NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 4TH QUARTER ENDED 31 DECEMBER 2013 PURSUANT TO FINANCIAL REPORTING STANDARD (FRS) 134

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with requirement of Malaysian Financial Reporting Standard 134 (MFRS 134): Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), International Accounting Standard ("IAS") 34: Interim Financial Reporting issued by the International Accounting Standards Board ("IASB") and paragraph 9.22 (Appendix 9B part A) of the Main Market Listing Requirements ("Listing Requirements") of the Bursa Malaysia Securities Berhad ("Bursa Securities").

The significant accounting policies and methods of computation adopted in the preparation of this interim financial report are consistent with those adopted in the audited financial statements of the Company for the financial year ended 31 December 2012 except for the adoption of the following new Malaysian Financial Reporting Standards ("MFRS") and IC Interpretations ("IC Int."):

MFRSs/IC Interpretations

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 4	Insurance Contract
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 6	Exploration for and Evaluation of Mineral Resources
MFRS 7	Financial Instruments: Disclosures
MFRS 8	Operating Segments
MFRS 101	Presentation of Financial Statements
MFRS 102	Inventories
MFRS 107	Statement of Cash Flows
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 110	Events after the Reporting Period
MFRS 111	Construction Contracts
MFRS 112	Income Taxes
MFRS 116	Property, Plant & Equipment
MFRS 117	Leases
MFRS 118	Revenue
MFRS 119	Employee Benefits
MFRS 120	Accounting for Government Grants and Disclosure of Government Assistance
MFRS 121	The Effects of Changes in Foreign Exchange Rates
MFRS 123	Borrowing Costs
MFRS 124	Related Party Disclosures
MFRS 126	Accounting and Reporting by Retirement Benefit Plans
MFRS 127	Consolidated and Separate Financial Statements
MFRS 128	Investment in Associates
MFRS 129	Financial Reporting in Hyperinflationary Economies
MFRS 131	Interest in Joint Ventures
MFRS 132	Financial Instruments: Presentation

MFRS 133	Earnings Per Share
MFRS 134	Interim Financial Reporting
MFRS 136	Impairment of Assets
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 138	Intangible Assets
MFRS 139	Financial Instrument: Recognition and Measurement
MFRS 140	Investment Property
MFRS 141	Agriculture
IC Int. 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Int. 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Int. 4	Determining Whether an Arrangement contains a Lease
IC Int. 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitations Funds
IC Int. 6	Liabilities arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment
IC Int. 7	Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies
IC Int. 9	Reassessment of Embedded Derivatives
IC Int. 10	Interim Financial Reporting and Impairment
IC Int. 12	Service Concession Arrangements
IC Int. 13	Customer Loyalty Programmes
IC Int. 14	MFRS 119 –The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Int. 15	Agreements for the Construction of Real Estate
IC Int. 16	Hedges of a Net Investment in a Foreign Operation
IC Int. 17	Distributions of Non-cash Assets to Owners
IC Int. 18	Transfers of Assets from Customers
IC Int. 19	Extinguishing Financial Liabilities with Equity Instruments
IC Int. 107	Introduction of the Euro
IC Int. 110	Government Assistance – No Specific Relation to Operating Activities
IC Int. 112	Consolidation – Special Purpose Entities
IC Int. 113	Jointly Controlled Entities – Non-Monetary Contributions by Venturers
IC Int. 115	Operating Leases- Incentives
IC Int. 125	Income Taxes – Change in the Tax Status of an Entity or its Shareholders
IC Int. 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IC Int. 129	Service Concession Arrangements: Disclosures
IC Int. 131	Revenue – Barter Transactions Involving Advertising Services
IC Int. 132	Intangible Assets – Web Site Costs

The audited financial statements of the Group for the financial year ended 31 December 2012 ere prepared in accordance with FRS. As the requirements under FRS and MFRS are similar, the adoption of the above MFRSs and IC Interpretations does not have any significant impact on the financial performance and financial position of the Group. In compliance with MFRS 1, First-time Adoption of MFRS, the Group has presented the statement of financial position as at 1 January 2013 which is the beginning of the earliest comparative period, in the interim financial report without any restatement on the financial information.

The Group has not applied in advance the following MFRSs, Amendments to MFRSs and IC Interpretations that have been issued by MASB but not yet effective for the current financial year:

		Effective Date
MFRS 9	Financial Instruments	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interest in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 1	Government Loans	1 January 2013
Amendments to MFRS 7	Disclosure – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Int. 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

The interim financial report should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to this interim financial report.

2. Auditors' Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2012.

3. Seasonal and Cyclical Factors

The principal business operations of the Group were not affected by any seasonal and cyclical factors.

4. Exceptional and Extraordinary Items

There were no exceptional or extraordinary items in the current quarter under review.

5. Changes in Accounting Estimates

There were no changes in accounting estimates for the current quarter under review.

6. Issuances, Cancellations, Repurchase, Resale and Repayments of Debt and Equity Securities

<u>Employee Share Option Scheme</u>

During the current quarter ended 31 December 2013, there were no new ordinary shares exercised and issued pursuant to the Company's Employee Share Option Scheme.

Share Buyback

During the quarter under review, the Company did not perform any share buyback transactions. As at 31 December 2013, the number of shares retained as treasury shares stood at 1,003,000.

7. Dividend Paid

Dividends paid to-date are tabulated below:

Financial Year	Description	Payment Date	Dividend (%)	Value (RM'000)
2001	1st & final tax exempt dividend	28.08.2002	3.6%	1,440
2002	1st & final tax exempt dividend	27.08.2003	4.5%	1,800
2003	1st & final tax exempt dividend	27.08.2004	4.5%	3,638
2004	1st & final tax exempt dividend	18.07.2005	5.0%	4,486
2005	Interim tax exempt dividend Final tax exempt dividend	09.01.2006 18.07.2006	3.0% 3.5%	2,695 3,960
2006	1st & final tax exempt dividend	18.06.2007	6.5%	7,357
2007	Interim tax exempt dividend Final tax exempt dividend	28.01.2008 28.06.2008	3.0% 3.5%	3,979 4,626
2008	Interim tax exempt dividend Final tax exempt dividend	08.01.2009 08.07.2009	3.0% 3.5%	3,922 4,545
2009	Interim tax exempt dividend Special tax exempt dividend Final tax exempt dividend	18.11.2009 20.04.2010 28.06.2010	5.0% 9.0% 8.0%	6,567 12,213 10,856
2010	1st interim tax exempt dividend 2nd interim tax exempt dividend Final tax exempt dividend	01.10.2010 18.03.2011 28.07.2011	5.0% 5.0% 5.0%	8,486 8,502 8,502
2011	Interim tax exempt dividend Final tax exempt dividend	08.12.2011 28.06.2012	6.0% 3.5%^	10,202 11,903
2012	Interim tax exempt dividend Final tax exempt dividend	18.01.2013 18.06.2013	4.0%^ 6.0%^	13,583 20,404
2013	Interim tax exempt dividend Proposed final tax exempt dividend	21.01.2014 30.06.2014*	4.0%^ 6.0%^*	13,583 20,404
	Total			**187,653****

^ Note that the dividend rate is based on 680.2 million shares following a 1-for-1 bonus issue completed on 31 January 2012

* Proposed by Board of Directors and subject to shareholders approval at the upcoming AGM proposed to be held in end May / early June 2014

** Includes proposed final tax exempt dividend

8. Segmental Reporting

For management purposes, the Group is organized into the following operating divisions:

- Investment holding
- Manufacturing of gloves
- Trading of gloves
- Others

THE GROUP CUMULATIVE FY2013	Investment Holding RM'000	Manu-facturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External sales	-	420,701	706,643	-	-	1,127,343
Inter-segment sales	-	771,198	131,357	4,737	(907,292)	-
	-	1,191,899	690,999	4,737	(907,292)	1,127,343
Segmental results	(793)	139,832	9,755	-		148,794
Finance costs						(8,787)
Other income						-
Share of profit in associated companies						15,059
PBT						155,066
Tax expenses						(25,836)
PAT						129,230

9. Valuation of property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment.

10. Capital Commitments

As at 24 February 2014, the Group had capital commitments amounting to RM 53.0 million for the purchase of plant and equipment to be installed at its various factories.

11. Material Events Subsequent to the End of Period Reported

There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

12. Changes in the Composition of the Group

There were no significant changes in the composition of the Group in the current quarter.

13. Contingent liabilities and contingent assets

The Group has no outstanding contingent liabilities and contingent assets as at 24 February 2014 which might materially and adversely affect the position or business of the Group.

Additional information required by Bursa Malaysia Securities Bhd Listing Requirements

1. Review of the Performance of the Company and Its Principal Subsidiaries

The Supermax Group's performance for the quarter under review versus the corresponding quarter of the previous financial year is tabled below:

Description	4th Qtr 2013 RM '000	4th Qtr 2012 RM '000	Increase/(Decrease)	
			RM'000	%
Revenue	192,236	271,239	(79,003)	(29.1)
Profit before tax (PBT)	37,984	39,470	(1,486)	(3.8)
Profit after tax (PAT)	25,829	31,783	(6,044)	(18.7)

The Group's revenue was lower by 29.1% or RM 79.0 million compared to the previous year corresponding quarter. This was due to a combination of factors including lower glove selling prices in tandem with lower raw material prices as well as a temporary loss of production output as a result of a fire at the compounding area of its Alor Gajah, Malacca plant and because production lines needed to be halted in stages at several factories as part of the on-going automation implementation program.

However, efficiency gains from increasing automation and streamlining of operational procedures coupled with lower cost of raw materials has helped to mitigate the impact to PBT and PAT which fell by 3.8% and 18.7% respectively.

With remedial works taken to-date, 50% of the production lines affected by the fire are already back up and running since mid-January 2014 and we target to run the remaining production lines by end-March. It is to be noted that the factory is adequately insured with Fire and All Risks insurance and also Consequential Loss policies in place.

Below is a table showing the Supermax Group's full year performance:

Description	FYE 2013 RM '000	FYE 2012 RM '000	Increase/(Decrease)	
			RM'000	%
Revenue	1,127,343	997,374	129,969	+13.0
Profit before tax (PBT)	155,066	137,306	17,760	+12.9
Profit after tax (PAT)	129,230	121,412	7,818	+6.4

On a year-on-year basis, the Group has performed well to record total revenue of RM1.13 billion in FY2013 against RM997.4 million in FY2012, an increase of 13% or RM130.0 million. Full year profit after tax also rose by 6.4% or RM7.8 million, from RM121.4 million last year to RM129.2 million this year. With the above temporary setbacks confined to history, the future is bright with the current expansion program nearing completion and more in the pipeline (please see 'Expansion Plans' on **page 9**).

2. Comparison with Preceding Quarter's Result

The Group's current quarter performance versus the preceding quarter is tabled below:

Description	4th Qtr 2013 RM '000	3rd Qtr 2013 RM '000	Increase/(Decrease)	
			RM'000	%
Revenue	192,236	284,564	(92,328)	(32.4)
Profit before tax (PBT)	37,984	40,526	(2,542)	(6.3)
Profit after tax (PAT)	25,829	36,449	(10,620)	(29.1)

On a preceding quarter basis, the Group's revenue fell by 32.4%, impacted by the factors as mentioned above. While PBT saw a more moderate fall by 6.3%, PAT fell by a more significant 29.1%, mainly as a result of under-provisioning in previous quarters as the expiry of reinvestment allowances takes effect on the bottom-line.

The loss of production output is temporary, and in the case of the automation program necessary to ensure higher productivity going forward. Production would soon be back to normal levels and the 2nd half onwards would see additional production output and sales surge with the new capacity from plants #10 and #11 coming onstream.

3. Prospects

Latex Material Prices

Natural rubber latex prices have continued to slide slightly in the fourth quarter of 2013, averaging RM5.26 per kg wet compared to RM5.35, RM5.72 and RM6.14 per kg wet in the preceding 3 quarters of 2013. Prices had actually dipped close to RM5.00 per kg wet in the middle of the quarter (during which time we locked in much of our raw material requirements for the remainder of the year) before prices started to rise again to the RM5.50 per kg wet level. Moving into 2014, prices have begun to slide again. And this is despite the onset of the wintering season. This is reflective of the plentiful supply of rubber in the market today and to some extent, the relatively soft global market for the tyre industry, the largest consumer of rubber. Presently, rubber is trading at the RM4.80 per kg wet level. Prices are not expected to strengthen anytime soon and we expect rubber prices to trade between RM4.50 and RM5.00 over the next few quarters.

In terms of **synthetic nitrile latex** material, the prices of this raw material have remained generally stable over the past few quarters at around the USD1,150 per mtw level. However, oversupply on the part of the nitrile latex suppliers have seen prices dip to as low as USD975 per mtw level in August 2013 before recovering to the current USD1,150 level. We expect nitrile latex prices to remain stable in the short to medium term.

Foreign exchange rates

The USD had started to strengthen in the middle of 2013, rising strongly to the USD1:RM3.30 level and has remained at this elevated level for some months. This is positive for Malaysian exporters including the Supermax Group as it brings higher export sales proceeds and potentially higher income for Supermax Group.

As at 20th February 2014, the US Dollar / Malaysian Ringgit currency pairing closed at USD1:RM3.30 and we expect the US Dollar to remain strong against the Ringgit.

Robust global demand

Despite the slowdown in the Eurozone and US, demand for gloves from these regions, particularly for nitrile gloves, remains robust. Demand growth is however, significantly stronger in the emerging markets, in the regions such as the Middle East and also Africa, not to mention Asia with China and India leading the way.

Manufacturing and Process Automation

Most of the manufacturing plants in the industry, including Supermax's plants, are already highly automated. However, there are some remaining processes, particularly the stacking and packing processes, which still require a lot of manual labour. The automation programme to automate these remaining processes is being fast-tracked in response to the need to reduce dependency on foreign labour. This process has invariably lead to some output loss but it is a necessary step for future gain. Ultimately, this would enable the Supermax Group to further increase productivity and manufacturing efficiency and remain at the forefront in terms of global competitiveness. In addition, all the new manufacturing facilities would be fully automated and equipped with manufacturing automation processes fully built-in as part of the capital expenditure.

Expansion Plans

Expansion of Nitrile Latex Examination Gloves Capacity

The Group is also moving ahead with fast tracking its plans to build plants #10 and #11 in Meru, Klang and expect its first batch of lines to be commissioned by the middle of the year. These new plants will have lines that are built to be inter-switchable between natural rubber and Nitrile glove production but have currently been earmarked for Nitrile in tandem with market demand.

Capacity from the 2 new plants will be commissioned in batches starting from Q3 2014, and when fully commissioned, it would increase the Group's Nitrile glove capacity by 6.9 billion gloves which is more than double the Supermax Group's current Nitrile capacity from 5.4 billion pieces per annum to **12.3 billion pieces per annum**. This increase in production capacity will result in Nitrile Gloves forming **53%** of the Supermax Group's total installed capacity while NR Latex Gloves will form the balance **47%.**

Though we anticipate competition would be more intense on Nitrile Glove, we have factored into our budget with profit margins ranging from 9% to 11% from the increased revenue generated by the additional capacity that Supermax Group would be adding to the market in year 2014.

Thus, the additional capacity will not only enable the Group to reduce the lead times to meet demand for Nitrile Gloves but also improve profitability through higher efficiency and better productivity. In addition, the increase in production capacity of Nitrile Glove would contribute NOT just to the Manufacturing Division in terms of additional new sales & additional profits, but also provide additional new sales and additional profits to Supermax Group's overseas distribution activities, providing additional income and increase in market shares of Nitrile Gloves where the Group's overseas distribution companies operate.

Glove City Project

With fully-owned subsidiary Maxter Glove Manufacturing Sdn Bhd's (MGM) development of plants #10 and #11 in Meru, Klang, due to be completed this year, MGM will next move on to its Glove City Project.

The entire project will encompass 6 manufacturing plants which will be built over the next 10 - 12 years. Each plant would have an installed capacity of 4.1 billion pieces. Construction of the first plant is targeted to commence in 1st half 2015.

Supermax Business Park Project

Supermax has also recently acquired a large piece of industrial land measuring 100-acres in Serendah, Selangor, to build the **Supermax Business Park**. The idea and vision is to create a win-win situation whereby 60% of the land area will be used by Maxwell Glove Manufacturing Bhd (formerly known as Seal Polymer Industries Bhd), a wholly owned subsidiary of Supermax, to build an **Integrated Glove Manufacturing Complex (IGMC)** to produce nitrile gloves, and the balance 40% of the land will be developed for the Supermax Group's supporting industries such as the chemical, packaging and porcelain/ceramic former suppliers, and engineering and automation companies, to set up their operations here.

The 40% portion of land allocated for the supporting industries will have a Gross Development Value (GDV) of RM350-400 million and is targeted to be fully developed within 3 to 5 years. For the remaining 60% of the land reserved for the development of Maxter Glove Manufacturing Sdn Bhd's IGMC, it will be developed in 2 phases at a total cost of between RM700 million and RM750 million with total of 40 production lines with production capacity of 15.5 billion pieces per annum. Details are as follows:

	Phase 1	**Phase 2**
Development period	2014-2018	2019-2022
Installed capacity - high capacity & high efficiency lines - pieces of gloves	28 10.85 billion	12 4.65 billion

The proposed manufacturing facilities will employ the very latest technology in nitrile glove manufacturing which would make this the most advanced, efficient and productive manufacturing facilities in the region. The acquisition will enable the Company to aggressively expand its production capacities to meet the current and future growing demand for nitrile gloves.

This is in addition to the capacity expansion which is currently being carried out by Maxter Glove Manufacturing Sdn Bhd, another fully-owned subsidiary of Supermax Group based in Klang, Selangor.

Update on Price trend of NR latex and Nitrile material and foreign exchange fluctuation and its impact on glove price movements

The following are the tables showing historical average quarterly price trend of NR and nitrile latex, foreign exchange fluctuations and glove price movements:

NR & Nitrile Latex Prices and MYR/USD Exchange Rates

Natural Rubber Latex	**Q4 2012**	**Q1 2013**	**Q2 2013**	**Q3 2013**	**Q4 2013**	**YOY %**
USD	1,911	1,994	1,862	1,653	1,637	(14%)
RM	5,847	6,142	5,717	5,354	5,256	(10%)
(MYR/USD)	3.06	3.08	3.07	3.24	3.21	+5%
Synthetic Latex (Nitrile)	**Q4 2012**	**Q1 2013**	**Q2 2013**	**Q3 2013**	**Q4 2013**	**YOY %**
USD	1,273	1,290	1,217	1,125	1,138	(11%)
RM	3,895	3,973	3,736	3,645	3,654	(6%)
(MYR/USD)	3.06	3.08	3.07	3.24	3.21	+5%

Average Selling Prices

(USD/ 1,000 pcs)	**Q4 2012 USD**	**Q1 2013 USD**	**Q2 2013 USD**	**Q3 2013 USD**	**Q4 2013 USD**
Powdered Latex Gloves	23.95 – 29.95	23.65 – 29.95	20.95 – 29.95	19.75 – 28.95	19.75 – 22.95
Powder-Free Latex Gloves	30.75 – 33.95	30.75 – 33.95	26.95 – 33.95	26.95 – 33.95	24.95 – 29.95
Nitrile - 2.5mil	25.30 – 27.95	25.30 – 27.95	23.25 – 27.95	22.55 – 27.95	22.35 – 25.95
Nitrile - 3.2mil	27.95 – 30.95	24.65 – 27.95	23.50 – 27.95	22.95 – 27.95	22.50 – 26.95
Nitrile - 4.0mil	27.95 – 30.95	26.95 – 29.95	25.50 – 29.95	24.75 – 29.95	24.25 – 27.95
Nitrile - 5.0mil	31.25 – 33.95	30.95 – 33.95	29.50 – 33.95	27.95 – 33.95	26.25 – 29.95
(MYR/USD)	3.06	3.08	3.07	3.24	3.21

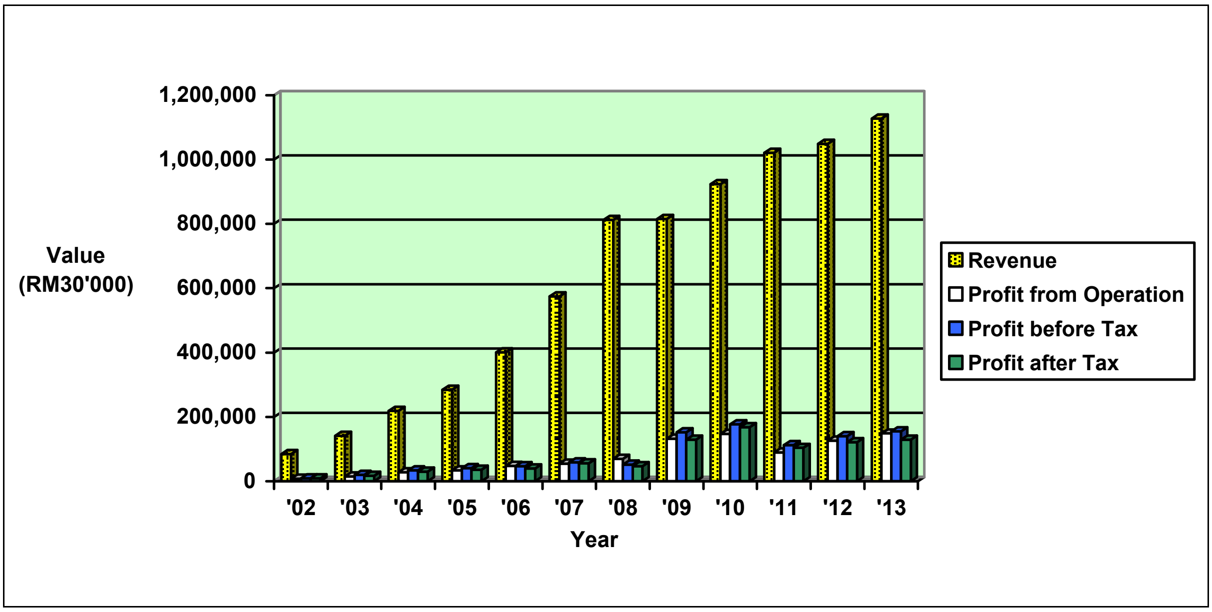
Average selling prices have been trending lower over the last few quarters. In the natural rubber gloves segment, the fall is largely in tandem with the declining price trend for natural rubber latex, the main cost component in the glove production process. In the nitrile glove segment, it is largely due to the increasingly stiff competition as more and more producers, not just in Malaysia but also in other major glove producing countries like Thailand and Indonesia, ramp up their nitrile glove production capacity.

For Supermax, while we are increasing production output of Nitrile gloves in line with the current market demand, we have been maintaining our manufacturing margins of Nitrile Glove at between 11% - 13% to be in line with global market prices, especially Nitrile gloves from China & Thailand. This is in line with our objective to be globally competitive.

The Group's yearly performances are tabled below:

Description	Year 2008 (RM '000)	Year 2009 (RM '000)	Year 2010 (RM '000)	Year 2011 (RM '000)	Year 2012 (RM '000)	Year 2013 (RM '000)
Revenue	811,824	803,633	977,281	1,021,358	997,374	1,127,343
Profit from operations	70,203	131,710	155,458	89,807	122,677	148,794
EBITDA	101,197	205,670	223,373	148,732	170,408	189,860
EBITDA Margin	12.5%	25.6%	22.9%	14.6%	17.1%	16.9%
Profit before Tax (PBT)	51,998	151,470	183,835	112,132	137,306	155,066
PBT Margin	6.4%	18.8%	18.8%	11.0%	13.8%	13.8%
Profit after Tax (PAT)	46,997	126,585	158,955	104,051	121,412	129,230
Core Profit after Tax (PAT)	63,658	126,585	158,955	108,051	121,412	129,230
Core PAT Margin	7.8%	15.8%	16.3%	10.6%	12.2%	11.5%
No. of Shares	265,270	268,250	340,077	340,077	680,154	680,154
Net Tangible Asset (NTA)	416,380	558,835	691,468	769,038	833,780	892,040
NTA per share (RM)	1.57	2.08	2.03	2.26	1.23	1.31
Core EPS (sen)	24.00	48.61	46.74	31.77	17.90	18.93
Return on Assets (ROA)	5.0%	13.4%	14.9%	8.6%	9.7%	9.5%
Return on Equity (ROE)	11.3%	22.7%	23.0%	13.5%	14.6%	14.5%

NM= Not meaningful



4. Variance of Actual and **Forecasted Profit and Shortfall in Profit Guarantee**

This is not applicable to the Group for the current quarter under review.

5. Taxation and Variance between the Effective and Statutory Tax Rate

	Quarter Ended 31.12.2013 RM '000	**Year-to-Date Ended 31.12.2013 RM '000**
Income tax	12,155	25,829
Deferred Tax	-	-
Total	12,155	25,829

The effective tax rate of the Group is lower than statutory income tax mainly because of tax incentives such as reinvestment allowances is still claimed by certain subsidiary companies.

6. Profit/(Loss) On Sale Of Unquoted Investment and/or Properties

There were no sales of investment and /or properties for the financial period under review.

7. Quoted Investment

There were no purchases or sales of quoted securities during the current financial period.

8. Status of Corporate Proposals Announced

There were no corporate proposals announced as at 24 February 2014 (the latest practicable date that shall not be earlier than 7 days from the date of this quarterly report).

9. Group Borrowings and Debt Securities

Group borrowings as at 31 December 2013 are as follows: -

	Secured RM'000	**Unsecured** RM'000	**Total** RM'000
Short term borrowings	4,566	156,019	160,585
Long term borrowings	4,011	147,677	151,688
Total borrowings	8,577	303,696	312,273

89% of the short term borrowings comprise trade facilities amounting to RM 142.9 million that are revolving in nature for working capital purposes. These facilities bear interest rates that are attractive and competitive ranging from 1.0% to 3.5% p.a.

10. Financial Instruments with Off Balance Sheet Risks

There were no financial instruments with off balance sheet risk as at 24 December 2013 (the latest practicable date which shall not be earlier than 7 days from the date of this quarterly report).

11. Pending Material Litigation

The Group has no outstanding material litigation which might materially and adversely affect the position or business of the Group as at 24 February 2014, being the latest practicable date.

12. Dividends Declared/Proposed

The Board of Directors has proposed a final dividend of 6% tax exempt for the financial year ended 31 December 2013 to be paid on 30 June 2014. This is subject to shareholders' approval at the upcoming Annual General Meeting proposed to be held in end-May / early-June 2014.

13. Earnings per Share (EPS)

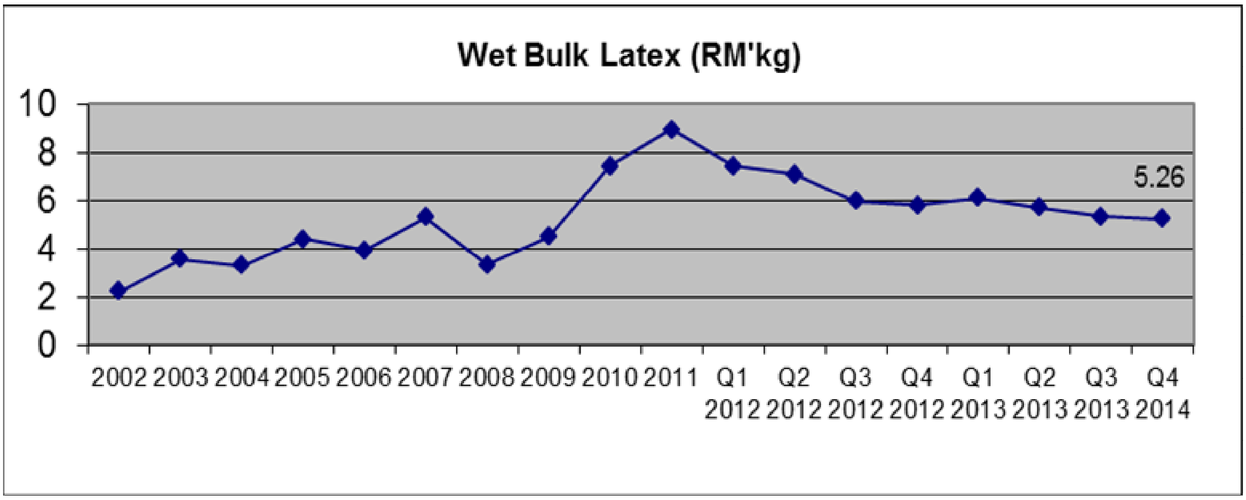
Basic earnings per share

	2013 Current Quarter Ended 31.12.2013	**2013 Year Ended 31.12.2013**
Net profit / (loss) (RM'000) attributable to ordinary shareholders	25,045	128,751
Weighted average ('000) Number of ordinary shares in issue	680,154	680,154
Basic earnings per share (sen)	3.68	18.93

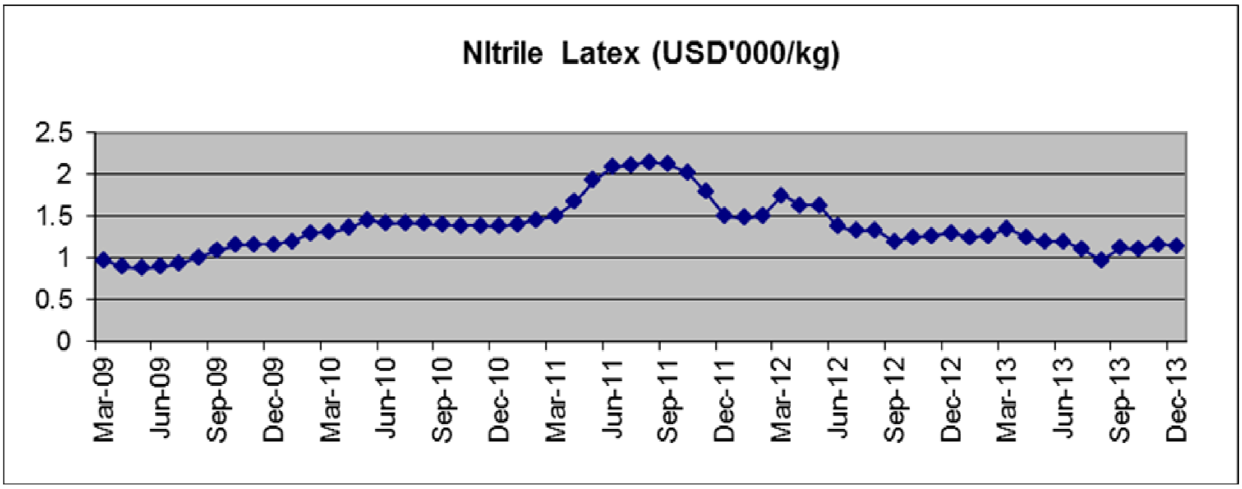
14. Management of Latex Material Cost Fluctuations

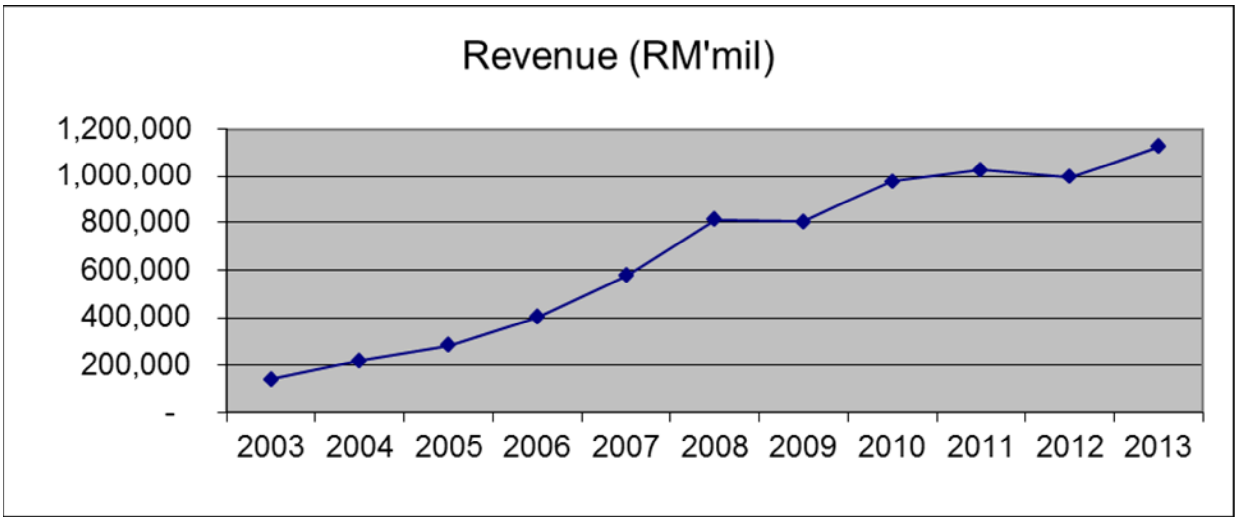
Rubber latex costs, the main raw material cost in the manufacturing of rubber gloves, forms a high percentage of the Group's costs and any increase in this cost item must be well managed.

The Group has a pricing mechanism in place whereby any fluctuation in this cost component is factored into the pricing process for the Group's rubber glove products. What this means is that effectively, the cost increases can be passed on to consumers, albeit with a short time lag, thus maintaining the Group's profitability. However, when latex costs are on a continuous rising trend, the ability to fully pass on all rising costs is adversely affected and results in margin squeeze. Below are 3 line graphs depicting the correlation between the price of NR and nitrile rubber latex and the Group's Sales Revenue.



NR Latex	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013
RM/kg wet	7.43	7.12	5.99	5.85	6.14	5.72	5.35	5.26





15. Management of Foreign Exchange Rate Fluctuations

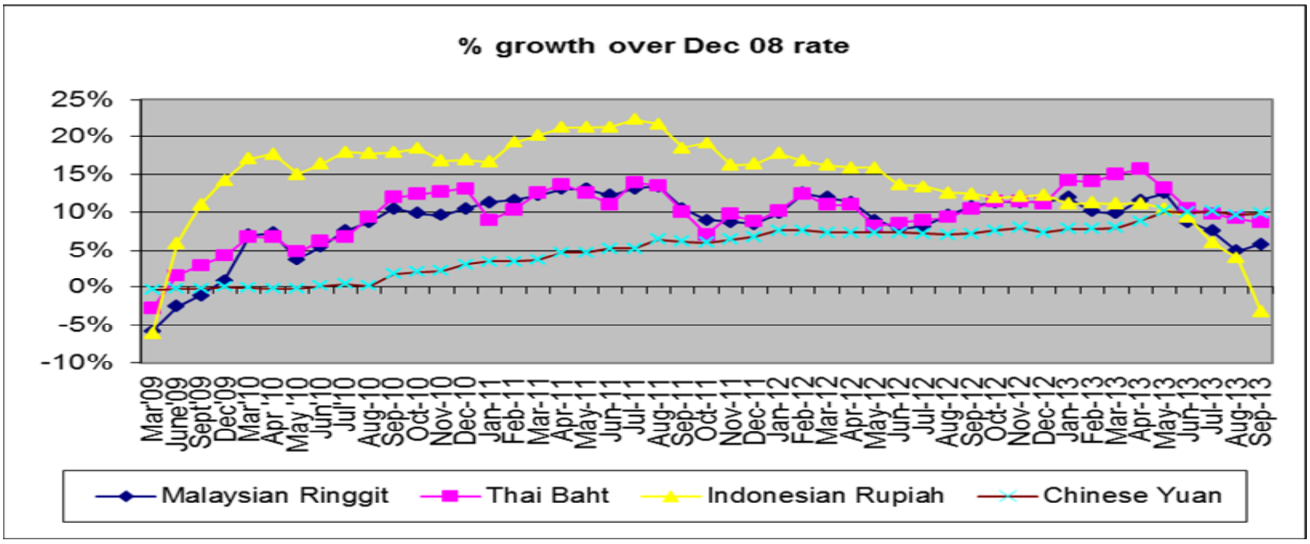
<u>Currency trend for competing nations</u>

Foreign exchange is another factor that may have a significant impact on the Group's performance. While the USD has strengthened against the Ringgit in recent months, the RM remains at an elevated level against the USD over the longer term, reflecting a similar trend among the currencies of most of the major rubber glove producing countries. In the case of the Thai Baht and the Chinese Yuan, they have both appreciated against the USD by 6% and 10% respectively compared to 5% for the Ringgit since 2008. Comparatively, the rupiah started to depreciate against the USD since September 2013 (by 3%) and has deteriorated further (by 11%) over the same period, reflecting concerns about the country's widening current-account deficit, rising inflation and slowing economic growth. In conclusion, Malaysian exports remain competitive against the major competing nations.

A table showing the movement in USD:MYR exchange rate since Q1 2012 is as follows:

FOREX	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013
(MYR/USD)	3.06	3.13	3.12	3.06	3.08	3.07	3.24	3.21

Below is a graph and table depicting the currency growth of the major rubber glove producing countries.



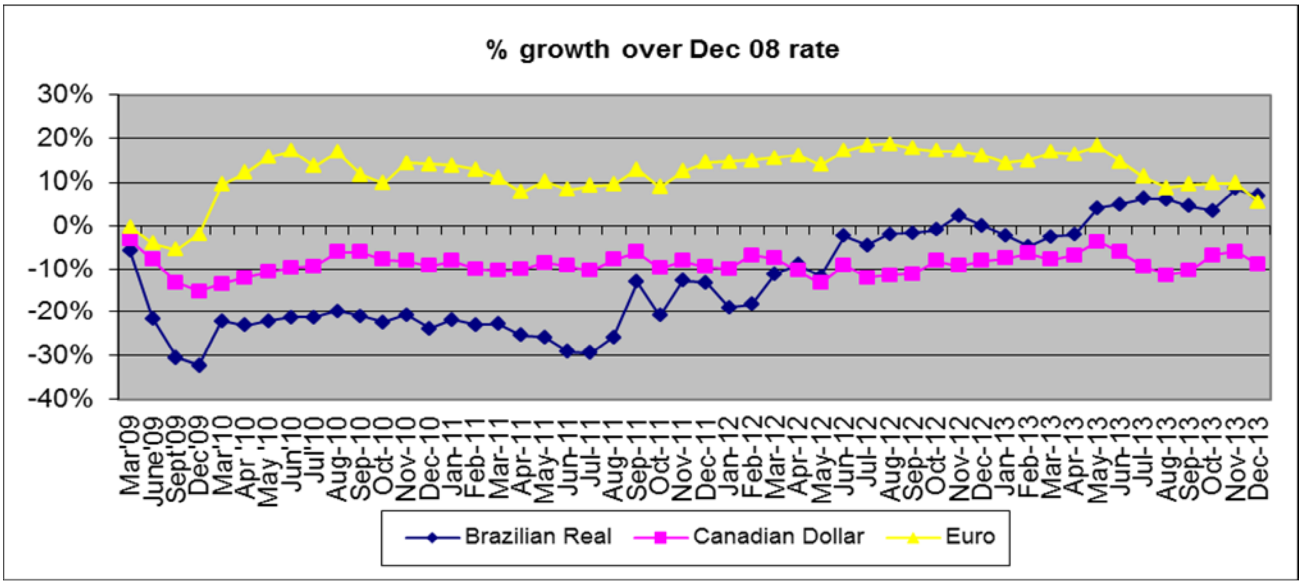
Exchange rate (1USD) vs Dec 08 rate

Currencies of Major Rubber Glove Producing Countries

	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sept-13	Oct-13	Nov-13	Dec-13
Malaysian Ringgit	12%	10%	10%	12%	12%	9%	8%	5%	6%	8%	8%	5%
Thai Baht	14%	14%	15%	16%	13%	10%	10%	9%	9%	11%	7%	6%
Indonesian Rupiah	11%	11%	11%	11%	10%	9%	6%	4%	-3%	-2%	-7%	-11%
Chinese Yuan	7%	8%	8%	8%	9%	10%	10%	10%	10%	10%	10%	10%

The USD has recently appreciated against most major currencies including MYR. Nevertheless, so long as the MYR fluctuation against the USD is in tandem with the currencies of the other major rubber glove producing countries, gloves made in Malaysia will remain globally competitive.

<u>Currency trend for associated companies and overseas subsidiaries</u>



Exchange rate (1USD) vs Dec 08 rate

Currencies of Countries Where Our Associated Companies and Overseas Subsidiaries Operate

	Jan' 13	Feb' 13	Mar' 13	Apr' 13	May' 13	Jun' 13	Jul' 13	Aug' 13	Sept' 13	Oct' 13	Nov' 13	Dec' 13
Brazilian Real	0.1%	-4.8%	-2.6%	-2.1%	4.2%	5.0%	6.3%	6.1%	4.6%	3.6%	8.7%	6.9%
Canadian Dollar	-8.2%	-6.4%	-7.8%	-6.8%	-3.7%	-6.1%	-9.5%	-11.5%	-10.5%	-6.9%	-6.0%	-9.0%
Euro	16.0%	14.9%	16.8%	16.2%	18.1%	14.6%	11.2%	8.7%	9.6%	9.8%	9.8%	5.6%