

**Condensed Unaudited Consolidated Statement of Comprehensive Income**  
**Quarterly report on unaudited consolidated results**  
**For the financial period ended 30 April 2014**

	3 months quarter ended <u>30.4.2014</u> RM'000 (Unaudited)	3 months quarter ended <u>30.4.2013</u> RM'000 (Unaudited)	Cumulative 3 months <u>30.4.2014</u> RM'000 (Unaudited)	Cumulative 3 months <u>30.4.2013</u> RM'000 (Unaudited)
Revenue	36,323	29,878	36,323	29,878
Cost of sales	<u>(34,380)</u>	<u>(37,087)</u>	<u>(34,380)</u>	<u>(37,087)</u>
Gross profit/(loss)	1,943	(7,209)	1,943	(7,209)
Other operating income	336	300	336	300
Selling expenses	(406)	(426)	(406)	(426)
Administrative expenses	(1,659)	(1,588)	(1,659)	(1,588)
Finance costs	(7)	(1,146)	(7)	(1,146)
Profit/(Loss) before taxation	<u>207</u>	<u>(10,069)</u>	<u>207</u>	<u>(10,069)</u>
Taxation	<u>79</u>	<u>10</u>	<u>79</u>	<u>10</u>
Net loss for the financial period	286	(10,059)	286	(10,059)
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>286</u>	<u>(10,059)</u>	<u>286</u>	<u>(10,059)</u>
Loss attributable to: Owners of the parent	<u>286</u>	<u>(10,059)</u>	<u>286</u>	<u>(10,059)</u>
Total comprehensive loss attribute to: Owners of the parent	<u>286</u>	<u>(10,059)</u>	<u>286</u>	<u>(10,059)</u>
Loss per ordinary share attributable to owners of the parent (cent)				
- Basic	0.05	(1.70)	0.05	(1.70)
- Diluted	0.03	(1.70)	0.03	(1.70)

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 30 April 2014

	As at <u>30.4.2014</u> RM'000 (Unaudited)	As at <u>31.01.2014</u> RM'000 (Audited)
<b>Assets</b>		
Property, plant and equipment	56,385	52,357
Prepaid lease payments	-	-
<b>Total non-current assets</b>	<u>56,385</u>	<u>52,357</u>
Inventories	22,084	17,696
Trade and other receivables	20,573	18,366
Fixed deposits	-	10,000
Cash and bank balances	8,042	9,060
<b>Total current assets</b>	<u>50,699</u>	<u>55,121</u>
<b>Total assets</b>	<u>107,084</u>	<u>107,479</u>
<b>Equity</b>		
Share capital	118,405	118,405
Reserves	(81,852)	(82,138)
<b>Total equity attributable to owners of the parent</b>	<u>36,554</u>	<u>36,267</u>
<b>Liabilities</b>		
Borrowings	-	-
Hire purchase payables - long term	38	43
Deferred tax liabilities	1,814	1,894
Other liabilities	44,872	44,872
<b>Total non-current liabilities</b>	<u>46,725</u>	<u>46,809</u>
Trade and other payables	23,786	24,383
Bank Overdraft	-	-
Short term borrowings	-	-
Hire purchase payables - short term	19	19
<b>Total current liabilities</b>	<u>23,805</u>	<u>24,402</u>
<b>Total liabilities</b>	<u>70,530</u>	<u>71,211</u>
<b>Total equity and liabilities</b>	<u>107,084</u>	<u>107,479</u>
Net assets per share attributable to owners of the parent (sen)	6	6

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 2014

**Condensed Unaudited Consolidated Statement of Changes in Equity**  
**For the financial period ended 30 April 2014**

	Share Capital RM'000	Attributable to owners of the parent			Distributable		Total RM'000
		Revaluation Reserves RM'000	Warrant Reserves RM'000	Other Reserves RM'000	Accumulated Losses RM'000		
At 1 February 2014	118,405	11,454	10,609	11,319	(115,519)	36,268	
Total comprehensive loss for the financial period	-	-	-	-	286	286	
At 30 April 2014	118,405	11,454	10,609	11,319	(115,233)	36,554	
At 1 February 2013	118,405	-	10,609	11,319	(96,827)	43,506	
Total comprehensive loss for the financial period	-	-	-	-	(10,059)	(10,059)	
At 30 April 2013	118,405	-	10,609	11,319	(106,886)	33,447	

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 2014

## Condensed Unaudited Consolidated Statement of Cash Flow

### For the financial period ended 30 April 2014

	3 months ended <u>30.4.2014</u> RM'000 (Unaudited)	3 months ended <u>30.4.2013</u> RM'000 (Unaudited)
<b>Cash flows from operating activities</b>		
Loss before taxation	207	(10,069)
Adjustments for:		
Non-cash items	1,502	2,248
Interest expense	7	1,146
Interest income	(58)	(133)
Operating (loss)/profit before working capital changes	1,658	(6,808)
Changes in working capital:		
Net change in current assets	(6,597)	(7,231)
Net change in current liabilities	(597)	9,163
Cash used in from operations	(5,536)	(4,876)
Interest paid	(7)	(950)
Tax refund/(paid)	2	(4)
<b>Net cash used in from operating activities</b>	<b>(5,541)</b>	<b>(5,830)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(5,530)	(1,274)
Proceeds from disposal of property, plant and equipment	-	133
Interest received	58	-
<b>Net cash (used in)/ generated from investing activities</b>	<b>(5,472)</b>	<b>(1,141)</b>
<b>Cash flows from financing activities</b>		
Bank borrowing transferred to Overdraft	-	(23,061)
Repayment of bank borrowings	-	281
Repayment of hire purchase	(5)	(5)
Interest paid	-	(196)
<b>Net cash generated from financing activities</b>	<b>(5)</b>	<b>(22,981)</b>
Net changes in cash and cash equivalents	(11,018)	(29,952)
Cash and cash equivalents at beginning of the financial year	19,060	36,315
<b>Cash and cash equivalents at end of the financial year</b>	<b>8,042</b>	<b>6,363</b>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	8,042	2,509
Fixed deposits	-	38,000
Bank overdraft	-	(34,146)
	<b>8,042</b>	<b>6,363</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 2014

## Notes to the unaudited interim financial report

### 1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS134: Interim Financial Reporting and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31st January 2014. These interim financial statements contain selected explanatory notes which provide explanations of events and transaction that are significant to an understanding of the changes in the financial position and performance of the Company.

### 2. Summary of Significant accounting Policies

The significant accounting policies adopted are consistent with the audited financial statements for the financial year ended 31<sup>st</sup> January 2014.

#### 2.1 New, Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int

##### Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int

The Group and the Company had adopted the following new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that are mandatory for the current financial year:-

##### New MFRSs

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement

##### Revised MFRSs

MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures

##### Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 7	Financial Instruments: Disclosures
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 101	Presentation of Financial Statements
MFRS 116	Property, Plant and Equipment
MFRS 132	Financial Instruments: Presentation
MFRS 134	Interim Financial Reporting

## 2. Summary of Significant accounting Policies (Continued)

### 2.1 New, Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations (“IC Int”) and Amendments to IC Int (Continued)

#### Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int (Continued)

##### New IC Int

IC Int 20 Stripping Costs in the Production Phase of a Surface Mine

##### Amendments to IC Int

IC Int 2 Members' Shares in Co-operative Entities & Similar Instruments

The adoption of the above new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int do not have any effect on the financial statements of the Group and of the Company except for those as discussed below:-

#### ***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 controlled entities and associates in the separate financial statements of an investor and require the entity to account for such investments either at cost, or in accordance with MFRS 139 *Financial Instruments: Recognition and Measurement*.

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.

The Group adopted MFRS 10 in the current financial year. This resulted in changes to the accounting policies as disclosed in Note 2.3(a) The adoption of MFRS10 has no significant impact to the financial statements of the Group.

## 2. Summary of Significant accounting Policies (Continued)

### 2.1 New, Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations (“IC Int”) and Amendments to IC Int (Continued)

#### **Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int (Continued)**

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

MFRS 12 is a single disclosure standard for interests in subsidiaries, jointly controlled entities, associates 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. The requirements in MFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries.

##### *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.

As a result of the guidance in MFRS 13, the Group reassessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair values measurement of liabilities.

Application of MFRS13 has not materially impacted the fair value measurements of the Group. MFRS 13 requires more extensive disclosures. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

##### *Amendments to MFRS 101 Presentation of Financial Statements*

The amendments to MFRS 101 introduce a grouping of items presented in other comprehensive income. Items that will be reclassified to profit or loss at future point in time have to be presented separately from items that will not be reclassified.

These amendments also clarify the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The amendments clarify that the opening statement of financial position presented as a result of retrospective restatement or reclassification of items in financial statements does not have to be accompanied by comparative information in the related notes. As a result, the Group has not included comparative information in respect of the opening statement of financial position as at 1 February 2012.

**2. Summary of Significant accounting Policies (Continued)****2.1 New, Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations (“IC Int”) and Amendments to IC Int (Continued)****Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int (Continued)*****Amendments to MFRS 101 Presentation of Financial Statements (Continued)***

The amendments also introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments, the ‘statement of comprehensive income’ is renamed as the ‘statement of profit or loss and other comprehensive income’.

The above amendments affect presentation only and have no impact on the Group’s financial position or performance.

***Amendments to MFRS 7 Financial Instruments: Disclosures***

Amendments to MFRS 7 addresses disclosures to include information that will enable users of an entity’s financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity’s recognised financial assets and recognised financial liabilities, on the entity’s financial position.

***Amendment to MFRS 116 Property, Plant and Equipment***

Amendment to MFRS 116 clarifies that items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

***Amendments to MFRS 10 Consolidated Financial Statements and MFRS 12 Disclosure of Interests in Other Entities***

Amendments to MFRS 10 clarifies that the date of initial application is the beginning of the annual reporting period for which this MFRS is applied for the first time. Consequently, an entity is not required to make adjustments to the previous accounting if the consolidation conclusion reached upon the application of MFRS 10 is the same as previous accounting or the entity had disposed of its interests in investees during a comparative period. When applying MFRS10, these amendments also limit the requirement to present quantitative information required by Paragraph 28(f) of MFRS108 Accounting Policies, Changes in Accounting Estimates and Errors to the annual period immediately preceding the date of initial application. A similar relief is also provided in MFRS 11 and MFRS 12. Additionally, entities would no longer be required to provide disclosures for unconsolidated structure entities in periods prior to the first annual period that MFRS 12 is applied.



## 2. Summary of Significant accounting Policies (Continued)

### 2.1 New, Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations (“IC Int”) and Amendments to IC Int (Continued)

#### **Adoption of New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Int and Amendments to IC Int (Continued)**

##### *Amendments to MFRS 10 Consolidated Financial Statements and MFRS 12 Disclosure of Interests in Other Entities (Continued)*

If, upon applying MFRS 10, an entity conclude that it shall consolidate an investee that was not previously consolidated and that control was obtained before the effective date of the revised versions of these standards issued by the Malaysian Accounting Standards Board in November 2011, these amendments also clarify that an entity can apply the earlier versions of MFRS 3 Business Combinations and MFRS 127.

These amendments are not expected to have any significant impact on the financial results and position of the Group and the Company.

##### *Amendment to MFRS 132 Financial Instruments: Presentation*

Amendment to MFRS 132 clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with MFRS 112 Income Taxes.

##### *Amendment to MFRS 134 Interim Financial Reporting*

To be consistent with the requirements in MFRS 8 *Operating Segments*, the amendment to MFRS 134 clarifies that an entity shall disclose the total assets and liabilities for a particular reportable segment only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

The directors expect that the new MFRSs, IC Interpretations and Amendments to MFRSs which are issued effective for periods beginning on or after 1st January 2014, if applicable, do not have any material impact on the financial statements of the Company.

## 3. Audit qualifications

The auditors’ report on the financial statements of the Company for the financial year ended 31<sup>st</sup> January 2014 were 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 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 30<sup>th</sup> April 2014 are 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	38,248	-	-	38,248
Inter segment	(1,925)	-	-	(1,925)
External	36,323	-	-	36,323
<b>Results</b>				
Segment profit / (loss)	1,872	(184)	(61)	1,628
Interest Income				58
Finance costs				(7)
Depreciation				(1,472)
Profit before taxation				207
Taxation				79
Net profit for the period				286

**8. Operating segments (Continued)**

The Group's operating segments report for the corresponding period ended 30<sup>th</sup> April 2013 is as follows:

	<u>Manufacturin</u> <u>g</u> RM'000	<u>Investment holding</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
<b>Revenue</b>				
Total	30,673	-	-	30,673
Inter segment	(795)	-	-	(795)
External	<u>29,878</u>	-	-	<u>29,878</u>
<b>Results</b>				
Segment loss	(6,658)	(162)	11	(6,808)
Interest Income				133
Finance costs				(1,146)
Depreciation and amortisation				(2,248)
Loss before taxation				<u>(10,069)</u>
Taxation				10
Net profit for the period				<u>(10,059)</u>

**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 year ended 31<sup>st</sup> January 2014 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**

The Company does not have any material contingent liabilities and contingent assets for the current financial period.

**13. Capital Commitments**

There were no capital commitments as at 30<sup>th</sup> April 2014.

**14. Review of performance**

The Group recorded sales revenue of RM36.32 million for 1<sup>st</sup> quarter of 2015 which was higher by 21.57% as compared to the same quarter of the preceding year. The Group's profit before taxation for the current quarter was RM0.21 million as compared to the preceding year corresponding quarter's loss before taxation of RM10.07 million.

The quarter under review would have performed better if not for the tremendous pressure of the 14.9 % tariff increase in electricity and the full implementation of the minimum wage rate. The combined impact was a 2% and 6% increase in electricity cost and labor cost. Fortunately the lower material cost and lower depreciation charge for the same period had helped softened the impact to return a profitable quarter. Gloves prices have generally remained, with little changes, except for specialty gloves where we were able to raise our prices, compared to the last quarter. We expect the incremental cost to be passed through to the buyers in stages in the coming quarter.

During the quarter four new production lines was completed and production came online in the month of March .These new lines is expected to add 35 million pieces of gloves per month to our total current monthly production of nitrile gloves.

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

The Group recorded sales revenue of RM36.32 million which was slightly increased by 1.80% from the immediate preceding quarter. However, the Group's profit before taxation for current quarter wasRM0.21 million as of compared to group loss of RM9.16 million for the immediate preceding quarter.

**16. Current year prospects**

The Group believes that the operating environment going forward will continue to be challenging. Market conditions have continued to improve but uncertainty in currency, raw material and energy cost will dampen forward momentum.

The Group has targeted to raise production capacity over the course of the year by a further 35 million pieces a month and further rationalize our product mix with a strong emphasis on our core products of nitrile and latex powder free.

The Group remains committed to its regularization plan to uplift its PN17 status.

**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 3 months ended	Cumulative 3 months ended
	<u>30.04.14</u>	<u>30.04.13</u>	<u>30.04.14</u>	<u>30.04.13</u>
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Interest income	58	133	58	133
Interest expense	7	1,146	7	1,146
Depreciation	1,472	2,172	1,472	2,172
(Gain) / Loss on Foreign Exchange				
- realised	136	(71)	136	(71)
Plant and equipment written off	30	-	30	-

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 3 months ended
	<u>30.04.14</u>	<u>30.04.14</u>
	RM'000	RM'000
Deferred taxation	<u>79</u>	<u>79</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.
- 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)	Variation as announced 27 January 2014 (RM'000)	Actual Utilisation (RM'000)
Purchase of new machineries and other ancillary facilities	33,000	28,000	10,000	10,000	10,000
Construction of factory building	5,000	5,000	11,000	7,600	5,239
Construction of effluent treatment plant	2,000	2,000	2,000	-	-
Purchase of raw materials	19,043	19,043	23,043	23,043	22,477
Working capital	-	-	8,000	13,400	12,119
Repayment of bank borrowings	10,000	15,000	15,000	15,000	15,000
Expenses in relation to the Corporate Exercises	2,000	2,000	2,000	2,000	2,000
<b>Total</b>	<b>71,043</b>	<b>71,043</b>	<b>71,043</b>	<b>71,043</b>	<b>66,835</b>

## 23. Borrowings

There was no borrowings by the Group.

**24. Material litigation**

- a) On 4 February 2013, the Company announced that the solicitors of Maybank had withdrawn the Notice pursuant to Section 218 of the Companies Act 1965, in Malaysia.

On 18 February 2013, the Company announced that Maybank will proceed to uplift the fixed deposits pledged of RM5 million to settle the amount owing under the banking facilities granted to the Company.

- b) On 8 February 2013, the Company announced that the Corporate Debts Restructuring Committee ("CDRC") had on 6 February 2013 approved the Company's application for assistance to mediate with the financial lenders. The Company was required to submit a proposed restructuring scheme which must comply with CDRC's Restructuring Principles for the Company to remain under the Informal Standstill Arrangement with the financial lenders.
- c) On 24 June 2013 in respect of the Winding-Up Petition, the Group announced that Ceebee Chemicals Sdn Bhd ("Ceebee") filed a winding up petition against Comfort Rubber Gloves Industries Sdn. Bhd. ("CRG") which is a wholly-owned major subsidiary.

Ceebee 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.

i) 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.

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

The Board of Directors of the Company announced that its wholly-owned subsidiary, CRG, has been served with a Writ of Summons dated 2 September 2013 by Maxwell Kenion Cowdy & Jones as solicitors for Ceebee.

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

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 from 27.03.2013 till date of judgement;
- c) Interest claimed at the rate of 5% per annum on the sum of RM175,460 from date of judgement till the date of full settlement;
- d) cost; and
- e) Other reliefs deem fit by the court.

**24. Material litigation (Continued)**

On 20 November 2013, the Board of Directors of the Company announced that its wholly-owned subsidiary, CRG, had through its solicitors, kbtan, kumar & partners, negotiated with Ceebee's solicitors an out of court settlement on strictly private and confidential basis but with no order as to costs and interests and the payment was made to Ceebee. The final mention of the case on 31 October 2013 had resolved the case accordingly.

- d) The Group announced that on 2 July 2013, Hexavin Sdn Bhd ("Hexavin"), a dormant sub-subsidiary of the Company has submitted an application to the Companies Commission of Malaysia ("CCM") to strike off its name from the Register of CCM pursuant to Section 308 of the Companies Act, 1965. Hexavin has not been in operation since incorporation and has no intention of carrying on any business in the future.

The Board of Directors of the Company announced that Hexavin had on 6 September 2013, received from the CCM a letter dated 23 August 2013 notifying Hexavin that if no response to the contrary is received within one month from 23 August 2013, will strike Hexavin from the Register of CCM and a notice will be published in the Government Gazette.

The Group announced that Hexavin had on 7 October 2013, received from the CCM a letter dated 30 September 2013 notifying Hexavin that at the expiration of three (3) months from 30 September 2013, the name of Hexavin will, unless cause is shown to the contrary, be struck off the register of CCM and Hexavin will be dissolved.

The Board announced that Hexavin had on 10 February 2014, received from the CCM a letter dated 23 January 2014 notifying that the name of Hexavin has been struck-off pursuant to Section 308(4) of the Companies Act, 1965.

- e) AmInvestment Bank Berhad ("AmInvestment Bank") 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 Group.

The Proposed Advance is for the purpose of settling debts under the purview of CDRC involving amounts owed by CRG to Malayan Banking Berhad ("MBB"), Maybank Islamic Berhad ("MIB"), Ambank (M) Berhad ("Ambank") and CIMB Bank Berhad ("CIMB") (collectively referred herein as the "Lenders") ("Proposed Debt Settlement").

- f) AmInvestment Bank announced that the Company and CRG, had on 3 September 2013, entered into a debt settlement agreement ("Debt Settlement Agreement") with the Lenders 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 the Company and CRG to the Lenders ("Debt Settlement").



**24. Material litigation (Continued)**

On the even date, the Company had received an Advance from Mr Cheang and KSSB of RM22,436,103 each and made full payment to the Lenders in accordance with the Debt Settlement Agreement.

Pursuant to the Debt Settlement Agreement, the Group is no longer in default of any payment to the Lenders in respect of credit facilities granted by the Lenders to the Group. Accordingly, no further announcements will be made by the Company pursuant to Practice Note 1 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

- g) The Group announced that 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
  - b) Costs;
  - c) Interest; and
  - d) Other reliefs deemed fit by the Court.

The Group has obtained the return of AND 3311 but the Defendant is refusing to return the other two vehicles.

The court had on 19 June 2014 dismissed the Company's application for the return of the other 2 vehicles and that the issue of the right to the ownership of the 2 said vehicles would be transferred to the Sessions Court to be heard in conjunction with the case in section h).

- h) The Board announced that the Company, together with its wholly-owned subsidiary, CRG (collectively known as "the Defendants") had been served with Writ of Summons by Tan Keng Beng ("Plaintiff A") on his own behalf and as Executor of the Estate of Tan Koon Poon @ Tan Koon Pun, collectively known as the Plaintiffs, on 25 November 2013. The Writ of Summons arose from the Plaintiffs' claim ("the Claim") that the Defendants have failed, neglected and refused to transfer/sell the motor vehicles, belonging to CRG, to the Plaintiffs and gratuity payment of twelve (12) months salary amounting to RM480,000 to Plaintiff A, as purportedly approved at the Directors' Meeting of the Company.

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

- a) Specific performance of the agreement between the Plaintiffs and the Company for the transfer of motor vehicles; In the event the Defendants refuse to abide to transfer the motor vehicles within seven (7) days after the service of the Writ of Summons, the Pengarah Jabatan Pengangkutan Jalan would be authorised to execute the transfer forms and/or any other form of transfer of the motor vehicles from CRG into the Plaintiffs' names;
- b) the sum of RM480,000 being gratuity payment of salary to Plaintiff A;
- c) an interest rate of 8% on RM480,000 from the date of the Writ of Summons until the date of realisation;

**24. Material litigation (Continued)**

- d) costs; and
- e) such further and other relief as the Court deems fit and proper to grant.

The court had on 27 June 2014 fixed the case mention for the 14 July 2014.

- i) The Group had announced that its wholly-owned subsidiary, 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.

On 20 November 2013, the Board of Directors of IRCB wishes to announce that its wholly-owned subsidiary, CRG, had through its solicitors, kbtan, kumar & partners, negotiated with Taiko's solicitors an out of court settlement on strictly private and confidential basis with the conditions that Taiko is to withdraw the suit with no liberty to file fresh and no order as to costs/interest and that there shall be no consent order recorded.

**25. Corporate Proposals**

- j) On 30 September 2013, the Company ("IRCB") announced that it proposes to undertake the following proposals:-
  - (a) proposed capitalisation of the advances received from Mr Cheang and KSSB of RM44.80 million via the issuance of 224 million Settlement Shares with 112 million Settlement Warrants;
  - (b) proposed capital reduction of the par value of the IRCB Shares pursuant to Section 64(1) of the Act, involving the cancellation of RM0.15 of the par value of every IRCB Share and thereafter, consolidation of every two (2) ordinary shares of RM0.05 each into one (1) ordinary share of RM0.10 each in IRCB;
  - (c) proposed increase in IRCB's authorised share capital from RM50 million comprising 500 million ordinary shares of RM0.10 each in IRCB (after the Proposed Capital Reduction and Consolidation) to RM100 million comprising 1,000 million IRCB Shares; and
  - (d) proposed establishment of an employees' share scheme of up to fifteen percent (15%) of the issued and paid-up share capital of IRCB (excluding treasury shares) at any point in time during the duration of the scheme.

**25. Corporate Proposals (Continued)**

- ii) On 26 December 2013, the Group announced that the Company had submitted the Proposed Regularisation Plan to Bursa Malaysia Securities for its approval.
- iii) On 23 May 2014, the AmInvestment Bank Berhad announced that, in relation to the Proposed Advance Capitalisation, the Company had entered into a subscription agreement with each of the Investors whereby the Company shall issue to the Investors a total of 224 million IRCB Shares and grant to the Investors a right to subscribe for a further 112 million IRCB Shares as full and final settlement of the Advance (“Subscription Agreements”).

As a result of the Subscription Agreements, the Proposed Advance Capitalisation will now entail the proposed capitalisation of the Advance received from the Investors via the issuance of 224 million IRCB Shares (“First Tranche Subscription Shares”) and the grant of a right to subscribe for a further 112 million IRCB Shares (“Second Tranche Subscription Shares”) at an exercise price of RM0.20 per IRCB Share (“Second Tranche Subscription Price”). The number and subscription price of Second Tranche Subscription Shares shall be subject to adjustments in accordance with the provisions of the Subscription Agreements.

The proposed regularisation plan is still pending for approval from Bursa Securities

**26. 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>30.04.14</u>	<u>31.1.14</u>
	RM'000	RM'000
Total retained earnings of the Group		
- Realised	(161,501)	(161,749)
- Unrealised	(1,814)	(1,894)
Less: Consolidated adjustments	<u>48,081</u>	<u>48,123</u>
Total accumulated losses as per statement of financial position	<u>(115,234)</u>	<u>(115,520)</u>

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.

**26. Retained earnings (Continued)**

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.

**27. Dividend Payable**

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

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

	3 months ended <u>30.04.14</u>	3 months ended <u>30.04.13</u>	Cumulative 3 months ended <u>30.04.14</u>	Cumulative 3 months ended <u>30.04.13</u>
Net loss for the year (RM'000)	286	(10,059)	286	(20,685)
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	0.05	(1.70)	0.05	(1.70)
- Diluted	0.03	(1.70)	0.03	(1.70)

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