NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30 JUNE 2014 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 interim financial report has been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia,

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 3 2013.

The Group had adopted the following existing, new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that are mandatory for the current financial year:-

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 7	Financial Instruments: Disclosures
MFRS 8	Operating Segments
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 13	Fair Value Measurement
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 112	Income Taxes
MFRS 116	Property, Plant & Equipment
MFRS 117	Leases
MFRS 118	Revenue
MFRS 119	Employee Benefits
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 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
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. 9	Reassessment of Embedded Derivatives
IC Int. 10	Interim Financial Reporting and Impairment
IC Int. 16	Hedges of a Net Investment in a Foreign Operation
IC Int. 17	Distributions of Non-cash Assets to Owners
IC Int. 19	Extinguishing Financial Liabilities with Equity Instruments
IC Int. 107	Introduction of the Euro
IC Int. 112	Consolidation – Special Purpose Entities
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. 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 2013 are 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 2014 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 new MFRSs, Amendments to MFRSs and IC Interpretations that have been issued by MASB but not yet effective for the current financial year:

		Effective Date
New MFRS		
MFRS 9	Financial Instruments	To be announced by the MASB
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 July 2014
MFRS 2	Share-based Payment	1 July 2014
MFRS 3	Business Combinations	1 July 2014
MFRS 7	Financial Instruments: Disclosure	Applies when MFRS 9 is applied
MFRS 8	Operating Segments	1 July 2014
MFRS 9	Financial Instruments	To be announced by the MASB

MFRS 13	Fair Value Measurement	1 July 2014
MFRS 116	Property, Plant and Equipment	1 July 2014
MFRS 119	Employee Benefits	1 July 2014
MFRS 124	Related Party Disclosures	1 July 2014
MFRS 138	Intangible Assets	1 July 2014
MFRS 139	Financial Instruments: Recognition and Measurement	Applies when MFRS 9 is applied
MFRS 140	Investment Property	1 July 2014

The interim financial report should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2013 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 2013.

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

Share Buyback

During the current quarter under review, the Company performed 3 share buyback transactions involving a total of 1,997,000 shares. As at 30 June 2014, the number of shares retained as treasury shares stood at 3,000,000.

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 Final tax exempt dividend	21.01.2014 30.06.2014	4.0%^ 6.0%^	13,583 20,374
	Total			**187,623**

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

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 6 MONTHS	Investment Holding RM'000	Manu-facturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External sales	20,378	68,584	395,890	1,601	-	486,452
Inter-segment sales	-	436,357	35,630	3,850	(491,917)	(16,079)
	20,378	504,941	431,520	5,451	(491,917)	470,373
Segmental results	20,685	28,723	11,040	1,138	4,097	65,683
Finance costs						(4,716)
Interest income						-
Share of profit in associated companies						3,432
PBT						64,399
Tax expenses						(11,172)
PAT						53,227

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 20 August 2014, the Group had capital commitments amounting to RM 75.8 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 during the quarter ended 30 June 2014.

13. Contingent liabilities and contingent assets

The Group has no outstanding contingent liabilities and contingent assets as at 20 August 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	2nd Qtr 2014 RM '000	2nd Qtr 2013 RM '000	Increase/(Decrease)	
			RM'000	%
Revenue	238,100	330,004	(91,904)	(27.8)
Profit before tax (PBT)	32,259	39,802	(7,543)	(19.0)
Profit after tax (PAT)	26,920	34,873	(7,953)	(22.8)

The Group's revenue was 27.8% or RM 91.9 million lower compared to the previous year corresponding quarter. Profit before Tax and Profit after Tax were also lower, by 19.0% and 22.8% respectively. The Group's current quarter performance was affected by the fire at its Alor Gajah plant in Q4 2013 which caused a temporary loss of production output that was only fully resolved, albeit in stages, towards the end of Q2'2014. However, while the pre-fire capacity was regained, some capacity was temporarily lost at other factories as the Group resumed its scheduled automation programme. The current quarter also saw average selling prices declining by between 5 and 20% across the Group's range of products in tandem with lower latex raw material prices.

Nevertheless, we expect to see production levels return to more normalised levels from Q3 onwards, notwithstanding the continuation of the automation programme, while Q4 onwards should benefit from the commissioning of new lines at the new plants in Meru, Klang.

2. Comparison with Preceding Quarter's Result

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

Description	2nd Qtr 2014 RM'000	1st Qtr 2014 RM'000	Increase/(Decrease)	
			RM'000	%
Revenue	238,100	232,273	5,827	+2.5
Profit before tax (PBT)	32,259	32,140	119	+0.4
Profit after tax (PAT)	26,920	26,307	613	+2.3

On a preceding quarter basis, the Group's revenue rose marginally by 2.5%, on the back of increased output garnered from progressively running back the remaining production lines which had been rendered inoperable due to the fire at the Alor Gajah plant. However, this was off-set to an extent by lower average selling prices and the resumption of the automation programme which required the shutting down of some production lines progressively in Q2. One plant was also affected by the Selangor State water rationing exercise which lasted about a month at the beginning of the quarter. Both Profit before Tax and Profit after Tax were marginally higher by 0.4% and 2.3% respectively.

3. Prospects

Latex Material Prices

Natural rubber latex prices extended their downtrend in the 2nd quarter of 2014, averaging RM4.65 per kg wet compared to RM4.81 in the first quarter of 2014 and RM5.62 for the whole of 2013. This is reflective of the ample supply of rubber in the market as well as rising concerns on slower economic growth in China, the top consumer of rubber. More recently, rubber latex had traded even lower at RM4.17 per kg wet as at 20 August 2014. Prices are expected to remain at depressed levels going forward.

In terms of **synthetic nitrile latex** material, the prices of this raw material have remained generally stable in recent quarters with slight downward bias. In the 2nd quarter, prices dipped slightly to the USD1,050 per mtw level compared to USD1,150 in the preceding quarter. However, geopolitical tensions in several hotspots across the world have seen prices creep back up to the current prices at USD1,125 per mtw level in tandem with the rise in crude oil prices. We expect nitrile latex prices to remain relatively stable with some further upside bias in the short to medium term.

Foreign exchange rates

The Ringgit has strengthened against the US Dollar in recent months. The currency pair traded at an average of USD1:RM3.23 in Q2'2014 vs USD1:RM3.29 in the preceding quarter on the back of positive Malaysian economic data. The Ringgit has since strengthened further, currently trading at below USD1:RM3.20 levels. As at 20 August 2014, the US Dollar / Malaysian Ringgit currency pairing closed at USD1:RM3.16. Nevertheless, amid a backdrop of heightened geopolitical tensions around the world, we expect the US Dollar to strengthen back against the Ringgit.

Robust global demand

Global demand for gloves remains robust, particularly for nitrile gloves. In the highly developed countries, the demand continues to grow at a steady and moderate pace while stronger double digit growth can be seen from the emerging markets as hygiene and healthcare awareness continues to rise in the regions such as the Middle East and also Africa, not to mention Asia with China and India leading the way. The recent and on-going Ebola scare in Africa has served to further emphasise the need for and importance of using disposable gloves as many healthcare workers were infected and had perished due in no small part to the lack of this basic medical device.

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 building structures for Plants #10 and #11 in Meru, Klang are up and what remains are the staggered installation and commissioning of production lines over the next few months. The first batch of lines were commissioned in August 2014. 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.

External View of newly-completed Factory No. 10 (picture taken on 23 August 2014

New Hostel for workers as part of CSR programme (picture taken on 23 August 2014

Capacity from the 2 new plants has started to come on-stream progressively with the first batch of lines being commissioned in August 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.

The Supermax Group is committed to organic growth employing the very latest technology which allows its factories to run at the fastest most optimal speeds and realising the highest efficiency available in the industry today.

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 early next 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 year 2015.

Supermax Business Park Project

Supermax has also 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 Maxwell Glove Manufacturing 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	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	YOY %
USD	1,862	1,653	1,637	1,463	1,439	(23%)
RM	5,717	5,354	5,256	4,813	4,648	(19%)
(MYR/USD)	3.07	3.24	3.21	3.29	3.23	5%
Synthetic Latex (Nitrile)	**Q2 2013**	**Q3 2013**	**Q4 2013**	**Q1 2014**	**Q2 2014**	**YOY %**
USD	1,217	1,125	1,138	1,105	1,053	(13%)
RM	3,736	3,645	3,654	3,635	3,401	(9%)
(MYR/USD)	3.07	3.24	3.21	3.29	3.23	5%

Average Selling Prices

(USD/ 1,000 pcs)	Q2 2013 USD	Q3 2013 USD	Q4 2013 USD	Q1 2014 USD	Q2 2014 USD
Powdered Latex Gloves	20.95 – 29.95	19.75 – 28.95	19.75 – 22.95	19.25 – 22.95	19.00 – 22.95
Powder-Free Latex Gloves	26.95 – 33.95	26.95 – 33.95	24.95 – 29.95	24.25 – 28.95	23.70 – 29.95
Nitrile - 2.5mil	23.25 – 27.95	22.55 – 27.95	22.35 – 25.95	22.20 – 25.95	22.20 – 25.95
Nitrile - 3.2mil	23.50 – 27.95	22.95 – 27.95	22.50 – 26.95	22.35 – 26.95	22.35 – 26.95
Nitrile - 4.0mil	25.50 – 29.95	24.75 – 29.95	24.25 – 27.95	24.25 – 27.95	24.25 – 27.95
Nitrile - 5.0mil	29.50 – 33.95	27.95 – 33.95	26.25 – 29.95	26.25 – 29.95	26.25 – 29.95
(MYR/USD)	3.07	3.24	3.21	3.29	3.23

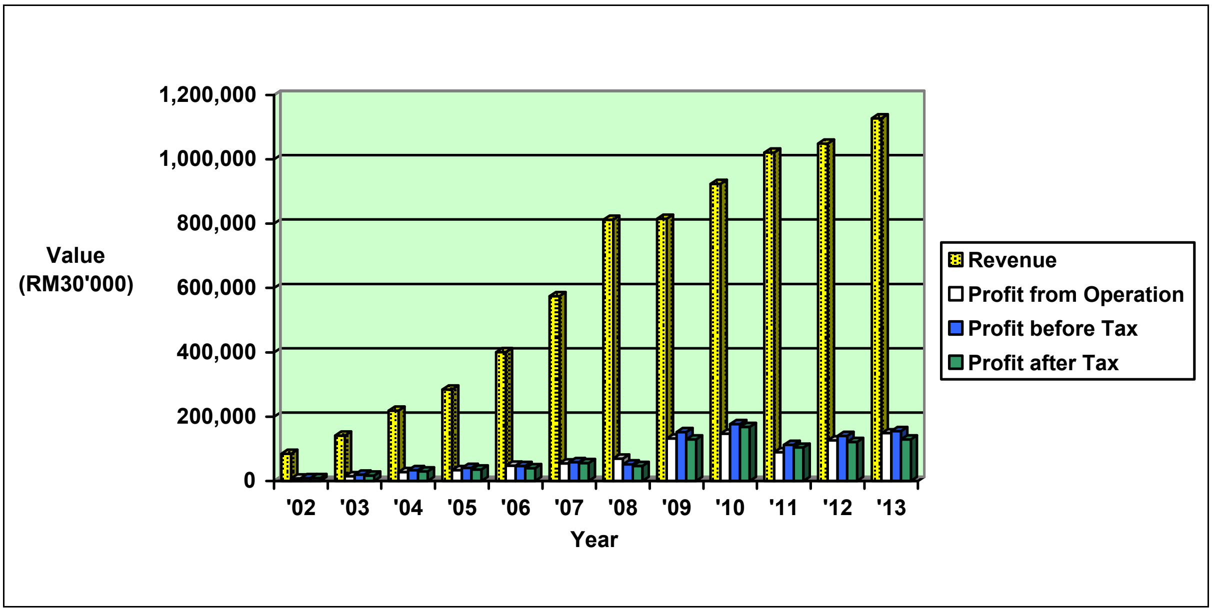
Average selling prices have been trending lower over the last few quarters. In the natural rubber gloves segment, the fall is largely in tandem with the declining price trend for natural rubber latex, the main cost component in the glove production process. In the nitrile glove segment, it is due to lower raw material prices and the competitive market as more and more producers, not just in Malaysia but also in other major glove producing countries like Thailand, Indonesia and China, 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 9% - 11% 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 and current H1 2014 performance are tabled below:

Description	Year 2009 (RM '000)	Year 2010 (RM '000)	Year 2011 (RM '000)	Year 2012 (RM '000)	Year 2013 (RM '000)	H1 2014 (RM '000)
Revenue	803,633	977,281	1,021,358	997,374	1,048,151	470,373
Profit from operations	131,710	155,458	89,807	122,677	155,789	65,683
EBITDA	205,670	223,373	148,732	170,408	182,481	81,545
EBITDA Margin	25.6%	22.9%	14.6%	17.1%	17.4%	17.3%
Profit before Tax (PBT)	151,470	183,835	112,132	137,306	148,157	64,399
PBT Margin	18.8%	18.8%	11.0%	13.8%	14.1%	13.7%
Profit after Tax (PAT)	126,585	158,955	104,051	121,412	118,990	53,227
Core Profit after Tax (PAT)	126,585	158,955	108,051	121,412	118,990	53,227
Core PAT Margin	15.8%	16.3%	10.6%	12.2%	11.4%	11.3%
No. of Shares	268,250	340,077	340,077	680,154	680,154	680,154
Net Tangible Asset (NTA)	558,835	691,468	769,038	833,780	897,648	926,212
NTA per share (RM)	2.08	2.03	2.26	1.23	1.32	1.36
Core EPS (sen)	48.61	46.74	31.77	17.90	17.63	7.84
Return on Assets (ROA)	13.4%	14.9%	8.6%	9.7%	8.7%	N/M
Return on Equity (ROE)	22.7%	23.0%	13.5%	14.6%	13.3%	N/M

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 30.6.2014 RM '000	Year-to-Date Ended 30.6.2014 RM '000
Income tax	5,339	11,172
Deferred Tax	-	-
Total	5,339	11,172

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 20 August 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 30 June 2014 are as follows: -

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings	5,029	217,259	222,288
Long term borrowings	4,066	145,253	149,319
Total borrowings	10,195	361,412	371,607

93% of the short term borrowings comprise trade facilities amounting to RM 207.7 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 3.6% p.a.

10. Financial Instruments with Off Balance Sheet Risks

There were no financial instruments with off balance sheet risk as at 20 August 2014 (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 20 August 2014, being the latest practicable date.

12. Dividends Declared/Proposed

No interim dividend has been declared by the Board of Directors for the current financial year ending 31 December 2014.

13. Earnings per Share (EPS)

Basic earnings per share

	2014 Current Quarter Ended 30.6.2014	**2014 Year-to-date Ended 30.6.2014**
Net profit / (loss) (RM'000) attributable to ordinary shareholders	26,920	53,227
Weighted average ('000) Number of ordinary shares in issue	680,154	680,154
Basic earnings per share (sen)	3.93	7.84

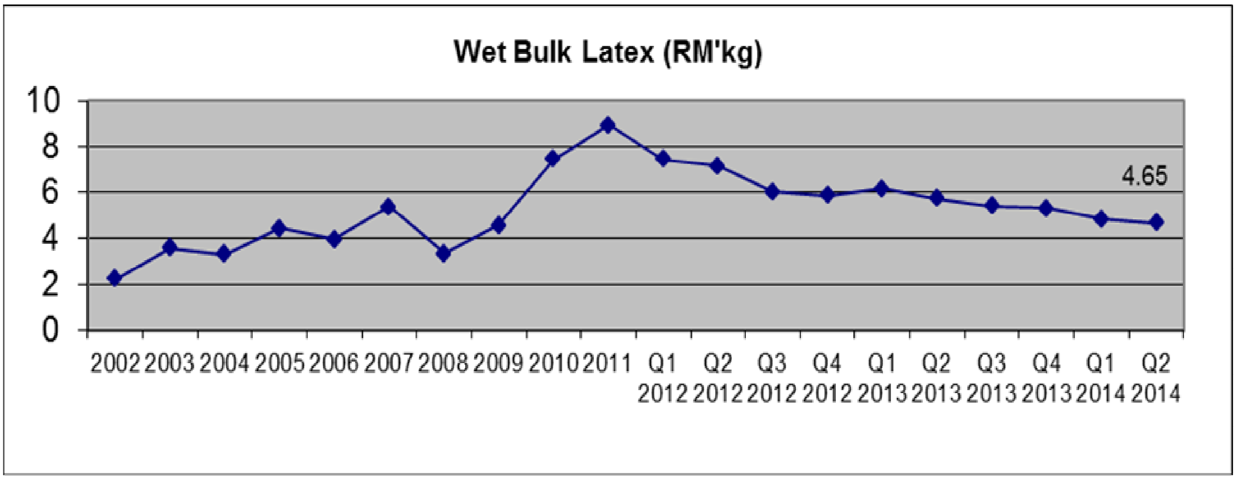
14. Realised and Unrealised Profits/Losses

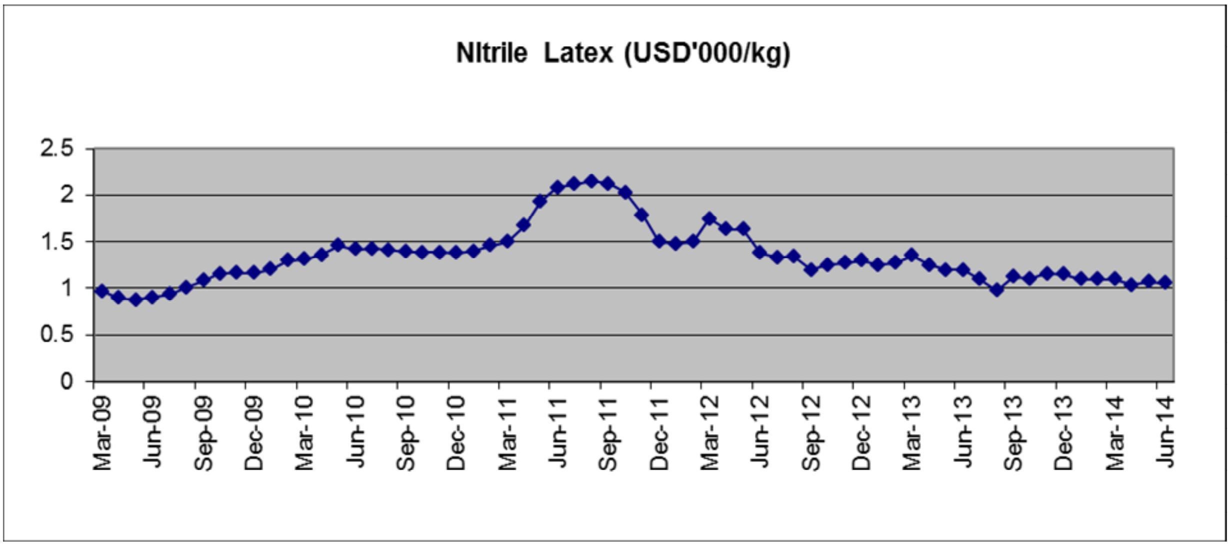
	As at 30.6.2014 RM '000	**As at 31.12.2013 RM '000**
Total retained profits of the Company and its Subsidiaries:		
- Realised	443,675	412,649
- Unrealised	(2,558)	3,145
	441,117	415,794
Less: Consolidation adjustments	202,597	194,936
Total Group retained earnings as per consolidated accounts	643,713	610,730

15. Management of Latex Material Cost Fluctuations

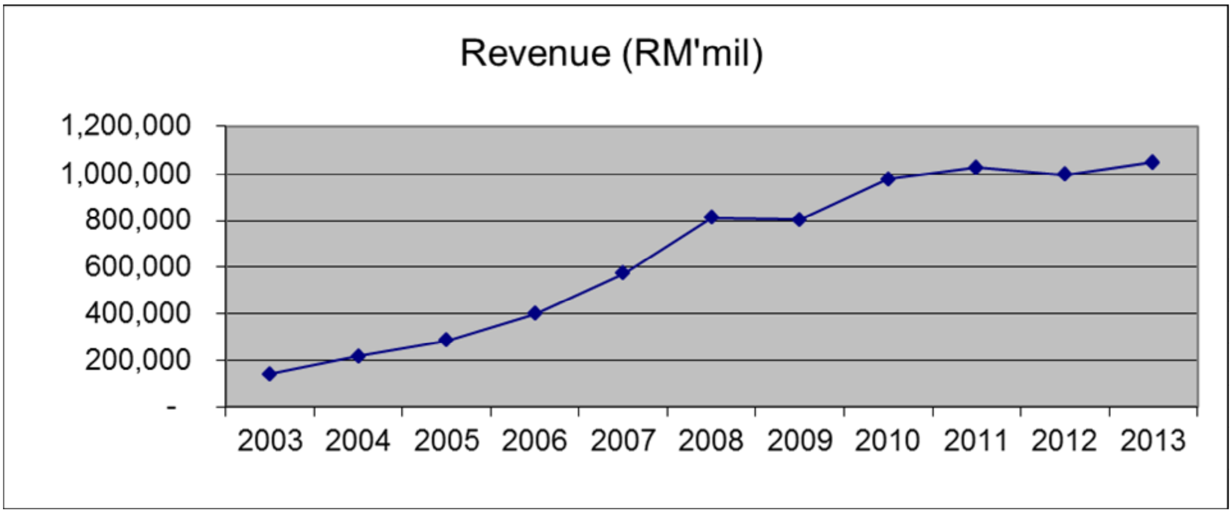
Rubber latex costs, the main raw material cost in the manufacturing of rubber gloves, forms a high percentage of the Group's costs and any increase in this cost item must be well managed.

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, should latex costs rise continuously, 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	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014
RM/kg wet	5.99	5.85	6.14	5.72	5.35	5.26	4.81	4.65
USD/kg wet	1.29	1.27	1.29	1.22	1.07	1.14	1.10	1.05



16. 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. Of the currencies belonging to the major rubber glove producing countries, the Thai Baht and Chinese Yuan together with the Ringgit has been relatively stable and trending similarly against the USD in recent quarters.

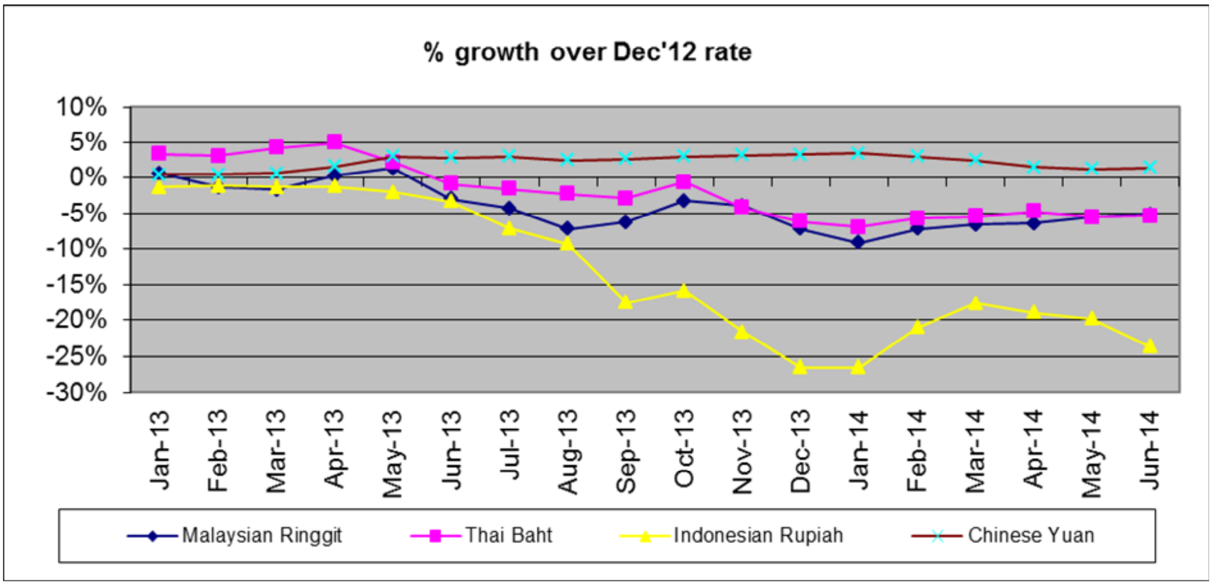
The rupiah, however, has been rather volatile and depreciated sharply against the USD over the last one year. This trend is largely on account of concerns over the country's widening current-account deficit, rising inflation and slowing economic growth.

In conclusion, Malaysian exports remain competitive against the major competing nations.

A table showing the movement in USD:MYR exchange rate over the last 2 years is as follows:

FOREX	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014
(MYR/USD)	3.12	3.06	3.08	3.07	3.24	3.21	3.29	3.23

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



Exchange rate (1USD) vs Dec'12 rate

Currencies of Major Rubber Glove Producing Countries

	Jul-13	Aug-13	Sept-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
Malaysian RM	-4%	-7%	-6%	-3%	-4%	-7%	-9%	-7%	-7%	-6%	-6%	-5%
Thai Baht	-2%	-2%	-3%	-1%	-4%	-6%	-7%	-6%	-5%	-5%	-6%	-5%
Indonesian Rupiah	-7%	-9%	-18%	-16%	-22%	-27%	-27%	-21%	-18%	-19%	-20%	-24%
Chinese Yuan	3%	3%	3%	3%	3%	3%	3%	3%	3%	1%	1%	1%

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.