



NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

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 2008.

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 2008. 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 2008.

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 2008 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 interim financial statements and year ended 31 December 2009.

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”)

During the current financial year, the Company issued a total of 3,981,333 ordinary shares of RM1.00 each under ESOS at the exercise price of RM1.49 per option.

The ESOS scheme expired on 07 July 2009.

6.2 Medium Term Notes (“MTN”) Programme

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



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

During the current quarter, 14,983,660 nominal value of ICULS at RM1.00 each were converted to ordinary shares at the conversion price of RM1.70 per ordinary share of RM1.00 each.

As at 31 December 2009, a total of 25,769,948 ICULS have been converted to ordinary shares of RM1.00 each in the Company and a total of 27,214,438 ICULS remain outstanding.

6.4 Share Buy-back

During the current quarter, the Company purchased a total of 74,300 ordinary shares of RM1.00 each from Bursa Malaysia Securities Berhad, for a total consideration of RM146,000. The shares were maintained as Treasury Shares.

Subsequently, on 28 December 2009, a total of 1,859,800 Treasury Shares were re-sold on Bursa Malaysia Securities Berhad for a total consideration of RM3.71 million; the gain on these sales have been recorded in the Share Premium account of the Company.

As at 31 December 2009, the Company does not hold any more Treasury Shares.

7. Dividends Paid

A first interim dividend of 7 sen less 25% tax per ordinary share of RM1.00 each in respect of the current financial year was paid on 15 January 2009.

On 29 October 2009, the Company declared a first interim dividend of 6 sen tax-exempt per ordinary share of RM1.00 each in respect of the financial year 2010; this was paid on 22 January 2010.



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 2009 RM'000	Cumulative year-to- date ending 31 December 2009 RM'000
Segment Revenue:		
Malaysia	33,032	115,833
People's Republic of China	100,248	370,632
Europe	9,777	39,904
	-----	-----
	143,057	526,369
Eliminations	(51,342)	(200,925)
	-----	-----
Total	91,715	325,444
	=====	=====
Segment Results:		
Malaysia	9,794	20,694
People's Republic of China	7,371	30,838
Europe	2,381	3,266
	-----	-----
	19,546	54,798
Eliminations	(8,115)	(10,699)
	-----	-----
Total	11,431	44,099
	=====	=====

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 2009.

The values of property, plant and equipment have been brought forward without amendment from the previous annual financial statements ended 31 December 2008.

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 2009.

11. Changes in the Composition of the Group

On 25 June 2009, the Company successfully completed its acquisition exercise to purchase the remaining 40% equity interest in Pioneer Vantage Limited and Lifestyle Investment (Hong Kong) Limited. In addition, the Company also acquired 20% equity interest from another subsidiary company, Rubberex (Hong Kong) Limited.

Pioneer Vantage Limited and Lifestyle Investment (Hong Kong) Limited are now wholly-owned subsidiaries of the Company and equity shareholding in Rubberex (Hong Kong) Limited has increased to 80%.



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 2008.

13. Capital Commitments

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 December 2009 is as follows:-

	RM'000
Capital expenditure approved and contracted for	7,706

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 RM91.72 million for the fourth quarter ended 31 December 2009 (2008: RM78.90 million, which is an increase of 16.2%). Group pretax profit recorded in the current quarter was RM6.11 million compared to RM3.80 million in the corresponding quarter of year 2008, a significant improvement of 60.8%. The increase in profits was due to sales contribution from our China subsidiaries and better profit margins of our Group's products compared to the corresponding period in 2008.

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

Sales for the fourth quarter 2009 amounted to RM91.72 million compared to RM85.23 million reported for the third quarter, an increase of 7.6%. This increase was contributed by higher sales and operating efficiencies from our China subsidiaries where the earlier phases have achieved full capacities.

Pre-tax profit of RM6.11 million was recorded in the fourth quarter of 2009 compared to RM6.03 million in the previous quarter, a slight improvement of 1.3%. This improvement was attributable to increased production volumes and efficiencies achieved from our China subsidiaries.

3. Current Year Prospects

Financial year 2009 recorded a strong performance as net profit attributable to shareholders increased by more than 90% to RM16.6 million. Such commendable achievement is mainly contributed by the strong demand of disposable gloves produced by its China operations.

The Board and management foresee that demand for disposable gloves will show further growth in 2010, and additional production capacity has been installed in China which will increase the output by more than 25% to 5.6 billion pieces annually.



Even though the industrial gloves segment of our Malaysian operation is showing improvement in orders intake amid encouraging signs of an economic recovery in the USA, the Management foresees that overall Group's earnings growth for this year will continue to be derived mainly from its China operations.

Barring any unforeseen circumstances, the Group's performance for financial year 2010 will be significantly better than the previous year.

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 2009 RM'000	Cumulative year-to- date RM'000
Current year – Malaysian income tax	352	2,018
Current year – Foreign income tax	33	105
Deferred Taxation	(824)	(646)
	-----	-----
Total income tax expense/(credit)	(439)	1,477
	=====	=====
Effective tax rate	n/a	6.4%

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.

6. Sale of Unquoted Investments and/or Properties

There were no sales of unquoted investments and/or properties for the current quarter and financial year ended 31 December 2009.

7. Purchase/disposal of Quoted Securities

There was no purchase and/or disposal of quoted securities for the current financial year other than the purchase and resale of Treasury Shares under Share Buy-back.

8. Status of Corporate Proposals

On 30 November 2009, the Company announced a proposed share split exercise involving the sub-division of each ordinary share of RM1.00 each in the Company into two ordinary shares of RM0.50 each and a proposed amendment to the Company's Memorandum and Articles of Association to facilitate the implementation of the proposed share split.

A circular to shareholders was distributed on 31 December 2009 and an Extraordinary General Meeting held on 22 January 2010, on which date shareholders' approval were obtained.

There are no other corporate proposals not announced or outstanding as at 31 December 2009.



9. Group Borrowings and Debt Securities

	As at 31 December 2009	
	Secured RM'000	Unsecured RM'000
Short Term Borrowings including trade financing	10,170	41,055
Term Loans	7,932	-
Medium Term Notes ("MTN")	-	43,000
Irredeemable Convertible Unsecured Loan Stocks ("ICULS")	-	22,883
	18,102	106,938
	18,102	106,938

10. Financial Instruments with Off Balance Sheet Risks

As at 31 December 2009, the Group has the following foreign currency contracts outstanding:-

Currency	Contracted Amounts '000	Ringgit Equivalent RM'000	Expiry Period(s)
US Dollars (USD)	5,409	18,644	February 2010 to May 2010
Euro Dollars (EUR)	4,054	20,486	February 2010 to June 2010

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 2008.

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 2009	Cumulative Year-to-Date ended 31 December 2008
Profit attributable to ordinary shareholders of the Company	RM’000	16,562	8,633
Weighted average number of ordinary shares in issue	Shares	83,623,024	79,053,548
Basic EPS	sen	19.81 sen	10.92 sen
Diluted weighted average number of ordinary shares in issue	Shares	118,877,632	106,595,010
Fully diluted EPS	sen	14.01 sen	8.21 sen

14. Authorisation for Issue

The interim financial statements and explanatory notes were authorised for issue by the Board of Directors on 22 January 2010.

CHAN CHEE KHEONG (MAICSA 0810287)

CHANG POOI YEE (MAICSA 7036213)

Company Secretaries

Ipoh, Perak

22 January 2010