted for:	
Property, plant and equipment	13,615
	<hr/>
	16,363
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Additional information required by the Bursa Securities Listing Requirements

15. Review of performance

The Group loss before taxation for the current quarter ended 30 April 2006 was RM2.6 million as compared to the preceding year corresponding quarter's profit of RM0.2 million. This is mainly due to lower margin from operations resulting from higher raw material cost.

16. Variation of results against preceding quarter

The Group recorded a loss before taxation of RM2.6 million for the current quarter compared to a loss before taxation of RM0.8 million for the preceding quarter ended 31 January 2006. The loss mainly contributed by a 25% decrease in sales volume and a 26% increase in latex price as compared to previous quarter. In addition there was a time lag between the latex price increase and adjustment of products' selling price.

17. Current year prospects

The industry continues to remain challenging and profit margin will continue to be eroded due to sharp increase of latex and crude oil prices, increase in fuel and production overheads.

Under such challenging business environment, the Group plans to reduce cost of production by re-engineering the production floor and implementing various cost reduction measures and hence improve its profitability.

Barring any unforeseen circumstances, the Board remains optimistic on the performance of the Group for the financial year ending 31 January 2007.

18. Profit forecast or profit guarantee

The Group did not publish any profit forecast or issue any profit guarantee during the reporting period.

19. Taxation

	3 months ended <u>30.04.06</u> RM'000	Cumulative 3 months ended <u>30.04.06</u> RM'000
Tax expense		
- current	<u>(1)</u>	<u>(1)</u>

The Group is subject to taxation despite being in a loss before taxation position due to interest income being assessed separately.

20. Unquoted investments and landed properties

There were no sale of unquoted investments and/or properties for the current quarter ended 30 April 2006.

21. Quoted investment

There were no purchases or disposals of quoted securities for the current quarter ended 30 April 2006.

Investment in quoted shares as at 30 April 2006 is as follows:

	Cost <u>RM'000</u>	Book Value <u>RM'000</u>	Market Value <u>RM'000</u>
Quoted in Malaysia	<u>1,245</u>	<u>1,245</u>	<u>1,890</u>

22. Status of corporate proposal announced

There were no corporate proposals announced but not completed as at 14 June 2006.

23. Borrowings

	<u>30.04.06</u>	<u>31.01.06</u>
	RM'000	RM'000
Current		
-unsecured short term borrowings	34,310	30,076
-term loan secured	314	314
Non-current		
-term loan - secured	8,326	8,326
	<u>42,950</u>	<u>38,716</u>

The above borrowings are denominated in Ringgit Malaysia.

24. Off balance sheet financial instruments

The position of forward foreign exchange hedging contracts of a wholly owned subsidiary, Comfort Rubber Gloves Industries Sdn Bhd as at 14 June 2006, is as follows:

	<u>Contracted amount '000</u>	<u>RM'000 equivalent</u>
USD	2,602	9,427

The related accounting policies for the off balance sheet financial instruments are disclosed in the audited financial statements for the financial year ended 31 January 2006.

25. Changes in material litigation

There were no pending material litigation in respect of the Company since the last annual balance sheet date of 31 January 2006.

26. Dividend Payable

No dividend has been recommended by the Directors for the financial year ended 31 January 2006.

27. Basic loss per share

	3 months quarter ended	3 months quarter ended	Cumulative 3 months quarter ended	Cumulative 3 months quarter ended
	<u>30.04.06</u>	<u>30.04.05</u>	<u>30.04.06</u>	<u>30.04.05</u>
Net loss/ (profit) for the period (RM'000)	(2,553)	164	(2,553)	164
Number of ordinary shares in issue ('000)	236,810	236,810	236,810	236,810
Basic loss per per ordinary share (sen)	(1.08)	0.07	(1.08)	0.07

28. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 21 June 2006.

By Order of the Board
Nanjappan a/l Vengedasalam
Chan Yoke Yin

Secretaries
Kuala Lumpur
21 June 2006