



NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND INTERIM FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011

A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD (“FRS”) 134: INTERIM FINANCIAL REPORTING

1. Basis of Preparation of the Financial Statements and Adoption of New and Revised Financial Reporting Standards (“FRSs”)

The interim financial report is unaudited and has been prepared in accordance with FRS 134: 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 2010.

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 2010

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 previous year ended 31 December 2010 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 ended 30 September 2011.

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 ended 30 September 2011.

6. Changes in Debt and Equity Securities

6.1 Medium Term Notes (“MTN”) Programme

The Company did not issue any new medium term notes during the quarter under review. A total of RM25,000,000 was repaid at maturity on 27 June 2011.

As at 30 September 2011, RM18,000,000 of MTN remain outstanding.

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

During the current quarter, a total of 19,100 ICULS were converted into 22,470 new ordinary shares of RM0.50 each.

As at 30 September 2011, a total of 22,969,760 ICULS remain outstanding.



No warrants were exercised during the current quarter and as at 30 September 2011, a total of 52,979,420 Warrants remain outstanding.

6.3 Share Buy-back

In the current quarter, the Company purchased 46,000 ordinary shares of RM0.50 each from Bursa Malaysia Securities Berhad, for a total consideration of RM28,646. The shares are currently maintained as Treasury Shares.

As at 30 September 2011, a total of 166,000 ordinary shares were held as Treasury Shares by the Company.

7. Dividends Paid

A first interim dividend of 2.5 sen less tax per ordinary share of RM0.50 each held in respect of the current financial year was paid on 24 January 2011.

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 30 September 2011 RM'000	Cumulative year-to- date ending 30 September 2011 RM'000
Segment Revenue:		
Malaysia	36,946	112,041
People's Republic of China	120,090	321,553
Europe	10,719	32,414
	167,755	466,008
Adjustments	(72,018)	(195,140)
Total	95,737	270,868
Segment Results:		
Malaysia	9,597	15,871
People's Republic of China	5,193	10,394
Europe	1,055	2,811
	15,845	29,076
Adjustments	(6,153)	(4,171)
Total	9,692	24,905

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 interim financial period ended 30 September 2011.

The values of property, plant and equipment have been brought forward without amendment from the previous annual financial statements ended 31 December 2010.

10. Subsequent Events

There was no material events subsequent to the end of the current quarter that have not been reflected in the interim financial period ended 30 September 2011.



11. Changes in the Composition of the Group

On 04 April 2011, Rubberex (M) Sdn Berhad, a wholly-owned subsidiary of the Company, acquired the remaining 300,000 ordinary shares of RM1.00 each representing 30% equity in Rubberex Marketing (M) Sdn Bhd, for a total consideration of RM572,626. As a consequence, Rubberex Marketing (M) Sdn Bhd is now a wholly-owned subsidiary of Rubberex (M) Sdn Berhad.

On 29 July 2011, Diamond Grip (M) Sdn Bhd, a wholly-owned subsidiary of the Company, acquired the remaining 1,600,000 ordinary shares of RM1.00 each representing 40% equity interest in Biogreen Medical Sdn Bhd, for a nominal sum of RM2.00. Consequently, Biogreen Medical Sdn Bhd is now a wholly-owned subsidiary of Diamond Grip (M) Sdn Bhd.

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 2010.

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 30 September 2011 is as follows:-

	RM'000
Capital expenditure approved and contracted for	5,920

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 RM95.7 million for the third quarter ended 30 September 2011 (2010: RM86.7 million). Group pretax profit recorded in the current quarter was RM4.1 million (2010: RM2.4 million), a 71% increase from that in the corresponding quarter of year 2010. Even though high raw material prices and strong currencies such as the USD and Chinese Yuan continue to trim profit margins, improved selling prices especially from the disposable gloves division had resulted in a better overall profit margin for the Group.

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

Sales for the third quarter 2011 amounted to RM95.7 million compared to RM96.8 million reported for the second quarter, a slight decrease of 1%. Pre-tax profit of RM4.1 million was recorded in the third quarter of 2011 compared to RM2.5 million in the previous quarter, an increase of 64%. Better selling prices and stable raw material costs have resulted in improved profit margins especially for the disposable gloves division.



3. Current Year Prospects

The Group's pretax profit shows further improvement from RM2.5 million in the second quarter to RM4.1 million in the current quarter. The improvement was contributed by improved product prices especially from the China operation which produces PVC disposable gloves. However, uncertainty in the world financial markets particularly in the Eurozone, raw material prices and the strong Chinese Yuan are expected to pose strong challenges for the Group for the remaining part of the year.

Nevertheless, the Management will strive to mitigate any negative impact through constantly monitoring the product price adjustment mechanism as well as the implementation of various cost saving measures.

4. Profit Forecast or Profit Guarantee

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

5. Taxation

	Current quarter ended 30 September 2011 RM'000	Cumulative year-to- date RM'000
Current year – Malaysian income tax	412	1,696
Current year – Foreign income tax	229	570
Deferred Taxation	-	(165)
Total income tax expense	641	2,101

6. Sale of Unquoted Investments and/or Properties

There were no sales of unquoted investments and/or properties for the current quarter ended 30 September 2011.

7. Purchase/disposal of Quoted Securities

There were no purchase and/or disposal of quoted securities for the current quarter ended 30 September 2011.

8. Status of Corporate Proposals

There are no corporate proposals not announced or outstanding as at 30 September 2011.

9. Group Borrowings and Debt Securities

	As at 30 September 2011		
	Secured RM'000	Unsecured RM'000	Total RM'000
Short Term Borrowings including trade financing	58,089	16,345	74,434
Term Loans	6,976	25,000	31,976
Medium Term Notes ("MTN")	-	18,000	18,000
Irredeemable Convertible Unsecured Loan Stocks ("ICULS")	-	19,724	19,724
	65,065	79,069	144,134



10. Financial Instruments Risks

As at 30 September 2011, the Group has the following foreign currency contracts outstanding:-

Currency	Contracted Amounts '000	Ringgit Equivalent RM'000	Fair Values RM'000	Expiry Periods
U.S. Dollar (USD)	7,937	24,095	22,858	November 2011 – March 2012
Euro (EUR)	5,279	22,935	23,078	November 2011 – May 2012
		47,030	45,936	

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. 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 2010.

11. Changes in Material Litigation

There is no outstanding material litigation as at 30 September 2011.

12. Disclosure of Realised and Unrealised Profits/Losses

Group	Current quarter ended 30 September 2011 RM'000
Total retained profits/(loss):	
- Realised	28,930
- Unrealised	(2,617)
	26,313

Comparative figures are not required in the first financial year of complying with the Realised and Unrealised Profits/Losses disclosure.

13. Dividend Payable

Notice of book closure

NOTICE IS HEREBY GIVEN that a first interim dividend of 2.5 sen tax-exempt per ordinary share of RM0.50 each in respect of the financial year ending 31 December 2012 will be payable on 20 February 2012. The entitlement date for the dividend payment is 30 January 2012.



A Depositor shall qualify for entitlement only in respect of:-

- (i) Shares transferred into the Depositor's securities account before 4:00 p.m. on 30 January 2012 in respect of ordinary transfer; and
- (ii) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

14. Earnings per Share ("EPS")

		Cumulative Year-to-Date ended 30 September 2011	Cumulative Year-to-Date ended 30 September 2010
Comprehensive income attributable to ordinary shareholders of the Company	RM'000	6,480	7,189
Weighted average number of ordinary shares in issue	Shares	202,090,876	200,484,317
Basic EPS	sen	3.21	3.59
Diluted weighted average number of ordinary shares in issue	Shares	229,114,123	227,920,929
Fully diluted EPS	sen	2.86	3.22

15. Authorisation for Issue

The interim financial statements and explanatory notes were authorised for issue by the Board of Directors on 23 November 2011.

CHAN CHEE KHEONG (MAICSA 0810287)

CHANG POOI YEE (MAICSA 7036213)

Company Secretaries

Ipoh, Perak

23 November 2011