

**BIOMAX RUBBER INDUSTRIES LTD.  
AND ITS SUBSIDIARY COMPANIES  
CONSOLIDATED FINANCIAL STATEMENTS**

(Incorporated in the Islands of Bermuda)

(Registration No. 47454)

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2014

**BIOMAX RUBBER INDUSTRIES LTD. AND ITS SUBSIDIARY COMPANIES  
CONSOLIDATED FINANCIAL STATEMENTS**

**FINANCIAL STATEMENTS  
31 DECEMBER 2014**

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## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BIOMAX RUBBER INDUSTRIES LTD. AND ITS SUBSIDIARY COMPANIES**

(Incorporated in the Islands of Bermuda)

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of **BIOMAX RUBBER INDUSTRIES LTD.**, which comprise the consolidated statements of financial position as at 31 December 2014, and consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 2 to 18.

#### *Management's Responsibility for the Financial Statements*

The management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing, generally accepted in the United States of America. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.





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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
BIOMAX RUBBER INDUSTRIES LTD. AND ITS SUBSIDIARY COMPANIES**

(Incorporated in the Islands of Bermuda)


**Report on the Financial Statements - (Continued)**

*Opinion*

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Biomax Rubber Industries Ltd. and its subsidiaries as at 31 December 2014, and of their consolidated financial performance and cash flows for the year ended in accordance with International Financial Reporting Standards.

  
Y. S. KOH & CO.  
Firm Number : AF 0543  
Chartered Accountants

Petaling Jaya, Selangor  
Date: **3 MAY 2015**

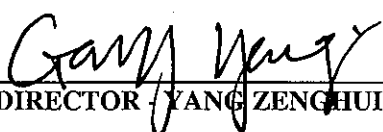
  
KOH YOON SING @ KOH JOON SHIN  
Approval Number : 922/03/16(J)  
CHARTERED ACCOUNTANT

**BIOMAX RUBBER INDUSTRIES LTD.**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2014**

	NOTE	2014 USD	2013 USD
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	3	669,895	716,583
<b>CURRENT ASSETS</b>			
Inventories	4	455,070	303,926
Trade receivables		264,074	449,935
Other receivables, deposits and prepayments	5	187,441	5,762
Cash and bank balances		108,378	56,873
		<u>1,014,963</u>	<u>816,496</u>
<b>CURRENT LIABILITIES</b>			
Trade payables		256,739	276,570
Other payables and accruals		425,043	395,779
Amount due to directors	6	26,989	101,882
Taxation		31,300	43,036
		<u>740,071</u>	<u>817,267</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>274,892</u>	<u>(771)</u>
		<u>944,787</u>	<u>715,812</u>
<b>Financed by :-</b>			
<b>SHARE CAPITAL</b>	7	12,000	12,000
<b>RESERVES</b>	8	183,128	(45,847)
<b>SHAREHOLDERS' FUNDS</b>		<u>195,128</u>	<u>(33,847)</u>
<b>NON-CONTROLLING INTEREST</b>	9	749,659	749,659
<b>TOTAL EQUITY</b>		<u>944,787</u>	<u>715,812</u>

Approved and signed on behalf of the Board of Directors :

  
\_\_\_\_\_  
DIRECTOR - YANG ZENGHUI

  
\_\_\_\_\_  
DIRECTOR - CHONG WEE CHONG

The attached notes form an integral part of the Consolidated Financial Statements.

**BIOMAX RUBBER INDUSTRIES LTD.**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2014**

		1.1.2014 to 31.12.2014 USD	27.2.13 to 31.12.2013 USD
	NOTE		
<b>REVENUE</b>	10	6,645,693	5,124,723
Cost of revenue		<u>(6,069,733)</u>	<u>(4,651,682)</u>
<b>GROSS PROFIT</b>		575,960	473,041
Administration expenses		<u>(124,287)</u>	<u>(382,520)</u>
Distribution expenses		<u>(134,335)</u>	<u>(63,538)</u>
Other operating expenses		<u>(25,206)</u>	<u>(15,421)</u>
		<u>(283,828)</u>	<u>(461,479)</u>
<b>PROFIT BEFORE OTHER INCOME</b>		292,132	11,562
Other income		7,324	1,181
<b>PROFIT BEFORE TAXATION</b>		299,456	12,743
Taxation	11	<u>(70,481)</u>	<u>(58,590)</u>
<b>PROFIT/(LOSS) FOR THE YEAR/PERIOD</b>		228,975	(45,847)
Other comprehensive income/(loss) for the year/period		-	-
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD</b>		<u>228,975</u>	<u>(45,847)</u>
<b>EARNINGS/(LOSS) PER SHARE</b>			
- BASIC AND DILUTED	12	<u>0.02500</u>	<u>(0.00510)</u>

The attached notes form an integral part of the Consolidated Financial Statements.



## BIOMAX RUBBER INDUSTRIES LTD.

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

	USD 2014	USD 2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	299,456	12,743
Adjustment for		
Depreciation	103,408	260,775
Non-controlling interest	-	749,659
	103,408	1,010,434
Operating profit before working capital changes	402,864	1,023,177
Inventories	(151,144)	(303,926)
Trade receivables	185,861	(449,935)
Other receivables and deposits	(181,679)	(5,762)
Trade payables	(19,831)	276,570
Other payables and accruals	29,263	395,779
Amount due to directors	(74,893)	101,882
	(212,423)	14,608
Cash generated from operating activities	190,441	1,037,785
Tax paid	(82,216)	(15,554)
Net cash generated from operating activities	108,225	1,022,231
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from issue of shares	-	12,000
Purchase of property, plant and equipment	(56,720)	(977,358)
Net cash (absorbed into) investing activities	(56,720)	(965,358)
<b>Net increase in cash and cash equivalents and carried forward</b>	51,505	56,873
<b>Cash and cash equivalents brought forward</b>	56,873	-
<b>Cash and cash equivalents carried forward</b>	108,378	56,873
	2014	2013
<b>CASH AND CASH EQUIVALENTS COMPRISE OF :-</b>	<b>USD</b>	<b>USD</b>
Cash in hand	4,371	928
Bank balances	104,007	55,945
	108,378	56,873

The attached notes form an integral part of the Consolidated Financial Statements.



# **BIOMAX RUBBER INDUSTRIES LTD.**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2014**

### **1. OPERATIONS**

Biomax Rubber Industries Ltd was incorporated in Bermuda on 27 February 2013 for the purpose of effecting a merger with a wholly-owned subsidiary, Biomax Rubber Industries Sdn. Bhd., a company incorporated under the laws of Malaysia. Biomax Rubber Industries Sdn. Bhd. has one direct wholly-owned subsidiary, Biomax Resources Sdn. Bhd., which operates as the marketing arm of the group. The merger with its subsidiaries was completed in 20 March 2013, and the Company was listed on the Bermuda Stock Exchange ("BSX") on 21 June 2013. Biomax Rubber Industries Sdn. Bhd. continued as a manufacturer of medical or examination gloves in Malaysia. It manufactures premium non-sterile latex medical or examination gloves, pre-powdered, polymer coated and chlorinated powder free gloves for the healthcare industry. Biomax's products are exported to more than twenty countries including the United State of America, Vietnam, China, India, Australia and European and Middle East countries.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **2.1 Basis of accounting**

The consolidated financial statements are presented in United State dollars ("USD"). In current period, the consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention except as otherwise noted. This is the first time adoption of IFRS by the Group. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

#### **2.2 Basis of consolidation**

The consolidated financial statements of Biomax Rubber Industries Ltd includes its 100% owned subsidiaries Biomax Rubber Industries Sdn. Bhd. and Biomax Resources Sdn. Bhd.

The Company has certain transactions originally denominated in foreign currency. These transactions have been translated into United States dollars at the time of the transaction. The foreign currency gain/loss is insignificant. All intercompany balances and transaction have been eliminated in consolidation.

# BIOMAX RUBBER INDUSTRIES LTD.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2014

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

#### 2.3 Property, Plant & Equipment and Depreciation

Property, plant & equipment are stated at historical cost less accumulated depreciation and impairment losses. Depreciation of property, plant & equipment is calculated on the straight line basis at the following annual rates based on their estimated useful lives:-

	Per Annum
Plant and machinery	10 %
Forklifts	10 %
Electrical fittings	10 %
Office equipment	10 %
Furniture and fittings	10 %

Property, plant & equipment are written down to recoverable amount if the recoverable amount is less than their carrying value. Recoverable amount is the higher of an asset's net selling price and its value in use.

#### 2.4 Impairment of Assets

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying value of the assets with their recoverable amounts. An impairment loss is charged to the income statement immediately. Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognized to the extent of the carrying amount of the assets that would have determined (net of amortization and depreciation) had no impairment loss been recognized. The reversal is recognized in the income statement immediately.

#### 2.5 Investment

Investment in subsidiaries are stated at cost less provision for any permanent diminution in value.

# BIOMAX RUBBER INDUSTRIES LTD.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2014

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

#### 2.6 Taxation

Tax on profit or loss for the financial year comprise current and deferred tax. Income tax is recognized in the income statement except to the extent it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the consolidated of financial position date, and any adjustment to tax payable in respect of prior years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and unutilized tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unutilized tax losses can be utilized. Temporary differences are not recognized for goodwill not deductible for tax purposes and the initial recognition of assets and liabilities that at the time of transaction, affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

#### 2.7 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized :

##### (i) Revenue from services

Revenue from services rendered is recognized net of service taxes and discounts as and when the services are performed.

##### (ii) Sale of goods

Revenue is recognized net of sale tax and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognized to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

# BIOMAX RUBBER INDUSTRIES LTD.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2014

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

#### 2.8 Financial Instruments

Financial instruments are recognized in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distribution to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

##### (i) Trade receivables

Trade receivables are carried at anticipated realizable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

##### (ii) Trade payables

Trade payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

##### (iii) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognized in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

##### (iv) Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents include cash in hand and at bank, fixed deposits pledged to financial institutions, deposit at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

# BIOMAX RUBBER INDUSTRIES LTD.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2014

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

#### 2.9 Foreign Currency Transactions

Foreign currency balances that are monetary items have been translated into USD dollars at the rate of exchange prevailing on the valuation date. Foreign currency transactions are translated at the rate in effect at the date of the transaction. Any realized or unrealized exchange adjustments are included in the related caption in the statement of operations.

#### 2.10 Employee Benefits

##### (i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognized as expenses in the financial year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognized as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognized when the absences occur.

Bonuses are recognized as an expense when there is a present legal or constructive obligation to make such payment as a result of past events and when a reliable estimate can be made of the amount of the obligation.

##### (ii) Defined contributions plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognized as an expense in the income statement as incurred.

## BIOMAX RUBBER INDUSTRIES LTD.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2014

#### 3. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery USD	Forklifts USD	Electrical fittings USD	Office equipment USD	Furniture and fittings USD	Total USD
<b>Group</b>						
<u>Cost</u>						
As at 1.1.2014	929,564	4,885	13,716	23,909	5,285	977,359
Additions	45,702	-	-	11,018	-	56,720
As at 31.12.14	<u>975,266</u>	<u>4,885</u>	<u>13,716</u>	<u>34,927</u>	<u>5,285</u>	<u>1,034,079</u>
<u>Accumulated depreciation</u>						
As at 1.1.2014	246,755	1,303	4,985	6,376	1,357	260,776
Additions	97,527	488	1,372	3,493	528	103,408
As at 31.12.14	<u>344,282</u>	<u>1,791</u>	<u>6,357</u>	<u>9,869</u>	<u>1,885</u>	<u>364,184</u>
Net book values 31.12.2014	<u>630,985</u>	<u>3,094</u>	<u>7,359</u>	<u>25,058</u>	<u>3,400</u>	<u>669,895</u>
Net book values 31.12.2013	<u>682,809</u>	<u>3,582</u>	<u>8,731</u>	<u>17,533</u>	<u>3,928</u>	<u>716,583</u>
Depreciation 31.12.2013	<u>246,755</u>	<u>1,303</u>	<u>4,985</u>	<u>6,376</u>	<u>1,357</u>	<u>260,776</u>

#### 4. INVENTORIES

	Group 2014 USD	Group 2013 USD
Raw materials	154,813	137,585
Finished goods	300,257	166,341
	<u>455,070</u>	<u>303,926</u>

#### 5. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in other receivables, deposits and prepayments is an amount of USD NIL (2013 : USD 2,724) due from a related company in which certain directors have a material interest in.

## BIOMAX RUBBER INDUSTRIES LTD.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2014

#### 6. AMOUNT DUE TO DIRECTORS

The amount due to directors represents advances from directors, are non-trade related, interest-free, unsecured and has no specific term for repayment.

#### 7. SHARE CAPITAL

	2014 USD	2013 USD
<b>Authorised:-</b>		
9,000,000 ordinary shares of par value USD \$0.0013	<u>12,000</u>	<u>12,000</u>
<b>Issued and fully paid:-</b>		
9,000,000 ordinary shares of par value USD \$0.0013	<u>12,000</u>	<u>12,000</u>

#### 8. RESERVES

	2014 USD	2013 USD
As at date of incorporation,	(45,847)	-
Total comprehensive income for the year/period	<u>228,975</u>	<u>(45,847)</u>
Accumulated losses carried forward	<u>183,128</u>	<u>(45,847)</u>

#### 9. NON-CONTROLLING INTEREST

Non-controlling interest relates to the pre-acquisition result prior to the acquisition of subsidiaries on 20 March 2013.

#### 10. REVENUE

Revenue comprises of the invoiced value of goods sold less discounts given and returns.

## BIOMAX RUBBER INDUSTRIES LTD.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2014

#### 11. TAXATION

	1.1.2014 to 31.12.2014 USD	20.3.2013 to 31.12.013 USD
Provision based on these financial statements	70,387	58,590
Under provision in prior year/period	94	-
Tax per income statement	70,481	58,590

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	1.1.2014 to 31.12.2014 USD	20.3.2013 to 31.12.013 USD
Profit before taxation	299,456	12,743
Taxation at Malaysian statutory rate	66,992	(114,140)
Expenses not deductible for tax purpose	38,178	176,478
(Utilisation) of capital allowances in year/period	(27,927)	(922)
(Utilisation) of reinvestment allowance	(6,855)	(2,723)
(Utilisation) of losses in year/period	-	(103)
Provision based on these financial statements	70,387	58,590
(Over) provision in prior year/period	94	-
Tax per income statement	70,481	58,590

#### Unabsorbed capital allowances are analysed as follows:

Capital allowances for the year/period	27,927	922
(Utilisation) of capital allowances for the year/period	(27,927)	(922)
Unabsorbed capital allowances carried forward	-	-

#### Unabsorbed tax losses are analysed as follows:

Unabsorbed losses brought forward	-	103
(Utilisation) of losses for the year/period	-	(103)
Unabsorbed losses carried forward	-	-



## BIOMAX RUBBER INDUSTRIES LTD.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2014

#### 12. EARNING PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares in issue during the year.

The calculation of basic earnings per share attributable to the owners of the Company is based on the following date:

	1.1.2014 to 31.12.2014 USD	20.3.2013 to 31.12.013 USD
<b>Earnings</b>		
Loss attributable to equity holders of the Company	<u>228,975</u>	<u>(45,847)</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>9,000,000</u>	<u>9,000,000</u>
Earning/(Loss) Per Share	<u>0.02544</u>	<u>(0.00510)</u>

No diluted earnings per share are presented as there are no ordinary shares outstanding during the year/period or as at the end of reporting year/period.

#### 13. PARTICULARS OF SUBSIDIARIES

At 31 December 2014, the holding company has the following directly held, wholly owned subsidiaries:

Name of subsidiary	Place of incorporation	Issued and fully paid registered capital	Principal activities
Biomax Rubber Industries Sdn Bhd	Malaysia	RM 500,000	Manufacturer of rubber gloves
Biomax Resources Sdn Bhd	Malaysia	RM 100	Trader for rubber gloves

## BIOMAX RUBBER INDUSTRIES LTD.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2014

#### 14. RELATED PARTY TRANSACTIONS

The following significant transactions between the Company and its related parties took place at terms agreed between the parties during the financial year/period :-

	1.1.2014 to 31.12.2014 USD	20.3.2013 to 31.12.013 USD
Sale of disposable gloves by Biomax Rubber Industries to Biomax Resources Sdn. Bhd.	<u>6,377,151</u>	<u>2,239,057</u>

#### 15. COMMITMENTS

##### Lease

The Subsidiary has a lease commitment with an unrelated party for its factory space located in Selangor, Malaysia. The factory space is leased for a period of 10 years from 1 June 2011 to 31 May 2021. Future minimum lease payments are as follows:

Year Ending 31 December,	Annual Lease Payments (USD)
2015	39,600
2016	39,600
2017	39,600
2018	39,600
2019 to end of tenance period	<u>122,600</u>
	<u>281,000</u>

#### 16. FINANCIAL INSTRUMENTS

##### 16.1 Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its risks. The Group's exposure to credit, interest, liquidity and cash flow, and currency risks arises in the normal course of business and it has established procedures to assess and monitor the risks on an ongoing basis.

# BIOMAX RUBBER INDUSTRIES LTD.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2014

### 16. FINANCIAL INSTRUMENTS - (CONTINUED)

#### 16.2 Credit risk

The Group has a credit policy in place and its exposure to credit risk is monitored on an ongoing basis. At the balance sheet date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

#### 16.3 Liquidity and cash flow risks

The Group manages its operating cash flow on an ongoing basis. Cash flow requirements are planned ahead to ensure that sufficient level of cash and cash equivalents is maintained to meet its working capital requirements.

#### 16.4 Interest risk

The Group does not have any exposure to interest risk.

#### 16.5 Foreign exchange risk

Transactions in foreign currencies are translated into US dollar at rates of exchange prevailing at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into US dollar at rates of exchange prevailing at that date. Gains or losses resulting from currency translations have been treated as normal revenue items.

The foreign exchange currency at 31 December rates are as follows :-

	2014	2013
	USD	USD
1 RM Ringgit Malaysia	0.289	0.305
1 EURO Dollar	1.12	1.33

## **BIOMAX RUBBER INDUSTRIES LTD.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2014**

#### **17. MANAGEMENT PLANS**

Biomax Rubber Industries Ltd has continued to expand its production lines and facilities to accommodate increasing demand for medical and examination glove products from its customers around the globe. The new production lines and facilities will have the latest technology and equipment to increase its production efficiency and cost effectiveness. Semi auto and fully auto machines will be introduced to reduce human touch and error made on medical and examination glove which gives a better quality assurance. It is also on the acquisition trail for new factory land to expand production capacity.

For future development, the Board will look into upstream activities such as engaging business partnership with rubber plantation owners on the long term latex supply or to perform acquisition on rubber plantation.