



NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD (“FRS”) 134₂₀₀₄: INTERIM FINANCIAL REPORTING

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with FRS 134₂₀₀₄: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2007.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the year ended 31 December 2007. The interim financial report contain condensed consolidated financial statements and these explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2007.

2. Auditor’s Report on Preceding Annual Financial Statements

The auditor’s report on the financial statements of the Group and the Company for the year ended 31 December 2007 was not subject to any qualification.

3. Seasonal or Cyclical Factors

The Group’s products are mainly exported to temperate regions like Europe, USA and Latin America. In tandem with climatic changes, demand for the Group’s products may fluctuate with the seasons. Generally, demand is stronger in the second half of the year.

4. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting the Group’s assets, liabilities, equity, net income or cash flows in the financial statements ended 31 December 2008.

5. Changes in Material Estimates

There were no changes in the nature and amount of estimates reported in prior financial years that have a material effect in the interim financial statements and current year.

6. Changes in Debt and Equity Securities

6.1 Executive Share Option Scheme (“ESOS”)

The Company did not issue any new shares under ESOS during the current financial quarter.

6.2 Medium Term Notes (“MTN”) Programme

The Company did not issue any new medium term notes during the quarter under review.



6.3 Irredeemable Convertible Unsecured Loan Stocks (“ICULS”) with free Warrants

As at 31 December 2008, a total of 6,163,900 nominal value of ICULS at RM1.00 each have been converted to ordinary shares at the conversion price of RM1.70 per ordinary share of RM1.00 each.

6.4 Share Buy-back

During the current quarter, the Company purchased 131,800 ordinary shares of RM1.00 each from Bursa Malaysia Securities Berhad, for a total consideration of RM154,960. The shares are currently maintained as Treasury Shares.

As at 31 December 2008, the Company has accumulated a total of 2,801,900 Treasury Shares.

7. Dividends Paid

A first interim dividend of 5 sen tax-exempt per ordinary share of RM1.00 each in respect of the current financial year was paid on 12 February 2008.

On 16 October 2008, the Company declared a first interim dividend of 7 sen less 25% tax per ordinary share of RM1.00 each in respect of the financial year 2009; this was paid on 15 January 2009.

8. Segmental Information

Segmental information is presented in accordance to the Group’s business and geographical segments by location of assets, which is the primary reporting format.

| | Current Quarter ended 31 December 2008 RM’000 | Cumulative year-to- date ended 31 December 2008 RM’000 |
|----------------------------|--------------------------------------------------------|-----------------------------------------------------------------|
| Segment Revenue: | | |
| Malaysia | 36,984 | 155,858 |
| People’s Republic of China | 100,988 | 292,487 |
| Europe | 11,719 | 41,460 |
| | ----- | ----- |
| | 149,691 | 489,805 |
| Eliminations | (70,746) | (215,251) |
| | ----- | ----- |
| Total | 78,945 | 274,554 |
| | ===== | ===== |
| Segment Results: | | |
| Malaysia | 17,973 | 34,889 |
| People’s Republic of China | 5,878 | 13,002 |
| Europe | (125) | 2,391 |
| | ----- | ----- |
| | 23,726 | 50,282 |
| Eliminations | (13,433) | (17,661) |
| | ----- | ----- |
| Total | 10,293 | 32,621 |
| | ===== | ===== |



9. Valuation of Property, Plant and Equipment

The Group did not carry out any revaluations on its property, plant and equipment during the current quarter and financial year ended 31 December 2008.

The values of property, plant and equipment have been brought forward without amendment from the previous annual financial statements ended 31 December 2007.

10. Subsequent Events

There were no other material events subsequent to the end of the current quarter that have not been reflected in this financial report ended 31 December 2008.

11. Changes in the Composition of the Group

There were no changes to the composition of the Group since the last financial year ended 31 December 2007.

12. Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or assets since the last annual balance sheet date as at 31 December 2007.

13. Capital Commitments

The amount of commitments for the purchase of property, plant and equipment not provided for in the financial statements as at 31 December 2008 is as follows:-

| | RM'000 |
|-------------------------------------------------|--------|
| Capital expenditure approved and contracted for | 6,137 |



B. ADDITIONAL INFORMATION PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Review of Performance

The Group achieved a sales turnover of RM78.95 million for the fourth quarter ended 31 December 2008 (2007: RM38.60 million, which is an increase of 104%). Group pretax profit recorded in the current quarter was RM4.44 million compared to a loss of RM2.15 million in the corresponding quarter of year 2007. The increase in turnover and profits were due to sales contribution from our China subsidiaries and better profit margins of our Group's products compared to the corresponding period in 2007.

2. Material change in the profit before tax of the current quarter compared with preceding quarter

Sales for the fourth quarter 2008 amounted to RM78.95 million compared to RM87.30 million reported for the third quarter of 2008, a decrease of 10%. The decrease was due to a decline in demand for certain of our Group's products owing to the economic slowdown.

However, pre-tax profit of RM4.44 million was recorded in the fourth quarter 2008 compared to RM3.47 million in the previous quarter, an improvement of 28%. This improvement was attributable to increased production volumes and efficiencies achieved from our China subsidiaries.

3. Current Year Prospects

The world financial market meltdown in 2008 is expected to cause a further deterioration in the world economy and the significant slowdown recorded in major markets such as the United States and Europe, which are also the Group's major markets, will definitely have a direct impact on the sales of the Group's products.

Despite the above, the Board and management are cautiously optimistic on the demand for disposable gloves and would even expect a further growth in sales of this product from our China operation.

Barring any unforeseen circumstances, the Group foresees a better performance for 2009.

4. Profit Forecast or Profit Guarantee

No profit forecast or profit guarantee has been issued for the current quarter.

5. Taxation

| | Current quarter ended 31 December 2008 RM'000 | Cumulative year-to- date RM'000 |
|-------------------------------------|-----------------------------------------------------|---------------------------------------|
| Current year – Malaysian income tax | 586 | 2,876 |
| Current year – Foreign income tax | (329) | 178 |
| Deferred taxation | (1,227) | (1,227) |
| | ----- | ----- |
| Total income tax expense/(credit) | (970) | 1,827 |
| | ===== | ===== |
| Effective tax rate | n/a | 14.6% |



The lower effective tax rate during the current quarter was mainly due to profits generated from certain overseas subsidiaries that are exempted from income tax and also reversal of deferred taxation during the financial year.

6. Sale of Unquoted Investments and/or Properties

There were no sales of unquoted investments and/or properties for the current quarter ended 31 December 2008.

7. Purchase/disposal of Quoted Securities

There was no purchase and/or disposal of quoted securities for the current quarter other than the purchase of 131,800 ordinary shares under Share Buy-back.

8. Status of Corporate Proposals

There are no corporate proposals not announced or outstanding as at 31 December 2008.

9. Group Borrowings and Debt Securities

| | As at 31 December 2008 | |
|-------------------------------------------------------------|------------------------|---------------------|
| | Secured RM'000 | Unsecured RM'000 |
| Short Term Borrowings including trade financing | - | 47,151 |
| Term Loans | - | 7,233 |
| Medium Term Notes ("MTN") | - | 43,000 |
| Irredeemable Convertible Unsecured Loan Stocks ("ICULS") | - | 43,781 |
| | ----- | ----- |
| | - | 141,165 |
| | ===== | ===== |

10. Financial Instruments with Off Balance Sheet Risks

As at 31 December 2008, the Group has the following foreign currency contracts outstanding:-

| Currency | Contracted Amounts '000 | Ringgit Equivalent RM'000 | Expiry Period(s) |
|----------------------|-------------------------------|---------------------------------|-------------------------|
| US Dollars (USD) | 8,662 | 30,496 | March 2009 – June 2009 |
| Euro Dollars (EUR) | 3,980 | 18,503 | January 2009 – May 2009 |
| Sterling Pound (GBP) | - | - | - |

The above foreign currency contracts are entered into with a local licensed bank to hedge the Group's receivables in foreign currencies. The contracted rates will be used to translate the underlying foreign currencies into Ringgit Malaysia.

These foreign currency contracts are of a short-term nature and the Group does not take up any differences between the contracted rates and spot rates to the income statements.

The accounting policy adopted with regards to off balance sheet financial instruments was consistent with those applied in the last audited financial statements as at 31 December 2007.



11. Changes in Material Litigation

Rubberex (M) Sdn Berhad (“RMSB”), a wholly-owned subsidiary of Rubberex Corporation (M) Berhad, had on 08 April 2002 filed a legal action against Kesatuan Kebangsaan Pekerja-Pekerja Syarikat-Syarikat Pembuat Keluaran Getah, A. Subramanian, Sun Media Corporation Sdn Bhd and H’ng Hung Yong (collectively “the Defendants”) at the Ipoh High Court under suit no. 22-72-2002. RMSB is alleging that a libelous and/or defamatory statement against RMSB has been made and published by the Defendants in The Sun newspaper on 17 October 2001. RMSB is claiming for a sum of RM750,000 as general damages together with interest and costs and a written public apology to be published in a national newspaper. The next hearing on this matter has not been determined by the Court.

Based on the opinion of RMSB’s solicitors, the Defendants have no defense on merits to the claim.

12. Dividend Payable

No dividend is proposed for the current quarter under review.

13. Earnings per Share (“EPS”)

| | | Cumulative Year-to-Date ended 31 December 2008 | Cumulative Year-to-Date ended 31 December 2007 |
|-------------------------------------------------------------|------------|------------------------------------------------------------|------------------------------------------------------------|
| Profit attributable to ordinary shareholders of the Company | RM’000 | 9,165 | (1,626) |
| Weighted average number of ordinary shares in issue | Shares | 79,053,549 | 79,420,869 |
| Basic EPS | sen | 11.59 sen | (2.05 sen) |
| Diluted weighted average number of ordinary shares in issue | Shares | 139,149,223 | 79,420,869 |
| Fully diluted EPS | sen | 6.59 sen | (2.05 sen) |

14. Authorisation for Issue

The interim financial statements and explanatory notes were authorised for issue by the Board of Directors on 26 February 2009.

CHAN CHEE KHEONG (MAICSA 0810287)

CHANG POOI YEE (MAICSA 7036213)

Company Secretaries

Ipoh, Perak

26 February 2009