

Condensed Unaudited Consolidated Statement of Comprehensive Income
Quarterly report on unaudited consolidated results
For the financial year ended 31 January 2011

	3 months quarter ended <u>31.01.2011</u> RM'000 (Unaudited)	3 months quarter ended <u>31.01.2010</u> RM'000 (Audited)	Cumulative 12 months <u>31.01.2011</u> RM'000 (Unaudited)	Cumulative 12 months <u>31.01.2010</u> RM'000 (Audited)
Revenue	32,760	46,327	139,998	147,087
Cost of sales	<u>(37,546)</u>	<u>(42,060)</u>	<u>(138,397)</u>	<u>(133,651)</u>
Gross profit	(4,786)	4,267	1,601	13,436
Other operating income	540	(494)	7,126	3,747
Selling expenses	(327)	(288)	(1,036)	(1,773)
Administrative expenses	(35,806)	(1,999)	(42,382)	(7,196)
Finance costs	(961)	(777)	(3,316)	(3,013)
(Loss)/Profit before taxation	<u>(41,340)</u>	<u>709</u>	<u>(38,007)</u>	<u>5,201</u>
Taxation	<u>10</u>	<u>11</u>	<u>41</u>	<u>42</u>
Net (loss)/profit for the financial period/year	<u><u>(41,330)</u></u>	<u><u>720</u></u>	<u><u>(37,966)</u></u>	<u><u>5,243</u></u>
Attributable to:				
Shareholders of the Company	<u><u>(41,330)</u></u>	<u><u>720</u></u>	<u><u>(37,966)</u></u>	<u><u>5,243</u></u>
Basic earnings per ordinary share (sen)	(6.98)	0.30	(6.41)	2.21

The Condensed Unaudited Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the financial year ended 31 January 2010

Condensed Unaudited Consolidated Statement of Financial Position As at 31 January 2011

	As at <u>31.01.2011</u> RM'000 (Unaudited)	As at <u>31.01.10</u> RM'000 (Audited)
Assets		
Property, plant and equipment	69,168	65,977
Investment	-	178
Goodwill	-	33,728
Total non-current assets	<u>69,168</u>	<u>99,883</u>
Inventories	37,493	42,671
Trade and other receivables	26,968	28,759
Derivative asset	226	-
Fixed deposits	-	82
Cash and bank balances	65,203	1,132
Total current assets	<u>129,890</u>	<u>72,644</u>
Total assets	<u>199,058</u>	<u>172,527</u>
Equity		
Share capital	118,405	118,405
Reserves	(14,845)	(47,905)
Total equity attributable to shareholders of the Company	<u>103,560</u>	<u>70,500</u>
Liabilities		
Borrowings	15,092	15,063
Hire purchase payables - long term	128	257
Deferred tax liabilities	376	418
Total non-current liabilities	<u>15,596</u>	<u>15,738</u>
Trade and other payables	18,560	30,093
Short term borrowings	61,094	55,967
Hire purchase payables - short term	248	229
Total current liabilities	<u>79,902</u>	<u>86,289</u>
Total liabilities	<u>95,498</u>	<u>102,027</u>
Total equity and liabilities	<u>199,058</u>	<u>172,527</u>
Net assets per share attributable to ordinary shareholders of the Company (sen)	44	30

The Condensed Unaudited Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 January 2010

Condensed Unaudited Consolidated Statement of Changes in Equity For the financial year ended 31 January 2011

	Attributable to shareholders of the Company				Total RM'000
	Share Capital RM'000	<u>Non-Distributable</u> Capital Reserves RM'000	Warrant Reserves RM'000	<u>Distributable</u> Other Reserves RM'000	
At 1 February 2010	118,405	17	-	-	70,500
Arising from the Capital Reduction	(71,043)	-	-	21,928	49,115
Arising from the Right Issue with Warrants	71,043	-	10,609	(10,609)	-
Disposal of quoted investment	-	(17)	-	-	(17)
Net (loss) for the financial year	-	-	-	-	(37,966)
At 31 January 2011	118,405	-	10,609	11,319	(36,773)
At 1 February 2009	118,405	17	-	-	(53,165)
Net profit for the financial year	-	-	-	-	5,243
At 31 January 2010	118,405	17	-	-	(47,922)

The Condensed Unaudited Consolidated Statement Of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 January 2010

Condensed Unaudited Consolidated Statement of Cash Flow

For the financial year ended 31 January 2011

	12 months ended <u>31.01.11</u> RM'000 (Unaudited)	12 months ended <u>31.01.10</u> RM'000 (Audited)
Cash flows from operating activities		
Profit before taxation	(38,007)	5,201
Adjustments for:		
Non-cash items	37,342	4,838
Interest expense	3,316	3,013
Interest income	(122)	(7)
Dividend income	(6)	(5)
Operating profit before working capital changes	<u>2,523</u>	<u>13,040</u>
Changes in working capital:		
Net change in current assets	6,983	(26,725)
Net change in current liabilities	(19,879)	19,560
Cash used in from operations	<u>(10,373)</u>	<u>5,875</u>
Interest paid	(2,070)	(1,731)
Tax refund/(paid)	5	(9)
Net cash (used in)/generated from operating activities	<u>(12,438)</u>	<u>4,135</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,365)	(4,922)
Proceeds from disposal of property, plant and equipment	5,201	-
Proceeds from sale of quoted investment	618	5
Dividend income received	6	6
Interest received	122	-
Decrease/(Increase) in fixed deposit pledged	82	(2)
Net cash generated from/(used in) investing activities	<u>1,664</u>	<u>(4,913)</u>
Cash flows from financing activities		
Proceeds from right issue	71,043	-
Drawdown of bank borrowings	277,457	263,025
Repayment of bank borrowings	(269,321)	(268,259)
Repayment of hire purchase	(242)	(229)
Interest paid	(1,246)	(1,281)
Net cash generated from/(used in) financing activities	<u>77,691</u>	<u>(6,744)</u>
Net changes in cash and cash equivalents	66,917	(7,522)
Cash and cash equivalents at beginning of the financial year	<u>(5,157)</u>	<u>2,364</u>
Cash and cash equivalents at end of the financial year	<u>61,760</u>	<u>(5,158)</u>
Cash and cash equivalents comprise:		
Cash and bank balances	65,203	1,132
Fixed deposits	-	82
Bank overdraft	(3,443)	(6,290)
	<u>61,760</u>	<u>(5,076)</u>
Less: Fixed deposits pledged to licensed bank	-	(82)
	<u>61,760</u>	<u>(5,158)</u>

The Condensed Unaudited Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statement for the financial year ended 31 January 2010

Notes to the unaudited interim financial report

1. Basis of preparation

This unaudited interim financial report has been prepared in accordance with the Financial Reporting Standards (“FRS”) 134: Interim Financial Reporting and the provisions of the Companies Act, 1965 in Malaysia. This unaudited interim financial report also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The unaudited interim financial report has been prepared in accordance with the same significant accounting policies adopted in the annual financial statements for the financial year ended 31 January 2010.

The preparation of the unaudited interim financial report requires management to make judgements, estimates and assumptions that affect the application of significant accounting policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This unaudited interim financial report contains condensed unaudited consolidated interim 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 the financial year ended 31 January 2010. The condensed unaudited consolidated interim financial statements and the notes thereon do not include all the information required for full set of financial statements prepared in accordance with FRSs.

2. Changes in accounting policies

New and Revised FRSs, Amendments/Improvements to FRSs and IC Interpretations (“IC Int”)

New and Revised FRSs, Amendments/Improvements to FRSs and IC Int that are issued, not yet effective and have not been adopted early.

		Effective for financial periods beginning on or after
<u>Revised FRSs</u>		
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations	1 July 2010
FRS 127	Consolidated and Separate Financial Statements	1 July 2010
<u>Amendments/Improvements to FRSs</u>		
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 2	Share-based Payment – Vesting Conditions and Cancellation	1 July 2010

2. Changes in accounting policies (Continued)

New and Revised FRSs, Amendments/Improvements to FRSs and IC Interpretations ("IC Int")

New and Revised FRSs, Amendments/Improvements to FRSs and IC Int that are issued, not yet effective and have not been adopted early (Continued)

		Effective for financial periods beginning on or after
FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
FRS 7	Financial Instruments: Disclosure	1 January 2011
FRS 132	Financial Instruments: Presentation	1 March 2010
FRS 138	Intangible Assets	1 July 2010
<u>IC Int</u>		
IC Int 4	Determining whether an Arrangement contains a Lease	1 January 2011
IC Int 9	Reassessment of Embedded Derivatives	1 July 2010
IC Int 12	Service Concession Arrangements	1 July 2010
IC Int 15	Agreement for the Construction of Real Estate	1 January 2012
IC Int 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Int 17	Distributions of Non-cash Assets to Owners	1 July 2010
IC Int 18	Transfers of Assets from Customers	1 January 2011

3. Audit qualifications

The report of the auditors on the Group's financial statements for the financial year ended 31 January 2010 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 financial year to-date because of their nature, size, or incidence.

6. Changes in estimates

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

7. Debt and equity securities

There were no issuance 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 financial year.

8. Dividend paid

There were no dividends paid during the year ended 31 January 2011.

9. Segment reporting

The Group's segmental report for the year ended 31 January 2011 are as follows:

	<u>Manufacturing</u>	Investment <u>holding</u>	<u>Others</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
Revenue				
Total	139,568	463	3,889	143,920
Inter segment	(3,922)			(3,922)
External	135,646	463	3,889	139,998
Results				
Segment loss	(3,246)	(31,332)	(235)	(34,813)
Interest Income				122
Finance costs				(3,316)
Loss before taxation				(38,007)
Taxation				41
Net loss for the year				(37,996)

9. Segment reporting (Continued)

The Group's segmental report for the corresponding year ended 31 January 2010 are as follows:

	<u>Manufacturing</u>	Investment <u>holding</u>	<u>Others</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
Revenue				
Total	147,210	-	8,443	155,660
Inter segment	(8,573)	-	-	(8,573)
External	138,644	-	8,443	147,087
Results				
Segment profit/(loss)	5,506	2,945	(244)	8,207
Interest Income		7		7
Finance costs				(3,013)
Profit before taxation				5,201
Taxation				42
Net profit for the year				5,243

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 after the reporting period

There was no material event subsequent to the end of the current quarter ended 31 January 2011 until the date of this report.

12. Changes in composition of the Group

There were no changes in the composition of the Group during the current financial year.

13. Contingent assets and contingent liabilities

There were no changes in contingent assets and liabilities since the last financial year end except for the following:

	<u>31.01.11</u>	<u>31.01.10</u>
	RM'000	RM'000
(i) Bank guarantees issued to third parties by a subsidiary company	1,595	3,403

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 totalling RM104.4 million in favour of various financial institutions for the banking facilities extended to a subsidiary company. The amount of the banking facilities utilised as at 31 January 2011 is RM69.1 million.

14. Capital commitments

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

	<u>31.01.11</u>
	RM'000
Approved and contracted for:	
Property, plant and equipment	<u>8,612</u>

Additional information required by the Bursa Malaysia Securities Berhad Listing Requirements**15. Review of performance**

The Group recorded a loss before taxation of RM38.01 million on revenue of RM140.00 million for the current financial year as compared to the preceding year profit before taxation of RM5.20 million on revenue of RM147.09 million.

The drop in revenue was mainly due to the modification of production lines in Factory 2 since the middle of 3rd quarter. The modification will give a higher level of flexibility to the production lines to switch among the production of powder, powder free natural rubber gloves and nitrile gloves.

15. Review of performance (cont'd)

The significant loss before taxation was mainly due to the written down of its goodwill of RM33.73 million. The Group feels it is prudent to write down the goodwill in the year under review as this does not have any negative impact on the cash flow or operation of the Group.

The high latex price and weakening US dollar have also affected the performance of the Group. Moreover, the stocks write-down of RM2.39 million and quality claims of RM1.62 million had an additional negative impact on the Group performance. However, these factors were deemed to be one-off items.

16. Variation of results against preceding quarter

The Group recorded a loss before taxation of RM41.34 million on revenue of RM32.76 million for the current quarter as compared to the profit before taxation of RM2.88 million on revenue of RM31.81 million for the immediate preceding quarter ended 31 October 2010.

The significant loss before taxation was mainly due to the goodwill written down of RM33.73 million. The Group feels it is prudent to write down the goodwill in the year under review as this does not have any negative impact on the cash flow and/or operation of the Group.

The current quarter ended 31 January 2011 has been a tough quarter for the Group due to (a) significant drop in sales revenue of 29.27%, (b) headwinds of high latex price and weakening of US dollar (c) time lag in adjustment of selling price due to the rapid increase in latex price. (d) non-recurring expenses incurred such as stocks written down of RM2.39 million and quality claims of RM1.62 million.

17. Future year prospects

The global demand for gloves has slowed down at the beginning of the year of 2010. However, it started to normalize in the second half of 2010. The Group expects that the high latex price and continued weakening of US dollar in the industry will continue in year 2011. As such it is expected that customers will keep their inventory at a low level. High natural latex price as compared to nitrile latex price will continue to cause the natural latex gloves users to switch to nitrile gloves.

With the ever changing glove market environment, the Group needs to equip itself with production lines that are flexible to produce natural and nitrile gloves according to changes in market demand. Currently, the Group is in the process of modifying a production line in Factory 2 to that effect. The modification is expected to be completed by 1st half of 2011.

With the successful completion of its corporate rights issue exercise, the Group has obtained proceeds of RM71.04 million for its factory expansion, working capital and repayment of bank borrowings. The Group expects to start the new factory expansion (Factory 6 project) by 2nd half of 2011. When completed, the Group expects to increase its competitive edge in terms of economy of scale and flexibility in product range as the new expanded production lines will be interchangeable between natural and nitrile gloves production.

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>31.01.11</u>	Cumulative 12 months ended <u>31.01.11</u>
	RM'000	RM'000
Deferred taxation	<u>10</u>	<u>41</u>

20. Landed properties

During the financial year, the Group disposed a plot of land for a total cash consideration of RM5,500,000.00.

21. Quoted investment

The group disposed of quoted securities in the current financial year.

	<u>Cost</u> RM'000	<u>Sales Proceed</u> RM'000	<u>Gain on disposal</u> RM'000
Quoted in Malaysia	<u>178</u>	<u>635</u>	<u>457</u>

22. Status of corporate proposal announced

On 1st July 2010 and 2nd July 2010, the Company proposed to undertake the following exercises:

- a) proposed share capital reduction by the cancellation of RM0.30 of the par value of every existing IRCB Shares to be set-off against the accumulated losses of IRCB;
- b) proposed renounceable rights issue of 355,215,720 new ordinary shares of RM0.20 each in IRCB together with 236,810,480 Warrants on the basis of three (3) Rights Shares together with two (2) Warrants for every two (2) ordinary shares of RM0.20 each in IRCB from the resultant Proposed Capital Reduction held on the Entitlement date; and
- c) proposed amendment to the Company's Memorandum of Association to facilitate the change in the par value of IRCB Shares from the resultant Proposed Capital Reduction.

The above proposals were approved by shareholders at the Extraordinary General Meeting held on 3 September 2010.

On 29 October 2010, the High Court of Malaya granted an order confirming the Proposed Capital Reduction pursuant to Section 64 of the Companies Act 1965. The sealed order was extracted and an office copy of order was lodged with the Companies Commission of Malaya for the Proposed Capital Reduction to take effect.

As at the close of acceptance and payment of the Rights Issue with Warrants at 5.00 p.m. on 14 December 2010, the total valid acceptances and total valid excess applications received for the Rights Issue with Warrants were 535,244,787 Rights Shares together with 356,829,858 Warrants, which represent an over subscription of 50.69% over the total number of 355,215,720 Rights Shares together with 236,810,480 Warrants available for subscription under the Rights Issue with Warrants.

The Board has approved the basis of allocation for the excess Rights Shares together with Warrants applied for under the Rights Issue with Warrants in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to Entitled Shareholders who have applied for excess Rights Shares with Warrants on a pro-rata basis and in board lot, calculated based on their respective shareholdings as at the Entitlement Date; and
- (iii) thirdly, for allocation to the applicants who have applied for excess Rights Shares with Warrants on a pro-rata basis calculated based on the quantum of excess Rights Shares with Warrants applied for.

On 24 December 2010, the Board announced that the Rights Issue with Warrants was completed following the listing of and quotation for the 355,215,720 Rights Shares together with 236,810,480 Warrants on Bursa Malaysia Securities Berhad.

23. Borrowings

The Group's borrowings since the last financial year end (excluding hire purchase liabilities) are as follows:

	<u>31.01.11</u>	<u>31.01.10</u>
	RM'000	RM'000
Current		
-bank overdraft	3,443	6,290
-short term borrowings	53,383	46,046
-term loan (secured)	4,268	3,632
Non-current		
-term loan (secured)	15,092	15,063
	<u>76,186</u>	<u>71,031</u>

The above borrowings are denominated in Ringgit Malaysia.

24. Off balance sheet financial instruments

During the financial year, the wholly owned subsidiary had entered into forward foreign exchange contracts to hedge its exposure to fluctuations in foreign exchange risk arising from sales.

The position of forward foreign exchange hedging contracts as at the latest practicable date is as follows:

<u>Foreign Exchange</u> <u>Forwards Contracts</u>	<u>Contract Value</u> <u>RM'000</u>	<u>Fair Value</u> <u>RM'000</u>
US Dollars	11,979	11,753

The above instruments were executed with credit worthy financial institutions in Malaysia.

25. Material litigation

There is no pending material litigation in respect of the Company since the last financial year end.

26. Retained profits

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to paragraphs 2.06 and 2.23 of the Bursa Securities Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

26. Retained profits (cont'd)

The breakdown of the retained profits of the Group as of 31 January 2011 into realised and unrealised profits or losses, pursuant to the directive, is as follows:

Total retained profits/(loss) of the Company and its subsidiaries	<u>RM'000</u>
- Realised	17,759
- Unrealised	3,480
Less: Consolidation adjustments	(58,012)
Total as per Consolidated financial statement	<u>(36,773)</u>

27. Dividend Payable

The Directors do not recommend any payment of dividend for the current financial period to-date.

28. Basic profit per share

	3 months ended <u>31.01.11</u>	3 months ended <u>31.01.10</u>	Cumulative 12 months ended <u>31.01.11</u>	Cumulative 12 months ended <u>31.01.10</u>
Net profit/(loss) for the period/year (RM'000)	(41,330)	720	(37,966)	5,243
Number of ordinary shares in issue ('000)	592,026	236,810	592,026	236,810
Basic earnings per ordinary share (sen)	(6.98)	0.30	(6.41)	2.21

29. Authorisation for issue

The unaudited interim financial report were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 30 March 2011.