

**Condensed Unaudited Consolidated Statement of Comprehensive Income**  
**Quarterly report on unaudited consolidated results**  
**For the financial period ended 31 July 2013**

	3 months quarter ended <u>31.7.2013</u> RM'000 (Unaudited)	3 months quarter ended <u>31.7.2012</u> RM'000 (Unaudited)	Cumulative 6months <u>31.7.2013</u> RM'000 (Unaudited)	Cumulative 6months <u>31.7.2012</u> RM'000 (Audited)
Revenue	33,949	33,066	63,826	61,451
Cost of sales	<u>(34,474)</u>	<u>(32,406)</u>	<u>(71,562)</u>	<u>(64,342)</u>
Gross (loss)/profit	(526)	660	(7,735)	(2,890)
Other operating income	1,037	840	1,336	901
Selling expenses	(669)	(368)	(1,095)	(654)
Administrative expenses	(27,002)	(1,808)	(28,590)	(3,644)
Finance costs	(938)	(881)	(2,083)	(1,789)
Loss before taxation	<u>(28,099)</u>	<u>(1,556)</u>	<u>(38,168)</u>	<u>(8,076)</u>
Taxation	<u>10</u>	<u>10</u>	<u>21</u>	<u>14</u>
Net loss for the financial period	(28,088)	(1,546)	(38,147)	(8,062)
Other comprehensive loss for the financial period, net of tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive loss for the financial period	<u>(28,088)</u>	<u>(1,546)</u>	<u>(38,147)</u>	<u>(8,062)</u>
Loss attributable to: Owners of the parent	<u>(28,088)</u>	<u>(1,546)</u>	<u>(38,147)</u>	<u>(8,062)</u>
Total comprehensive loss attribute to: Owners of the parent	<u>(28,088)</u>	<u>(1,546)</u>	<u>(38,147)</u>	<u>(8,062)</u>
Loss per ordinary share attributable to owners of the parent (cent)				
- Basic	(4.74)	(0.26)	(6.44)	(1.36)
- Diluted	(3.39)	(0.19)	(4.60)	(0.97)

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 2013

## Condensed Unaudited Consolidated Statement of Financial Position

### As at 31 July 2013

	As at <u>31.07.2013</u> RM'000 (Unaudited)	As at <u>31.01.2013</u> RM'000 (Audited)
<b>Assets</b>		
Property, plant and equipment	45,292	52,309
Prepaid lease payments	5,398	5,513
<b>Total non-current assets</b>	<u>50,691</u>	<u>57,822</u>
Inventories	15,089	13,526
Trade and other receivables	18,725	13,750
Fixed deposits	38,000	43,000
Cash and bank balances	4,486	8,300
<b>Total current assets</b>	<u>76,300</u>	<u>78,576</u>
<b>Total assets</b>	<u>126,991</u>	<u>136,398</u>
<b>Equity</b>		
Share capital	118,405	118,405
Reserves	(99,699)	(74,899)
<b>Total equity attributable to owners of the parent</b>	<u>18,706</u>	<u>43,506</u>
<b>Liabilities</b>		
Borrowings	-	-
Hire purchase payables - long term	53	62
Deferred tax liabilities	2,254	292
<b>Total non-current liabilities</b>	<u>2,307</u>	<u>355</u>
Trade and other payables	39,205	13,682
Bank Overdraft	38,041	7,859
Short term borrowings	28,714	70,977
Hire purchase payables - short term	19	19
<b>Total current liabilities</b>	<u>105,978</u>	<u>92,537</u>
<b>Total liabilities</b>	<u>108,285</u>	<u>92,892</u>
<b>Total equity and liabilities</b>	<u>126,991</u>	<u>136,398</u>
Net assets per share attributable to owners of the parent (sen)	3	7

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 2013

**Condensed Unaudited Consolidated Statement of Changes in Equity**  
**For the financial period ended 31 July 2013**

	Attributable to owners of the parent				Total RM'000
	Share Capital RM'000	Revaluation Reserves RM'000	Warrant Reserves RM'000	Other Reserves RM'000	
At 1 February 2013	118,405	-	10,609	11,319	(96,827)
Total comprehensive loss for the financial period	-	13,347	-	-	(38,147)
At 31 July 2013	118,405	13,347	10,609	11,319	(134,974)
At 1 February 2012	118,405	-	10,609	11,319	(58,143)
Total comprehensive loss for the financial period	-	-	-	-	(8,062)
At 31 July 2012	118,405	-	10,609	11,319	(66,205)
					74,128

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 2013

**Condensed Unaudited Consolidated Statement of Cash Flow**  
**For the financial period ended 31 July 2013**

	6months ended <u>31.7.2013</u> RM'000 (Unaudited)	6months ended <u>31.7.2012</u> RM'000 (Unaudited)
<b>Cash flows from operating activities</b>		
Loss before taxation	(38,168)	(8,076)
Adjustments for:		
Non-cash items	25,184	4,609
Interest expense	2,083	2,068
Interest income	(673)	(532)
Operating (loss)/profit before working capital changes	<u>(11,574)</u>	<u>(1,932)</u>
Changes in working capital:		
Net change in current assets	(7,151)	7,712
Net change in current liabilities	18,284	(2,146)
Cash used in from operations	<u>(440)</u>	<u>3,635</u>
Interest paid	(1,823)	(279)
Tax refund/(paid)	(7)	13
<b>Net cash used in from operating activities</b>	<b><u>(2,270)</u></b>	<b><u>3,369</u></b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,723)	(531)
Interest received	673	532
<b>Net cash (used in)/ generated from investing activities</b>	<b><u>(2,051)</u></b>	<b><u>1</u></b>
<b>Cash flows from financing activities</b>		
Bank borrowings transferred to Overdraft accounts	(27,762)	-
Drawdown of bank borrowings	484	-
Repayment of bank borrowings	-	(5,876)
Repayment of hire purchase	(10)	(37)
Interest paid	(261)	(1,789)
<b>Net cash generated from financing activities</b>	<b><u>(27,548)</u></b>	<b><u>(7,702)</u></b>
Net changes in cash and cash equivalents	(31,869)	(4,332)
Cash and cash equivalents at beginning of the financial year	<u>36,315</u>	<u>40,482</u>
<b>Cash and cash equivalents at end of the financial year</b>	<b><u>4,446</u></b>	<b><u>36,150</u></b>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	4,486	1,606
Fixed deposits	38,000	43,000
Bank overdraft	(38,041)	(8,455)
	<b><u>4,446</u></b>	<b><u>36,150</u></b>

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 2013

## Notes to the unaudited interim financial report

### 1. Basis of preparation

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

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as disclosed in the significant accounting policies in Note 4.

The financial statements of the Group and of the Company for the financial year ended 31 January 2013 are the first set of financial statements prepared in accordance with the MFRSs, including MFRS 1 ‘First-time adoption of MFRSs’. In the previous financial year, the financial statements of the Group and the Company were prepared in accordance with the Financial Reporting Standards (“FRSs”) in Malaysia.

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgment in the process of applying the Group’s and the Company’s accounting policies. Although these estimates and judgment are based on the directors’ best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

## 2 Basis of Preparation

### 2.1 New, Revised and Amendments/Improvements to Accounting Standards and IC Int

#### (a) Explanation of Transition to MFRSs

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1 January 2012, the Malaysian Accounting Standards Board (“MASB”) had on 19 November 2011 issued a new MASB approved accounting standards, MFRSs (“MFRSs Framework”) for application in the annual periods beginning on or after 1 January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 *Agriculture* and/or IC Int 15 *Agreements for the Construction of Real Estate* (“Transitioning Entities”). The Transitioning Entities are given an option to defer adoption of the MFRSs framework to financial periods beginning on or after 1 January 2014. Transitioning Entities also includes those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1 January 2012.

## 2 Basis of Preparation (Continued)

### 2.1 New, Revised and Amendments/Improvements to Accounting Standards and IC Int (Continued)

#### Explanation of Transition to MFRSs (Continued)

Accordingly, the Group and the Company which are not the Transitioning Entities have adopted the MFRSs framework including MFRS 1 First-time adoption of MFRSs for the current financial year ended 31 January 2013.

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs effective for annual periods beginning on or after 1 January 2012 have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs.

The Group and the Company have consistently applied the same accounting policies in its opening MFRSs statement of financial position as at 1 February 2011 (date of transition) and throughout all years presented, as if these policies had always been in effect.

As at 31 December 2011, all FRSSs issued under the existing FRSSs framework are equivalent to the MFRSs issued under MFRSs framework except for differences in relation to the transitional provisions, the adoption of MFRS 141 *Agriculture* and IC Int 15 *Agreements for the Construction of Real Estate* as well as differences in effective dates contained in certain of the existing FRSSs.

The adoption of the MFRSs for the current financial year did not result in any changes in accounting policies and material adjustments to the Group's and the Company's statements of financial position, statements of comprehensive income and statements of cash flows which are reported in accordance with the previous FRSSs.

## 2.1 New, Revised and Amendments/Improvements to Accounting Standards and IC Int (Continued)

### (b) New, revised, amendments/improvement to accounting standards and IC Int that are issued, but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

	<b>Effective for financial periods beginning on or after</b>
<u>New MFRSs</u>	
MFRS 9 Financial Instruments	1 January 2015
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of Interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurement	1 January 2013
<u>Revised MFRSs</u>	
MFRS 119 Employee Benefits	1 January 2013
MFRS 127 Separate Financial Statements	1 January 2013
MFRS 128 Investments in Associates and Joint Ventures	1 January 2013
<u>Amendments/Improvements to MFRSs</u>	
MFRS 1 First-time Adoption of Financial Reporting Standards	1 January 2013
MFRS 7 Financial Instruments: Disclosures	1 January 2013
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of Interests in Other Entities	1 January 2013
MFRS 101 Presentation of Financial Statements	1 July 2012 and 1 January 2013
MFRS 116 Property, Plant and Equipment	1 January 2013
MFRS 132 Financial Instruments: Presentation	1 January 2013 and 1 January 2014
MFRS 134 Interim Financial Reporting	1 January 2013
<u>New IC Int</u>	
IC Int 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
<u>Amendments to IC Int</u>	
IC Int 2 Members' Shares in Co-operative Entities & Similar Instruments	1 January 2013

## 2 Basis of Preparation (Continued)

### 2.1 New, Revised and Amendments/Improvements to Accounting Standards and IC Int (Continued)

#### (b) New, revised, amendments/improvement to accounting standards and IC Int that are issued, but not yet effective and have not been early adopted (Continued)

A brief discussion on the above significant new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Group and the Company.

#### *MFRS 9 Financial Instruments*

MFRS 9 specifies how an entity should classify and measure financial assets and financial liabilities.

This standard requires all financial assets to be classified based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial asset. Financial assets are to be initially measured at fair value. Subsequent to initial recognition, depending on the business model under which these assets are acquired, they will be measured at either fair value or at amortised cost.

In respect of the financial liabilities, the requirements are generally similar to the former MFRS 139. However, this standard requires that for financial liabilities designated as at fair value through profit or loss, changes in fair value attributable to the credit risk of that liability are to be presented in other comprehensive income, whereas the remaining amount of the change in fair value will be presented in the profit or loss.

#### *MFRS 10 Consolidated Financial Statements and MFRS 127 Separate Financial Statements (Revised)*

MFRS 10 replaces the consolidation part of the former MFRS 127 Consolidated and Separate Financial Statements. The revised MFRS 127 will deal only with accounting for investment in subsidiaries, joint ventures and associates in the separate financial statements of an investor and requires the entity to account for such investments either at cost, or in accordance with MFRS 9.

MFRS 10 brings about convergence between MFRS 127 and IC Int 12 Consolidation-Special Purpose Entities, which interprets the requirements of MFRS 10 in relation to special purpose entities. MFRS 10 introduces a new single control model to identify a parent-subsidiary relationship by specifying that “an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee”. It provides guidance on situations when control is difficult to assess such as those involving potential voting rights, or in circumstances involving agency relationships, or where the investor has control over specific assets of the entity, or where the investee entity is designed in such a manner where voting rights are not the dominant factor in determining control.



## 2 Basis of Preparation (Continued)

### 2.1 New, Revised and Amendments/Improvements to Accounting Standards and IC Int (Continued)

#### (b) New, revised, amendments/improvement to accounting standards and IC Int that are issued, but not yet effective and have not been early adopted (Continued)

##### *MFRS 11 Joint Arrangements*

MFRS 11 supersedes the former MFRS 131 Interests in Joint Ventures. Under MFRS 11, an entity accounts for its interest in a jointly controlled entity based on the type of joint arrangement, as determined based on an assessment of its rights and obligations arising from the arrangement. There are two types of joint arrangement namely joint venture or joint operation as specified in this new standard. A joint venture recognises its interest in the joint venture as an investment and account for it using the equity method. The proportionate consolidation method is disallowed in such joint arrangement. A joint operator accounts for the assets, liabilities, revenue and expenses related to its interest directly.

##### *MFRS 12 Disclosures of Interests in Other Entities*

MFRS 12 is a single disclosure standard for interests in subsidiary companies, joint ventures, associated companies and unconsolidated structured entities. The disclosure requirements in this MFRS are aimed at providing standardised and comparable information that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows.

##### *MFRS 13 Fair Value Measurement*

MFRS 13 defines fair value and sets out a framework for measuring fair value, and the disclosure requirements about fair value. This standard is intended to address the inconsistencies in the requirements for measuring fair value across different accounting standards. As defined in this standard, 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.

##### *MFRS 128 Investments in Associates and Joint Ventures (Revised)*

This revised MFRS 128 incorporates the requirements for accounting for joint ventures into the same accounting standard as that for accounting for investments in associated companies, as the equity method was applicable for both investments in joint ventures and associated companies. However, the revised MFRS 128 exempts the investor from applying equity accounting where the investment in the associated company or joint venture is held indirectly via venture capital organisations or mutual funds and similar entities. In such cases, the entity shall measure the investment at fair value through profit or loss, in accordance with MFRS 9.

## 2 Basis of Preparation (Continued)

### 2.1 New, Revised and Amendments/Improvements to Accounting Standards and IC Int (Continued)

#### (b) New, revised, amendments/improvement to accounting standards and IC Int that are issued, but not yet effective and have not been early adopted (Continued)

##### *Amendments to MFRS10, MFRS12 and MFRS127 Investment Entities*

These amendments introduce an exception to consolidation for investment entities. Investment entities are entities whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. The amendments require investment entities to measure particular subsidiaries at fair value through profit or loss in accordance with MFRS 139 Financial Instruments: Recognition and Measurement instead of consolidating them. In addition, the amendments also introduce new disclosure requirements related to investment entities in MFRS 12 Disclosure of Interests in Other Entities and MFRS 127 Separate Financial Statements.

## 3. Audit qualifications

There was a disclaimer opinion by the audited financial statements of the Group for the financial year ended 31 January 2013.

## 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 years that would materially affect the current year 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. Operating segments

The Group's operating segments for the year ended 31 July 2013 are as follows:

	<u>Manufacturing</u> g RM'000	<u>Investment holding</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
<b>Revenue</b>				
Total	65,165	-	-	65,165
Inter segment	(1,339)	-	-	(1,339)
External	63,826	-	-	63,826
<b>Results</b>				
Segment loss	(11,431)	(162)	19	(11,574)
Interest Income				673
Finance costs				(2,083)
Depreciation and amortisation				(4,493)
Loss on Impairment				(20,691)
Loss before taxation				(38,168)
Taxation				21
Net loss for the year				(38,147)

The Group's operating segments report for the corresponding period ended 31 July 2012 is as follows:

	<u>Manufacturing</u> RM'000	<u>Investment holding</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
<b>Revenue</b>				
Total	62,764	-	-	62,764
Inter segment	(1,313)	-	-	(1,313)
External	61,451	-	-	61,451
<b>Results</b>				
Segment loss	(1,434)	(764)	(12)	(2,210)
Interest Income				532
Finance costs				(1,789)
Depreciation				(4,609)
Loss before taxation				(8,076)
Taxation				14
Net loss for the period				(8,062)

**9. Property, plant and equipment**

Property, plant and equipment are stated at valuation/cost less accumulated depreciation and impairment losses. During the current period, plant & machinery, factory buildings and lands are carried at valuation less impairment.

**10. Events after the reporting year**

There was no material event subsequent to the end of the current quarter ended 31 July 2013 until the date of this report.

**11. Changes in composition of the Group**

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

**12. Contingent assets and contingent liabilities**

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

	<u>31.07.13</u>	<u>31.01.13</u>
	RM'000	RM'000
(i) Bank guarantees issued to third parties by a subsidiary company	1,263	1,993

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 RM36.40 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 July 2013 is RM 66.75 million.

**13. Prepaid lease payments**

	<u>31.07.13</u>
	RM'000
Cost / Net Carrying Amount	
Reclassification from deposits	5,513,000
Amount amortised	114,854.17
	<u>5,398,146</u>

### 13. Prepaid lease payments (Continued)

There was a deposit paid in the previous financial year of RM5,513,000 in respect of an agreement entered between a subsidiary of the Company, Comfort Rubber Gloves Industries Sdn Bhd ("CRG") and SCW Engineering And Construction ("SCW") for the installation and commissioning of plant and machineries ("the CRG Contract").

During the last financial year, CRG had entered into a Novation and Assignment of Lease Rights Agreement dated 1 November 2012 with Chip Lam Seng Berhad ("CLSB") and SCW in respect of the mutual termination of the CRG Contract through the novation and assignment of lease rights over a property from SCW to CRG as a full and final repayment of the deposit paid. The terms and conditions of the lease rights over the said property are stipulated in the Principal Agreement entered into between CLSB and SCW on 24 March 2011 which is in relation to a lease over part of a land in with warehouse held under HS(D) KA 1175/89, PT No.90816, Mukim Hulu Kinta, Daerah Kinta of which CLSB is the registered proprietor.

The lease rights over the said property have a remaining tenure of 36 years.

### 14. Review of performance

The Group recorded sales revenue of RM33.95 million for 2<sup>nd</sup> quarter of 2013 which was higher by 2.67% as compared to the same quarter of the preceding year. In comparison with the first quarter for current year, sales revenue has improved by 1.3%. The Group's loss before taxation for the current quarter was RM28.10 million however after adjusting for RM20.69 million impairment losses on plant & machinery the operating loss is reduced to 7.41 million as compared to the preceding year corresponding quarter's loss before taxation of RM1.56 million.

In CRG, on the operation level this quarter reported an improvement; the loss has been reduced from RM9.92 million in the first quarter to RM6.10 million before taking into consideration the impairment loss of RM20.69 million. The reduced loss was achieved on the back of improved production and sales. Production for the 2<sup>nd</sup> quarter was 378 million gloves as compared to 355 million gloves in the first quarter. However we still continue to encounter mechanical problems with the lines due to the age of the dipping lines and ancillary equipment.

Prices of bulk latex for the quarter under review experienced little changes. Glove prices during this quarter had been soft as demand was still weak. The European market was very slow and weak; the advent of summer which is usually quiet did not help.

For this quarter financial cost is lower. For the month of July bank interest was nil as a result of debt settlement agreement with lending banks. The stronger USD and Yen helped to set off against the losses for previous quarter and resulted in a net gain of RM0.44 million. As expected labour cost increased by 15% over the previous quarter.

In terms of sale volume, sale of powder free gloves and nitrile gloves has increased by 20% and 38% respectively, and powdered gloves reduced by 18% as compared to the previous quarter. Going forward nitrile gloves will take on a more prominent role in term of contribution.

**15. Variation of results against preceding quarter**

The Group recorded sales revenue of RM33.95 million which was slightly increased by 13.62% from the immediate preceding quarter. However, the Group's loss before taxation was RM26.54 million higher than the immediate preceding quarter.

**16. Current year prospects**

Economy recovery in the major global economies will provide opportunities to improve on sales volume. However the glove industry competitiveness, volatility in raw material prices and exchange rate will continue to pose a challenge to the Group. The Group is working on a scheme to address its financial position.

**17. Profit forecast or profit guarantee**

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

**18. Profit before taxation**

This is arrive at after crediting/(charging):

	3 months ended	3 months ended	Cumulative 6 months ended	Cumulative 6 months ended
	<u>31.7.13</u>	<u>31.7.12</u>	<u>31.7.13</u>	<u>31.7.12</u>
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Interest income	540	306	673	532
Interest expense	938	881	2,083	1,789
Depreciation	2,207	2,249	4,378	4,435
Amortisation	38	-	115	-
Loss on impairment	20,691	-	20,691	-
Gain / (Loss) on Foreign Exchange				
- realised	404	470	475	307
Fair value gains on derivatives	-	43	-	43

Save as above, the other items as required under Appendix 9B, Part A (16) of the Bursa Listing Requirements are not applicable.

**19. Taxation**

	3 months ended	Cumulative 6 months ended
	<u>31.7.13</u>	<u>31.7.13</u>
	RM'000	RM'000
Deferred taxation	<u>10</u>	<u>21</u>

**20. Landed properties**

There was no disposal of any landed properties for the current financial year.

**21. Quoted investment**

There were no purchases or sales of quoted securities for the current financial year.

**22. Status of corporate proposal announced**

- a) On 24 December 2010, 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, realising proceeds of RM 71.04 million.

## 22. Status of corporate proposal announced (Continued)

b) The status of utilisation of proceeds raised from corporate proposals is as follows:

### Renounceable Right Issue

Purpose	Proposed Utilisation (RM'000)	Variation as announced 28 June 2013 (RM'000)	Variation as announced 9 September 2013 (RM'000)	Actual Utilisation (RM'000)	Intended Timeframe	Period Due
Purchase of new machineries and other ancillary facilities	33,000	28,000	10,000	-	Within one year	24 Dec 2013
Construction of factory building	5,000	5,000	11,000	1,000	Within one year	24 Dec 2013
Construction of effluent treatment plant	2,000	2,000	2,000	-	Within one year	24 Dec 2013
Purchase of raw materials	19,043	19,043	23,043	15,043	Within one year	24 Dec 2013
Working capital	-	-	8,000	-	Within one year	24 Dec 2013
Repayment of bank borrowings	10,000	15,000	15,000	15,000	-	
Expenses in relation to the Corporate Exercises	2,000	2,000	2,000	2,000	-	
<b>Total</b>	<b>71,043</b>	<b>71,043</b>	<b>71,043</b>	<b>33,043</b>		



**23. Borrowings**

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

	<u>31.7.13</u> RM'000	<u>31.1.13</u> RM'000
Current		
-bank overdraft	38,041	14,986
-short term borrowings	12,243	40,005
Non-current		
-term loan (secured)	16,471	15,987
	<u>66,754</u>	<u>70,978</u>

The above borrowings are denominated in Ringgit Malaysia.

**24. Derivative financial instruments**

The wholly owned subsidiary had not entered into forward foreign exchange contracts to hedge its exposure to fluctuations in foreign exchange risk arising from sales.

The position of forward currency contracts denominated in US Dollar as at reporting date is as follows:

	<u>31.7.13</u> RM'000	<u>31.1.13</u> RM'000
Contract Value - RM Equiv	-	-
Fair Value - RM Equiv	-	-

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

**25. Material litigation**

(i) On 17 January 2013, it was announced that IRCB's wholly-owned subsidiary, Comfort Rubber Gloves Industries Sdn Bhd ("CRG") had been served with a Writ of Summon and Statement of Claim thereof by CIMB Bank Berhad ("the Plaintiff").

The Writ of Summons arose from the default in payment in relation to the banking facilities granted by the Plaintiff to CRG

The particulars of the claim ("Claim") under the Writ of Summon are as follows:

**25. Material litigation (Continued)**

- a) the sum of RM991,853.38 due and owing as at 14 December 2012 in respect of the Overdraft Facility granted to CRG together with interest continuing from 15 December 2012 to the date of full and final realisation at the Plaintiff's Base Lending Rate + 1.5% per annum + 1% per annum on daily rests.
- b) the sum of RM3,514,542.65 due and owing as at 14 December 2012 in respect of the Revolving Credit Facility granted to CRG together with interest continuing from 14 December 2012 to the date of full and final realisation at the Plaintiff's Cost of Funds + 1.5% per annum + 1% per annum on all principal sums due.
- c) Legal costs.
- d) All subsequent relief.

The Company is still in the midst of negotiating with the bank for a standstill arrangement. The Board is of the opinion that the impact on the business, financial and operations of CRG will be determined by the outcome of the current negotiation with the banks. The Company will provide an update as soon as the outcome is known.

(ii) IRCB has on 18 January 2013 announced that the Company and its wholly-owned subsidiary, Comfort Rubber Gloves Industries Sdn Bhd ("CRG") had been served with a Writ of Summon and Statement of Claim thereof by AmBank (M) Berhad ("the Plaintiff") and that this case has been fixed for case management on 23 January 2013.

The Writ of Summon arose from the default in payment in relation to the banking facilities granted by the Plaintiff to CRG.

The particulars of the claim ("Claim") under the Writ of Summon are as follows:

- a) the sum of RM8,056,967.99 due and owing as at 17 December 2012 in respect of the Revolving Credit Facility granted to CRG together with interest at the rate of 4% per annum based on the Plaintiff's Base Lending Rate from 18 December 2012 until full settlement of the amount owing.
- b) the sum of RM903,950.98 due and owing as at 17 December 2012 in respect of the Overdraft Facility granted to CRG together with interest at the rate of 3.5% per annum based on the Plaintiff's Base Lending Rate from 18 December 2012 until full settlement of the amount owing.
- c) the sum of RM96,000.00 due and owing as at 17 December 2012 in respect of the Bankers Acceptance Facility granted to CRG together with interest at the rate of 4% per annum based on the Plaintiff's Base Lending Rate from 18 December 2012 until full settlement of the amount owing.
- c) Legal costs.
- d) All subsequent relief.

**25. Material litigation (Continued)**

The Company is still in the midst of negotiating with the bank for a standstill arrangement. The Board is of the opinion that the impact on the business, financial and operations of CRG will be determined by the outcome of the current negotiation with the banks. The Company will provide an update as soon as the outcome is known

(iii) IRCB announced that the Company had on 22 January 2013 been served with a Notice pursuant to Section 218(2)(a) of the Companies Act, 1965 dated 21 January 2013 from the solicitors for Malayan Banking Berhad ("MayBank") to demand for a settlement of a sum of RM16,891,004.53 being the amount due and owing by the Company to MayBank. The notice demands the Company to make the payment of the said sum of RM16,891,004.53 together with further interest within three (3) weeks of the receipt of the notice, failing which winding up proceedings will commence against the Company.

There will be a significant impact on the financial and operation of IRCB Group should winding up proceedings be taken upon the Company.

On 4 February 2013, as further to the announcement dated on 21 January 2013 that the Company had been informed by the solicitors of Malayan Banking Berhad that the Notice pursuant to Section 218 of the Companies Act, 1965 served on the Company will be withdrawn and requested the Company to provide certain information / documents within 21 days from the date hereof.

(iv) On 24 June 2013 IRCB announced that its wholly-owned subsidiary, Comfort Rubber Gloves Industries Sdn Bhd ("CRG") had on 24 June 2013 been served with a Notice pursuant to Section 218(1)(e) of the Companies Act, 1965 dated 19 June 2013 from the solicitors for Ceebee Chemicals Sdn Bhd ("Ceebee") to demand for the sum of RM175,460.00 as at 26 March 2013 for goods sold and delivered. The notice demands CRG to make the payment of the said sum of RM175,460.00 within twenty-one (21) days from the date of service of the notice, failing which winding up proceedings will commence against CRG.

There will not be a significant impact on the financial and operation of IRCB Group should winding up proceedings be taken upon CRG.

The Company has engaged lawyers to look into the case.

(v) On 25 June 2013, IRCB wishes to make further additions/clarifications to the said Announcement made on the 24 June 2013 in respect of the winding-up petition from Ceebee Chemicals Sdn Bhd

a) Comfort Rubber Gloves Industries Sdn. Bhd. ("CRG") is a wholly-owned major subsidiary of the Company.

b) The circumstances of the default leading to the filing of the Winding-Up Petition against CRG.- Ceebee Chemicals Sdn Bhd has sold and delivered goods to CRG under the old management. However, CRG is in financial difficulty and the new management who took over CRG is in the midst of a debt restructuring exercise. Under such circumstances, CRG has sought for a longer period to resolve this issue.

**25. Material litigation (Continued)**

c) The total cost of investment in CRG would be RM1.00 should the Winding-Up commence against CRG as the Company has made a provision for impairment in its investment in CRG.

d) The Board of Directors of IRCB does not expect any costs or losses to be incurred except for legal fees and related costs of approximately RM30,000.00.

(vi) On 10 September 2013, IRCB announced that its wholly owned subsidiary company, Comfort Rubber Gloves Industries Sdn Bhd ("CRG"), has been served with a Writ of Summons dated 2 September 2013 by Maxwell Kenion Cowdy & Jones as solicitors for Ceebee Chemicals Sdn Bhd ("the Plaintiff").

1. The date of the presentation of the Writ of Summons and the date of the Writ of Summons.

Writ of Summons dated 2 September 2013 was served on 9 September 2013.

2. The particulars of the claim under the Writ of Summons.

The Plaintiff's claims are as follows:

a) A sum of RM175,460.00 up to 26.03.2013;

b) Interest claimed at the rate of 1.5% per month on the sum of RM175,460.00 from 27.03.2013 till date of judgement;

c) Interest claimed at the rate of 5% per annum on the sum of RM175,460.00 from date of judgement till the date of full settlement;

d) cost; and

e) Other reliefs deem fit by the court.

3. The financial and operational impact of the Writ of Summons

The amount involved is not expected to have a significant impact on the financial and operation of IRCB Group.

4. The expected losses, if any, arising from the Writ of Summons

The expected losses, if any, will be up to the amount claimed.

5. The steps taken and proposed to be taken by the Company in respect of the Writ of Summons

The Company had engaged lawyers to look into the case.

**25. Material litigation (Continued)**

(vii) On 11 September IRCB announced that Comfort Rubber Gloves Industries Sdn. Bhd. ("CRG"), a wholly owned subsidiary of the Company, had on 10 September 2013, served an Originating Summons against Seah Bee Hoon ("Defendant") for claims as follows:

- a) return of the motor vehicles bearing registration no. ADN 3311, AEP 2882 and AFD 8 belonging to CRG;
- b) Costs;
- c) Interest; and
- c) Other reliefs deemed fit by the Court.

The matter is fixed for trial on 26 September 2013.

(viii) On 18 September 2013 IRCB announce that its wholly-owned subsidiary, Comfort Rubber Gloves Industries Sdn Bhd ("CRG") had been served with a Writ of Summons by Taiko Marketing Sdn Bhd ("the Plaintiff") on 13 September 2013 and that this case has been fixed for case management on 20 September 2013. The Writ of Summons arose from the default in payment ("the Claim") for the goods sold and delivered by the Plaintiff.

The particulars of the Claim under the Writ of Summons are as follows:

- a) the sum of RM250,943.00 due and owing for the goods sold and delivered;
- b) the sum of RM24,595.00 being the interest on the amount due and owing as at 31 July 2013;
- c) Interest claimed at the rate of 2% per month on the sum of RM250,943.00 from 1 August 2013 till date of completion;
- d) Cost; and
- e) Other reliefs deem fit by the court.

CRG is a major subsidiary of the Company. The total cost of investment in CRG would be RM1.00 should it be successfully made against CRG as the Company has made a provision for impairment in its investment in CRG. The expected losses arising from the Claim, should it be successfully made against CRG will be up to the Sum of Claim and the costs. There will not be a significant impact on the financial and operation of IRCB Group.

The Company had engaged lawyers to look into the case.

## 26. Corporate Proposals

On 28 August 2013, the Group announced that the Company had entered into agreements with Mr. Cheang Poy Ken (“Mr Cheang”) and Keen Setup Sdn Bhd (“KSSB”) (collectively referred herein as the “Investors”) both dated 27 August 2013, to advance cash of RM22,400,000 each; totalling to RM44,800,000 to the Company.

The Proposed Advance is for the purpose of settling debts under the purview of Corporate Debt Restructuring Committee (“CDRC”) involving amounts owed by Comfort Rubber Gloves Industries Sdn. Bhd. (“CRGI”) to Malayan Banking Berhad (“MBB”), Maybank Islamic Berhad (“MIB”), Ambank (M) Berhad (“Ambank”) and CIMB Bank Berhad (“CIMB”) (collectively referred herein as the “Lenders”)

IRCB and Comfort Rubber Gloves Industries Sdn Bhd, had on 3 September 2013, entered into a debt settlement agreement (“Debt Settlement Agreement”) with:-

- (i) Malayan Banking Berhad (“MBB”);
- (ii) Maybank Islamic Berhad (“MIB”);
- (iii) Ambank (M) Berhad (“Ambank”); and
- (iv) CIMB Bank Berhad (“CIMB”)

for the full and final settlement of all amounts of borrowing or indebtedness or liability (including without limitation principal, interest, costs, charges or expenses or other liabilities) up till the settlement date owed by IRCB and CRGI to the Lenders (“Debt Settlement”).

## 27. Retained earnings

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 retained earnings as at the end of the reporting year, into realised and unrealised profits or losses.

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

	<u>31.7.13</u>	<u>31.1.13</u>
	RM'000	RM'000
Total retained earnings of the Group		
- Realised	(169,841)	(133,721)
- Unrealised	(2,254)	(320)
Less: Consolidated adjustments	<u>37,120</u>	<u>37,203</u>
Total accumulated losses as per statement of financial position	<u>(134,975)</u>	<u>(96,828)</u>

**27. Retained earnings (Continued)**

The determination of realised and unrealised profits / (losses) is based on the Guidance of 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, issued by the Malaysia Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits / (losses) above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for other purposes.

**28. Dividend Payable**

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

**29. Earnings / (Loss) per share**

	3 months ended <u>31.7.13</u>	3 months ended <u>31.7.12</u>	Cumulative 6 months ended <u>31.7.13</u>	Cumulative 6 months ended <u>31.7.12</u>
Net loss for the year (RM'000)	(28,088)	(1,546)	(38,147)	(8,062)
Weighted average number of ordinary shares for basic earnings per share computation	592,026	592,026	592,026	592,026
Effect of dilution:				
- Warrant	236,810	236,810	236,810	236,810
Weighted average number of ordinary shares for diluted earnings per share computation	828,836	828,836	828,836	828,836
(Loss)/Earnings per ordinary share attributable to owners of the parent (cent)				
- Basic	(4.74)	(0.26)	(6.44)	(1.36)
- Diluted	(3.39)	*(0.26)	(4.60)	*(1.36)

\*During the financial period, no consideration is taken for warrants as the effect is anti dilutive