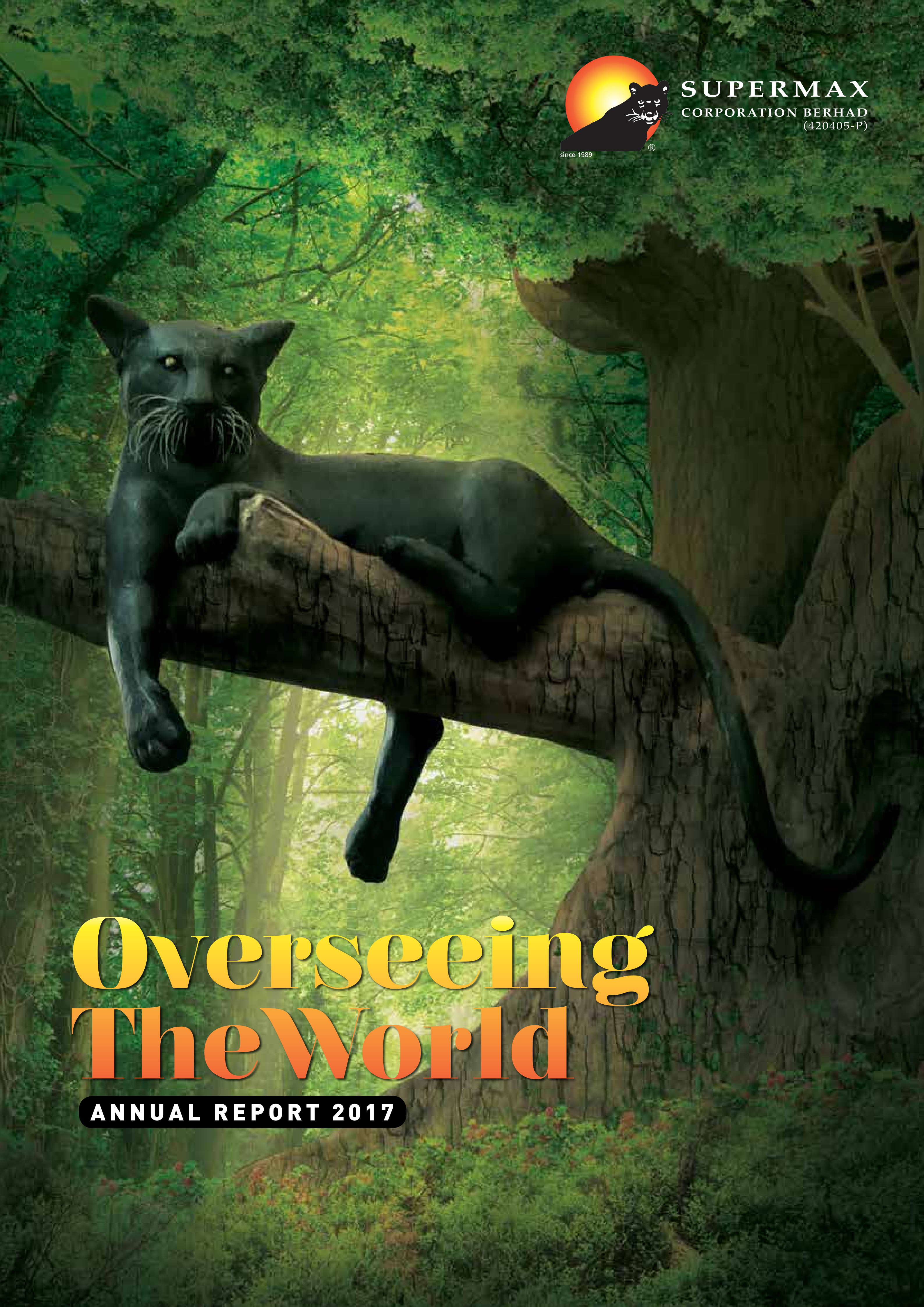


SUPERMAX
CORPORATION BERHAD
(420405-P)
since 1989

Overseeing The World

ANNUAL REPORT 2017

SUPERMAX
CORPORATION BERHAD
(420405-P)
since 1989

CONTENTS

CORPORATE PROFILE

Supermax Corporation Berhad is a leading international manufacturer, distributor and marketer of high quality medical gloves. Established in 1987, its founders started a trading business to distribute latex gloves and eventually ventured into manufacturing of latex gloves in 1989. Today, the Supermax Group has eleven factories manufacturing various types of natural rubber and nitrile latex gloves, which are exported to over 160 countries around the world, such as the United States of America, European Union, Middle East, Asia and South Pacific countries.

The Supermax Group has also become Malaysia's very first home-grown contact lens manufacturing company. It had successfully commissioned its manufacturing facility in Malaysia after carrying out extensive R&D activities in the UK, and has been gradually building up its production capacity. It has also made good progress in terms of obtaining the necessary licences and approvals which have allowed it to build up its product presence in more and more countries.

The Group has received numerous accolades and awards over the years, including The Edge Billion Ringgit Club's inaugural Company of the Year Award in 2010, Export Excellence & Brand Excellence in the Industry Excellence Awards in 2009 and 2008, Special Award & 4th placing in the prestigious Deloitte's Top 50 Enterprise Award Malaysia in 2006, Export Excellence & Product Excellence in the Industry Excellence Awards in 2003, the National Productivity Council Award in 1999 and Andersen Consulting Top 50 Enterprise in Malaysia in 1998. One of the founders, Dato' Seri Stanley Thai himself, also won 2 very prestigious awards in 2010, i.e. Malaysia's Ernst & Young Entrepreneur of The Year Award 2010 and Malaysia's CEO of The Year Award 2010.

Supermax is well recognized for its commitment to deliver quality products and service to its customers. These accomplishments testify to the Group's relentless efforts in enhancing productivity in order to compete in the global market.

FINANCIAL HIGHLIGHTS

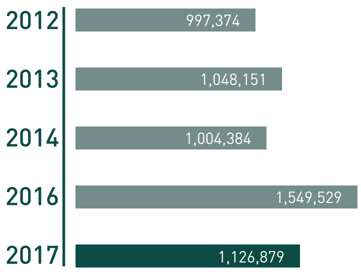
	2017 RM'000	2016^ RM'000
Revenue	1,126,879	1,549,529
Pre-tax profit	107,939	207,342
After-tax profit	70,294	144,023
Net assets	1,070,236	1,017,541
Total assets	1,789,949	1,644,566
Paid-up capital	340,077	340,077
Shareholders' equity	1,067,206	1,018,607
Interim dividend	16,686	40,276
Final dividend	19,874*	13,425
Net assets per share (in RM)	1.60	1.51
Earnings per share (in SEN)	10.03	21.36

^ *The financial period ended 30 June 2016 is an 18-month transition period (1 January 2015 to 30 June 2016) following the change in financial year end from December to June*

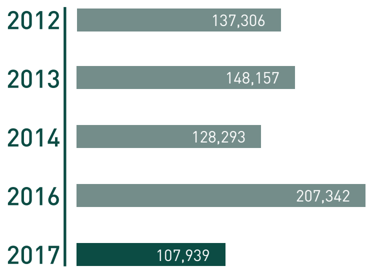
* *Subject to shareholders' approval at the 20th Annual General Meeting*

FIVE-YEARS FINANCIAL SUMMARY

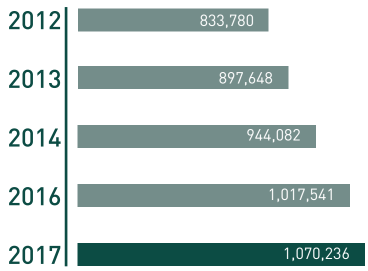
REVENUE (RM'000)



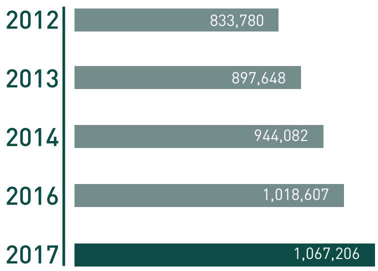
PRE-TAX PROFIT (RM'000)



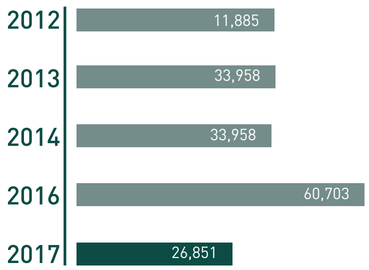
NET ASSETS (RM'000)



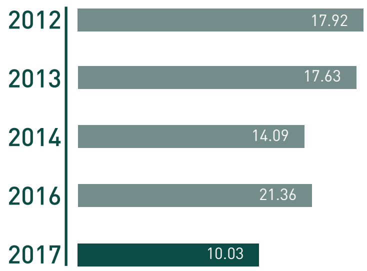
SHAREHOLDERS' EQUITY (RM'000)



DIVIDEND PAYOUT (RM'000)



BASIC EARNINGS PER SHARE (RM'000)



	2017 RM'000	2016^ RM'000	2014 RM'000	2013 RM'000	2012 RM'000
Revenue	1,126,879	1,549,529	1,004,384	1,048,151	997,374
Pre-tax profit	107,939	207,342	128,293	148,157	137,306
Net assets	1,070,236	1,017,541	944,082	897,648	833,780
Shareholders' equity	1,067,206	1,018,607	944,082	897,648	833,780
Dividend payout	26,851	60,703	33,958	33,958	11,885
Basic earnings per share (in SEN)	10.03	21.36	14.09	17.63	17.92

^ *The financial period ended 30 June 2016 is an 18-month transition period (1 January 2015 to 30 June 2016) following the change in financial year end from December to June*

CORPORATE STRUCTURE

SUPERMAX CORPORATION BERHAD (420405-P)

since 1989

- 100% **Supermax Glove Manufacturing Sdn Bhd** (218698-T)
- 100% **Maxter Glove Manufacturing Sdn Bhd** (229862-H)
  - 100% **Seal Polymer Latex Products Sdn Bhd** (754360-X)
- 100% **Supermax Latex Products Sdn Bhd** (34197-T)
- 100% **Supermax Healthcare Incorporated**
- 100% **Supermax International Sdn Bhd** (551579-X)
  - 98% **SuperVision Optimax Sdn Bhd** (1083853-U)
- 100% **Supermax Energy Sdn Bhd** (318117-P)
- 100% **Maxwell Glove Manufacturing Berhad** (99472-X) *(Formerly known as Spenser Glove Manufacturing Berhad)*
- 100% **Supermax Business Park Sdn Bhd** (1164641-W)
- 100% **Supermax Deutschland GmbH**
- 100% **Supermax Global Limited**
- 100% **Supermax Healthcare Limited**
- 67% **Supermax Healthcare Canada Incorporated**
- 100% **White Oak Global Property Limited**
- 100% **Supermax Group Investment Limited**
  - 100% **Supermax Global (HK) Limited**
- 100% **Maxter Healthcare Pte. Ltd.** *(Formerly known as Aveo Vision Pte. Ltd.)*
- 70% **Aime Supermax KK**
  - 100% **Aime KK**

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Rafidah Aziz
(Independent Non-Executive Chairman)

Dato' Seri Thai Kim Sim, Stanley
(Group Managing Director)

Datin Seri Tan Bee Geok, Cheryl
(Group Executive Director)

Dato' Ting Heng Peng
(Independent Non-Executive Director)

Dato' Tan Geok Swee @ Tan Chin Huat
(Non-Executive Director)

Gong Wooi Teik, Felix
(Independent Non-Executive Director)

Dr. Rashid Bin Bakar
(Independent Non-Executive Director)

AUDIT COMMITTEE

Gong Wooi Teik, Felix
Chairman, Independent Non-Executive Director

Dato' Ting Heng Peng
Member, Independent Non-Executive Director

Dr. Rashid Bin Bakar
Member, Independent Non-Executive Director

COMPANY SECRETARIES

Wong Wai Foong (MAICSA 7001358)
Joanne Toh Joo Ann (LS 0008574)

CORPORATE OFFICE

Supermax Corporation Berhad
Lot 38, Putra Industrial Park
Bukit Rahman Putra
47000 Sungai Buloh
Selangor Darul Ehsan
Tel: 03 – 6145 2328; Fax: 03 – 6156 2191

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur
Tel: 03-27839191 Fax: 03-22822733

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd (378993-D)
Level 6, Symphony House,
Pusat Dagangan Dana 1,
Jalan PJU 1A/46,
47301 Petaling Jaya
Tel: 03-7841 8283; Fax: 03-7841 8151/52
Helpdesk: 03-7849 0777

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad (127776-V)
Malayan Banking Berhad (3813 – K)
OCBC Bank (Malaysia) Berhad (295400-W)
Citibank Berhad (297089-M)
Standard Chartered Bank Malaysia Berhad (115793-P)

AUDITORS

Afrizan Tarmili Khairul Azhar, AF1300
4-04-2, Presint Alami
Pusat Perniagaan Worldwide 2
Seksyen 13
40100 Shah Alam, Selangor
Tel : 03-55181300; Fax : 03-55182300

CORPORATE COUNSEL

Shearn Delamore & Co. (50601-K)
7th Floor, Wisma Hamzah-Kwong Hing
No.1, Leboh Ampang
50100 Kuala Lumpur
Tel: 03-20272727; Fax: 03-20785625/2376

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Date of Listing : 2 August 2000

STOCK INFORMATION

Code No.: 7106
Name: SUPERMX

PROFILE OF DIRECTORS

Chairman, Independent Non-Executive Director
Aged 74, Malaysian, Female
Appointed on 16 June 2015

Tan Sri Rafidah Aziz graduated from University of Malaya with a BA Degree in Economics in 1966, and Master in Economics in 1970. Tan Sri has also been conferred Honorary Doctorates from University Putra Malaysia, University Utara Malaysia, University Tun Razak Malaysia, University of Malaya, the Dominican University of California, USA and from HELP University. After graduating, she worked as Tutor and then Lecturer in the Faculty of Economics, University of Malaya between 1966 and 1976. In 1974, Tan Sri was appointed as Senator and in 1978, contested in the General Elections. She served as a Member of Parliament for 35 years, in the Selayang Constituency from 1978 to 1982 and Kuala Kangsar Constituency from 1982-2013. In 1976, Tan Sri was appointed as Parliamentary Secretary in the Ministry of Public Enterprises and in 1977 promoted to Deputy Minister of Finance. In 1980, she was made Minister of Public Enterprises, a post she held for 7 years. In 1987 she was appointed Minister for Trade and Industry (subsequently redesignated Minister of International Trade and Industry), and served for 21 years up to 2008. She served in the UMNO Supreme Council for 38 years since winning a seat in the Council in 1975. Tan Sri currently serves as Adjunct Professor at the College of Business, University Utara Malaysia and is Chairman of AirAsia X Bhd, Megasteel Corporation and Pinewood Iskandar Malaysia Studio, besides being Patron of several NGOs such as the National Cancer Society of Malaysia and National Association of Women Entrepreneurs (PENIAGAWATI). Tan Sri Rafidah is also advisor to the Sarawak Renewable Energy Corridor (RECODA).

Group Managing Director
Aged 57, Malaysian, Male
Appointed on 18 June 2000

Dato' Seri Stanley Thai graduated from the University of Windsor, Ontario, Canada with a Bachelor of Commerce degree (Hons) in 1982. He started his early business training with Mulpha International Berhad before being appointed as the Chief Executive Officer cum Group Managing Director of Supermax Corporation Berhad on 18 June 2000. Dato' Seri Stanley Thai was re-designated as Executive Chairman and Group Managing Director on 27 September 2006. He was re-designated to Group Executive Chairman when Tan Sri Rafidah Aziz joined the Board as Non-Executive Chairman in June 2015. Dato' Seri Stanley Thai is an experienced businessman and has successfully secured business partnerships with distributions in North American, Western Europe, Australia, New Zealand, Middle East and Latin American countries. He has also been actively involved in overseas trade promotions and programs organised by the Ministry of International Trade and Industry (MITI) and is a strong advocate of the "Made in Malaysia for the World" program of Malaysia External Trade Development Corporation (MATRADE) since 1983. Dato' Seri sat on the Board of the Malaysian Rubber Export Promotion Council (MREPC) from 2010 to 2015 and was Trustee of the Malaysian Rubber Glove Manufacturers Association (MARGMA) from 2013 to 2016.

Group Executive Director
Aged 56, Malaysian, Female
Appointed on 18 June 2000

Datin Seri Cheryl Tan graduated with a Bachelor of Commerce degree (Hons) from University of Windsor, Ontario, Canada. Datin Seri Cheryl Tan was appointed as an Executive Director in Supermax Corporation Berhad on 18 June 2000 and she is a member of the Remuneration Committee. Datin Seri Cheryl Tan received her early business training in credit administration with a local financial institution. Datin Seri Cheryl Tan heads the finance, operations and administration of the Supermax Group.

DATO' TING HENG PENG

Independent Non-Executive Director
Aged 57, Malaysian, Male
Appointed on 18 June 2000

Dato' Ting graduated from University of Windsor, Ontario, Canada with a Bachelor of Commerce degree (Hons) in 1982. Upon graduation, he went to England where he read law at the University of Essex. Dato' Ting obtained his Bachelor of Law (Hons) in 1985. Following Dato' Ting's admission as a barrister by Lincoln's Inn, London in 1986, Dato' Ting came back to Malaysia and was called to the Malaysian Bar in 1987. Dato' Ting has been in active legal practice as advocate and solicitor since 1987. He is currently the managing partner of Ting Asiah & Co. Dato' Ting was appointed to the Board of Supermax Corporation Bhd in June 2000 and is currently Chairman of the Nomination Committee and a member of the Audit and Remuneration Committees. Dato' Ting is also an Independent Non-Executive Director of D.B.E. Gurney Resources Berhad and Mercury Industries Berhad as well as CSF Group PLC, a company listed on the London Stock Exchange in Alternative Investment Market.

DATO' TAN GEOK SWEE @ TAN CHIN HUAT

Non-Executive Director
Aged 67, Malaysian, Male
Appointed on 18 June 2000

Dato' Tan was appointed as a Non-Executive Director of Supermax Corporation Berhad on 18 June 2000 and he is a member of the Nomination Committee. He worked in a public-listed company as senior manager for more than 10 years before he started his own business in the 1980's. Dato' Tan was the founder of the renowned Malaysia International Furniture Fair (founded in 1995). He has good experience in international marketing and promotion. He holds a Hon. PhD in Business Administration. He is now the Managing Director of TGS Holdings Sdn Bhd.

MR GONG WOOI TEIK, FELIX

Independent Non-Executive Director
Aged 66, Malaysian, Male
Appointed on 28 December 2001

Mr Gong is a Fellow Member of The Institute of Chartered Accountants in England & Wales, member of the Malaysian Institute of Accountants and Fellow Member of the Chartered Tax Institute of Malaysia. After qualifying as a Chartered Accountant in England in 1976, he returned to Malaysia in early 1977 and worked for two of the big 4 International Accounting Firms before starting his own accounting firm in 1980. He is currently the Managing Partner of GEP Associates, a member firm of AGN International Ltd, which is a worldwide Association of Accounting and Consulting Firms. Mr Gong was appointed as an Independent Non-Executive Director of Supermax Corporation Berhad on 28 December 2001 and he is the Chairman of the Audit Committee. Presently, he is also Independent and Non-Executive Director of Box Pak (Malaysia) Berhad, Cheetah Holdings Berhad and Dancomech Holdings Berhad which are listed on Bursa Malaysia.

DR RASHID BIN BAKAR

Independent Non-Executive Director
59, Malaysian, Male
Appointed on 18 July 2002

Dr Rashid Bakar was born and raised in Malacca. He obtained his Dip in Public Administration in 1991 from Institut Teknologi Mara and later in 1998 he graduated with a Bachelor of Law (Hons). He also holds a Dip in Syariah Law & Practice from International Islamic University Malaysia and is a certified Syarie Counsel for Selangor, WP Kuala Lumpur & Negeri Sembilan. In 2003, he graduated with a Masters in Law (LL.M) from University Kebangsaan Malaysia and in 2015 completed his Ph.D (Law) at the same university. His business occupation is Advocates & Solicitors. Dr Rashid was appointed as an Independent Non-Executive Director of Supermax Corporation Berhad on 18 July 2002. He chairs the Remuneration Committee and is a member of the Audit Committee.

ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS

Family relationships with any director and / or major shareholder

None of the Directors of the Company has family relationships with any Director and/or major shareholder with the exception of:-

1. Dato' Seri Stanley Thai and Datin Seri Cheryl Tan are husband and wife; and
2. Dato' Tan Geok Swee @ Tan Chin Huat is the brother of Datin Seri Cheryl Tan.

Key Senior Management

Dato' Seri Stanley Thai and Datin Seri Cheryl Tan, being the Group Managing Director and Group Executive Director respectively, are the key senior management staff of the Company. Their relevant particulars, including qualification and working experience, have been outlined under their individual profiles.

Conflict of interest

None of the Directors of the Company has any conflict of interest with the Company.

List of convictions for offences within past 5 years other than traffic offences; and public sanction/penalty imposed by relevant regulatory bodies

None of the Directors of the Company has been convicted for offences within the past five (5) years other than traffic offences, if any; nor publicly sanctioned/penalised by any relevant regulatory bodies.

Shareholdings in the Company and its subsidiaries

Details are set out on page 103 of the Annual Report.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS (MDA)

A Word from Our Chairman

Over the years, Malaysia has remained the market leader in the rubber glove industry, commanding over 60% global market share. In comparison to the next largest player of the industry, Thailand only commands about 25% global market share. This clearly marks our lead in the market, which we strive to maintain as the demand for rubber gloves, increases in emerging markets.

Taking advantage of the positive prospects, and the continuous support from the Malaysian Government, the Supermax Group will continue to invest on Research and Development as well as capacity expansion where it makes business sense. This is to continually maintain our position as one of the market leaders in the industry, for now and the years to come.

We are undeterred by the robust changes faced in the macro and micro environments as well as operating under one of the most challenging disruptive economy.

With our rubber glove manufacturing division already well-established on a strong foundation, the Group remains committed to product and process improvement. Aside from that, we are setting our sight on becoming a market leader in another global industry, the contact lens industry. With this in mind, the Supermax Group has invested in the contact lens manufacturing business, making us Malaysia's first home-grown contact lens manufacturer serving the industry both locally and globally, with high quality semi-finished soft contact lenses, as well as hydrated fully packaged sterilized soft contact lenses, under our subsidiary SuperVision Optimax Sdn Bhd (SVO).

Exciting times are ahead with our leading position in the rubber glove industry and our new venture, all of which are made possible by everyone in Supermax. Before the presentation of the Management Discussion and Analysis, on behalf of the Board of Directors, I would like to extend my sincere thanks and appreciation to the Management Team and the entire Supermax family, for their contribution and dedication to the Company. And as Chairman of the Board, I would like to extend my deepest gratitude to my fellow Board Members, for their assistance, advice and guidance.

To all our Shareholders, thank you for placing your continued faith in the Company. We will steadfastly dedicate our efforts towards ensuring that Supermax will continue to justify your trust in the Company.

Tan Sri Rafidah Aziz
Chairman
5 October 2017
Kuala Lumpur, Malaysia

MACROECONOMIC LANDSCAPE

This past year has seen some interesting turns of affairs globally – Brexit, the new Trump administration, the uncertainties of global commodity prices, and more recently, the threat of nuclear war posed by North Korea. Naturally, such events have caused concerns and uncertainties that have led to the decline of many sectors, both globally and in Malaysia.

We are fortunate that the local rubber glove sector, a relatively recession-proof and defensive sector, continues to soar and contribute to Malaysia's GDP growth. However, it has not been entirely smooth sailing, as globally, business environments everywhere become more demanding and impacting profitability and global competitiveness.

As is also experienced by all industries, the rubber glove industry also faces its fair share of challenges including natural gas tariff hikes, higher minimum wage policy, tighter employment regulations on foreign workers and shortage in labour amongst other matters.

The surge of the USD:MYR currency pairing towards the USD1:MYR4.50 level at the end of 2016 had also been a boon to local rubber glove exporters. Generally, export-oriented companies have been beneficiaries of the appreciating US Dollar, boosting top and bottom lines. Unfortunately, USD-denominated costs and liabilities have tempered the supposed gains to an extent. As a result, we have had to remain focused on improving our overall operational efficiency to enhance value for our shareholders.

Going forward, Malaysia's robust first half of 2017's macroeconomic figures and lower oil price volatility have been positive on the Ringgit's valuation. So much so that several research houses have made bold predictions, expecting the Ringgit to gradually soar towards the USD1:MYR4 level in the second half of 2017.

The country's PMI data over the past months also show how Malaysia's export trading volume/value has grown steadily in the same period, a positive sign that Malaysia's economy is on track to meet its growth target.

Statistics showed that out of the total export figures for rubber products within this same period as well, over 70% was contributed by rubber gloves. Rubber gloves exports too have grown 25% to RM7.95bil, up from RM5.28bil in the same period last year, making Malaysia the largest rubber glove producing country in the world. With continued focused and driven efforts as well as the supportive policies implemented by the Malaysian government, the local rubber glove industry is on track to secure at least 65% of the global rubber gloves market share by 2020.

INDUSTRY DYNAMICS

Rubber Glove Industry

Proudly, Malaysia has remained a world leader in the rubber glove industry for the past two decades, capturing over 60% market share globally. Our competitive advantages lie in several factors: Geographical advantage (proximity to raw materials), technological know-how, economies of scale, strong supporting industries, and operational efficiency.

According to the Malaysian Rubber Glove Manufacturers Association (MARGMA), the global consumption for rubber gloves is expected to grow at a rate of 8% to 10% from 2016 to 2020, well surpassing the average global economic growth of 2% per annum. We are cautiously optimistic that this growth can be sustained due to factors including the below:

(i) Tighter healthcare regulations imposed by government bodies around the globe mandating the use of gloves, especially proper medical grade gloves among medical practitioners.
(ii) Relatively low per capita consumption of gloves in Asia (5.5 pairs on average per annum) and the rest of the developing world compared to the United States (75 pairs on average per annum) and western Europe, making the market potential in the Asia region huge, especially for fast-growing economies like China and India.

While Malaysia remains the ideal manufacturing base for the rubber glove industry, the government, industry players and all stakeholders must take cognisance of the measures taken by our competitors in order for us to remain ahead. Noteworthy are the efforts taken by our competitor Thailand, especially in the setting up of Rubber City Industrial Park that is aimed at attracting large, international firms to set up their manufacturing facilities through attractive incentive packages.

Contact Lens Industry

As mentioned earlier, the Group has gone into a new venture with the setting up of SVO, our contact lens business unit to complement the Group's rubber glove business.

While similar to the rubber glove industry in that both products are high volume disposable medical devices, the contact lens business is different in other aspects such as significantly higher barriers to entry that includes having the required technological know-how with a long gestation period. Therefore, around 80% of the business's global market share is firmly held by the big global players.

However, we remain positive with our new investment. We are pleased to have progressed in obtaining the necessary licenses and approvals from various medical boards and authorities and currently have product presence in several countries including Canada, US, Brazil, United Kingdom, Hong Kong, Korea, Italy, Slovenia, Hungary, Cambodia, The Netherlands, Colombia and Bhutan.

Where the contact lens business is concerned, the Group is driven by the same entrepreneurial spirit, ensuring that we have a strong foundation to grow this business segment for long term gains with good returns to shareholders.

FINANCIAL REVIEW

Financial Performance

For the financial year ended 30 June 2017, the Group delivered a 9.1% year on-year top line growth with EBITDA Margin of 14.2%. We registered a rising group revenue due to higher output recorded from newly commissioned lines as well as refurbishment work done on existing lines, higher average selling prices in tandem with increased raw material prices, as well as a stronger US Dollar vs Ringgit.

The Group has consistently delivered revenue growth for the past 10 years. Margin squeeze is seen for the reporting year owing to sharply rising raw material prices under the rubber glove segment. While the contact lens segment naturally saw pre-operating costs incurred on new overseas start-ups as well as advertising and promotional costs incurred for the launch of own brand product - AVEO. This is only expected for the first few years of launch for the new product segment.

Nevertheless, efforts are being made to improve the efficiency levels and ultimately to achieve profitability in this division.

Dividend Payout

The Group is firmly committed to maximise value for our shareholders via attractive dividends. For the financial year ended 30 June 2017, we have successfully paid out close to RM16.7 million in dividends. The Board will propose a final dividend of 3.0 sen per share, to be approved by shareholders at the upcoming 20th Annual General Meeting.

We are also committed to ensure a gradual increase in the payout ratio. The ratio was increased to 35% - 40% of the Group's earnings just last year, up from 30% in the preceding year.

SEGMENTAL POTENTIAL - RUBBER GLOVES & CONTACT LENS

Rubber Gloves

The rubber glove sector continues to thrive year to year with global demand for rubber gloves growing steadily at a pace of 6% to 10% every year. The industry has proven itself to be resilient to economic downturns and even at this current disruptive economy. We believe growth for the coming year will be sustained through the rise in demand from growing economies and well as population growth especially in the Asian regions.

Supermax is currently producing 23.4 billion pieces of gloves per annum and the Group has identified capacity growth to 25.8 billion pieces by end of 2018. The Group is committed to solving issues hindering capacity expansion and expects to churn new capacities by 10%.

Contact Lens

With our venture into the contact lens industry, the Group is proud to be Malaysia's first home-grown contact lens manufacturer.

We are confident that our contact lens segment will yield results with positive financal returns in the next few years while the business foundation is being laid out for this financial year.

GROUP MANAGING DIRECTOR'S STATEMENT

To our Shareholders,

The financial year ending 30 June 2017 had been an exciting and challenging period for us at the Supermax Group. Nonetheless, I am proud to report that we have continued our upwards growth trend despite what some may call an unpredictable year for all businesses and economies.

It is a privilege to serve as this company's Group Managing Director. As the Founder & major Shareholder of Supermax Group & on behalf of the Company, I would like to thank you for your continued support and trust in us as we progress to a more successful year ahead.

Here, I would like to share with you some thoughts on our progress over the year as well as what we have in store moving ahead.

AN INDUSTRY THAT CONTINUES TO SOAR

The global markets have seen a lot of challenges recently, and some of this have had its effect not just in the rubber gloves industry but also in general all industries and sectors globally. Fortunately for us, the global consumption for rubber gloves is still expected to grow at a rate of 8% to 10% to at least through year 2020, well surpassing the average global economic growth of 2% per annum.

These challenges further push us at the Group to do better and remain committed to our focus in providing quality products and services. By continually serving our customers and creating new value for them, we will retain our position as a market leader, thus enhancing value for our Shareholders as well.

Already, our high-quality natural latex rubber and synthetic nitrile gloves are sold to more than 160 countries across the world. With 11 manufacturing plants in Malaysia, we have a combined installed capacity of over 23 billion pieces per annum, allowing us to capture about 11% of the global market share.

For the financial year that ended 30 June 2017, I am proud to report that the Supermax Group has benefited from this growth trend as we delivered a 9.1% year-on-year top line growth. This is despite of the long delays in getting the infrastructural needs to our new manufacturing plants

The issue of long delays in getting the infrastructural needs will soon be over. With this, I would like to share that the Supermax Group is stronger and more confident than ever before. We have faith that the Group will continue to grow along with the increased demand for rubber gloves globally, bringing a positive impact to the future growth of our business.

TURNING CHALLENGES TO OPPORTUNITIES

Like all other industries, we have encountered many challenges in getting infrastructural needs for our capacity expansion the last few years. However, instead of letting these challenges be a hindrance in our progress, we view them as opportunities to better our processes, focus on our values, and further drive our continued development to flourish even in these volatile times.

Our position as a market leader in the rubber glove industry fosters our commitment to continue doing what we do best. Changes are needed to remain relevant – we view these as an opportunity to re-evaluate our current processes.

In this environment, it is our focus to continue to introduce new glove products, develop new markets, adapt to market changes, and meet the needs of our customers. Supermax is currently producing 23.4 billion pieces of gloves per annum and the Group has identified for capacity growth to 25.8 billion pieces within next 18 to 24 months. The Group is committed to solving issues hindering capacity expansion and expect higher capacity growth going forward.

Naturally, we want to do better each time, which is why we have set programmes to enhance our efficiency levels, furthering improving our operations and control measures that will allow us to continue being competitive. Being the global leader that we are, the Group is committed to modernising and automating our manufacturing processes and reducing our reliance on labour and ultimately improving the group's EBITDA margins, higher productivity & higher efficiency.

TURNING CHALLENGES TO OPPORTUNITIES (Cont'd)

For starters, the Group is focusing on advancing its distribution centres as well as manufacturing plants to meet with the increased sales and demand for better-quality products. Our objective is to streamline our business operations, ensuring that production processes are lean and efficient, in addition to the continued investment and upgrading of our manufacturing equipment in older plants for better advanced technology. We have confidence that in the long-term, these changes will fortify our market leadership.

As for challenges such as higher minimum wage policy, tighter employment regulations on foreign workers and shortage in labour, the Group's response is to upskill our employees in line with our focus for enhanced efficiency. Without the right manpower with essential skills, we will not be able to operate at optimum capacity. It is important for us to invest in our human capital, driving its development through job creation for high-skilled workforce. By doing so, we nurture future leaders of our Group with our principle of fairness, honesty, openness, decency, integrity and respect. Changes are inevitable in all businesses. Therefore, the innovation, flexibility and creativity of our employees are our greatest assets.

A NEW BUSINESS INVESTMENT

Investments are necessary for the strategic development of the Group. To further grow our business, we are setting our sight on becoming a market leader in another global industry, the contact lens, EyeCare & LensCare industry.

This is done in response to the Malaysian Government's call for Malaysian companies to move up the value chain. Our efforts started early 2014 where we carried out extensive Research and Development & detailed Market Research before setting up and gradually expanding an advanced manufacturing facility in Malaysia in 2014 for the production of disposable soft contact lens and now, semi-finished and finished Lens products. The result of that is Malaysia's very first home-grown company engaged in both manufacturing & distribution of contact lens, our new business unit SuperVision Optimax Sdn Bhd (SVO) with its very own brand, AVEO and the global trade name; AveoVision is now spreading its markets globally.

As at March 2016, the Group has invested with a capital commitment of RM100 million into the high-end, advanced robotic manufacturing of contact lens. We've set up high-value-added medical device manufacturing equipment as well as automation of high-end & with the latest technology at par with all the big4 multinational Contact Lens global players. Todate, our contact lens are exported to Europe, North America, Latin America, Middle-East, West Africa, South Korea , South Asia , Eastern Europe and Asia-Pacific Countries.

Entry into Japan

In 4Q2016, Supermax has entered into Japan & incorporated a 70/30 JV company, Aime Supermax KK based in Shin-Yokohama, Japan. Japan is the second largest consuming market of disposable contact lens after the United States. Going forward, we would be looking into acquiring companies in Japan which are already securing substantial market shares in the EyeCare, LensCare & the Beauty Industry; selling Aspheric Clear Lens, Aspheric Toric Lens, Multifocal Lens and the Cosmetic Lens.

Entry into e-commerce

To support the fast changing consumers' lifestyle and growing demand in online shopping, Supermax Healthcare Inc, a wholly-owned subsidiary of Supermax Group based in USA has started an e-commerce platform located in Silicon Valley, California; selling Contact Lens, EyeCare & LensCare Products, catering to American consumers.

FUTURE STRATEGIES

The Group has consistently delivered revenue growth. To continue this, we have set goals for ourselves, both for our rubber glove business as well as our new contact lens division. We aim to get there by improving on our capacity and focusing on enhanced efficiency.

Over the next 10 to 15 years, we aim to increase our capacity of rubber glove manufacturing from 24 billion pieces to 45 billion. We've set a new capital expenditure ranging from RM1.0 billion to RM1.2 billion.

As for our contact lens business, we will seek to improve our position in this market with strategies for long-term growth. Already, our Sungai Buloh manufacturing plant produces 70 million lens a year at present – a figure that will see an exponential growth the next few years to capture an even bigger market shares globally. To support the global demand growth & capturing higher global market shares, a new Contact Lens Manufacturing Headquarters would be built in Malaysia.

ACKNOWLEDGEMENT

I would like to extend my sincere appreciation to the Chairman of the Board, Tan Sri Rafidah Aziz, and other Board members for their support and contribution over the years. Their experience and knowledge in their respective fields coupled with their business acumen have been invaluable in long-term strategy and everyday decision-making. I would also like to thank my staff for their commitment and dedication, and our business associates for their continuous support.

The Group holds fast to our mission to be the global market leader in the manufacture of rubber gloves. Now, with our growing contact lens division, the same principle applies as it has served us well over the years.

Achieving a market leader position will continue to be our guide as we stay relevant to continue creating value for our customers and Shareholders. We also want to work hard at strengthening our efficiency as well as abiding by our role as a responsible business guided by strong company culture and values for the communities we serve.

Thank you again for your investment in The Supermax Group.

Dato' Seri Stanley Thai
Founder, Group Managing Director
October 10th, 2017
Kuala Lumpur, Malaysia.

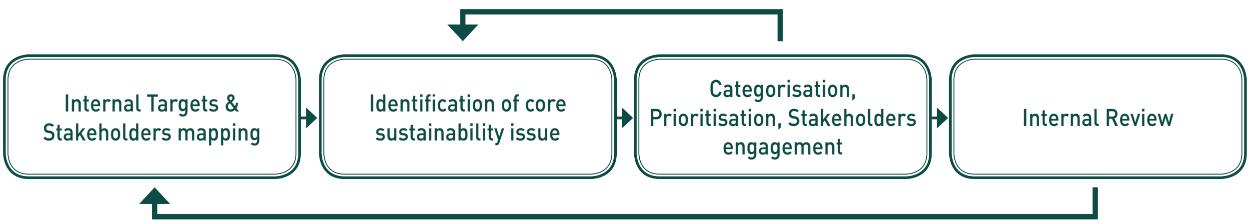
STATEMENT OF SUSTAINABILITY

When Supermax first started its operations, it had vowed to place 'sustainability' as one of the key pillars supporting its business foundation. In fact, Supermax has long embedded the 'Sustainability' factor as part of its culture. From the procurement process right across to sales and marketing activities, Supermax's employees be it C-level management or factory workers, are reminded to act ethically across the spectrum of the Group's activities. Supermax adopts the Stakeholder Approach where stakeholders' welfare maximisation is emphasised rather than just the pursuit of profit maximisation. We want to be responsible to not only our shareholders but all identifiable stakeholders relating to Supermax.

Globalisation enables parties involved in transactions to be able to benefit (win-win situation) greatly to the extent that surpasses the ability of any individual firm or country could possibly do on its own. Having said that, industrialisation has causes negative by-products that are already harming our green lungs as well as creating great economic inequality such as income and information gaps that will take decades to reverse. At Supermax, we want to play a more positive role and have identified three main areas - Economical, Environmental & Societal (SSE), to focus on and be responsible for.

To discuss Sustainability in depth, the statement looks at the 'Materiality Assessment Process', stakeholders engagement & prioritisation of sustainability issues, long-term business plans & growth potential, a green environment; and societal contributions.

I. MATERIALITY ASSESSING PROCESS



In order to tackle material sustainability-related events and issues, Supermax has adopted a materiality assessing process, which is guided by Bursa Malaysia's Sustainability Reporting Guide and Toolkits.

Starting off with identifying and engaging with key and identifiable stakeholders, we are able to take important sustainability issues into consideration. Next, facts and opinions from both identifiable stakeholders and Supermax's management will be used as threshold internal objectives that Supermax will pay special attention on.

Identification of core sustainability issues is a rather dynamic process – it involves repeating efforts and interactions between management and respective stakeholders in identifying, assessing and refining issues relating to sustainability. This process is repeated (feedback loop) to prioritise on uttermost important matters to Supermax Group and its stakeholders.

II. SUPERMAX SUSTAINABILITY CULTURE

Supermax constantly strives to maximise stakeholders' share of the pie. At Supermax, we have identified our stakeholders and are constantly engaging with them be it via tradeshows, exhibitions, audits and other channels. Supermax believes that communication is the bridge between the Group and our respective stakeholders to share and discuss issues, with an aim of ultimately enhancing the value to all parties. A brief, summarized table which lists out the key stakeholder groups, engagement type and possible material sustainability issues is provided below:

KEY STAKEHOLDER GROUP	ENGAGEMENT TYPE	POSSIBLE MATERIAL SUSTAINABILITY ISSUES
Customers	Periodic meetings; international tradeshows; exhibitions & audits	Consistency of product quality, pricing & supplies; Compliance to regulations and agreed standards
Employees (All Levels)	Employee surveys; engagement sessions & in-house events	Exogenous and endogenous needs; workplace safety; employment welfare
Government Agencies	Periodic meetings; on-site inspections	Operational needs; environmental standards compliance; workplace safety compliance
Suppliers/Business Partners	Periodic meetings	Consistency on product quality, pricing & supply; procurement ethics
Shareholders/ Investors	Quarterly reporting; investment conferences; analyst briefings; annual general meetings	Business & sectorial updates; capital market integrity

We understand that with scarcity comes the need for effective resource allocation. The Group prioritises and tackles issues in terms of importance. Through the application of Materiality Assessing Process mentioned above, the Supermax Group has identified (listed in table below) a few crucial Sustainability issues which need to be addressed going forward and on an on-going basis. Supermax is at the same time mindful that managing and tackling sustainability issues is a dynamic process where the Management team will need to remain focussed to sustain and manage better the ever-changing business environment and to overcome the challenges faced.

MATERIAL SUSTAINABILITY ISSUES
Rubber Gloves & Contact Lens expansion
Business Ethics & Transparency
Industrial 4.0 & continuous production automation
Human capital related welfare & issues
Environmental compliance
Communication with shareholders & investors

III. MANAGING SUSTAINABILITY-RELATED ISSUES

ECONOMIC SUSTAINABILITY

Supermax Group holds the belief that capital deployment is one of the crucial investment decisions to be made that will affect the long term sustainability and value creation. Back in 2014, the Group made an important decision - investing and diversifying into contact lens manufacturing businesses. The intuition behind this decision is simple and clear – creating a portfolio of medical devices (rubber gloves & contact lens) which has both the characteristics of recession-proofed demand and high return to asset and equity.

Contact Lens Division

To date, we have successfully installed and commissioned our contact lens manufacturing facility. We have begun to market our contact lenses in certain overseas markets and beginning to make inroads as we draw on our knowledge & experience on global distribution and leverage on the distribution network established thus far. The Group has also embarked on an advertising and promotional campaign to build brand awareness for our contact lens.

Whilst building up our manufacturing capabilities and production capacities, we had also started on the process of obtaining the necessary approvals and certifications for our contact lenses. Our contact lenses are already approved for export to certain countries and regions and efforts are on-going to secure the same for the other targeted countries and regions.

Rubber Gloves Division

While the Group is investing some of its resources into the new contact lens division, it remains committed to its rubber glove division. It has carried out a study to assess the efficiency and performance of each manufacturing plant with the objective of replacing the old, inefficient lines/plants with hi-tech, highly automated production lines. For now, the Group is looking into optimising and utilising its current resources in a more productive and efficient way before looking into kick-starting a more comprehensive phase of capacity expansion at a later stage.

Regulatory Compliance and Technological Advancement

Operational activities aside, Supermax Group will continue to devote time and energy into areas such as corporate governance and technology-related investment. Supermax will further improve its reporting standards, transparency and ethical standards over time. Stepping into the era of a digitalised economy, the Supermax Group will be working on incorporating technologies such as Internet-of-Things (IoT), Big Data and the like, into our manufacturing processes.

Bridging gaps between Supermax and Investors

During the financial year, Supermax had participated in one of the largest if not the largest investment event in Malaysia - Invest Malaysia, aimed at updating the investing community on the current status and prospects of the rubber glove and contact lens industries, before presenting and discussing the Group's latest business operations status, its financial performance todate, as well as its medium-to-longer term plans. The Group also engages with investors and potential investors via face-to-face meetings and tele-conferences on a regular basis.

III. MANAGING SUSTAINABILITY-RELATED ISSUES (Cont'd)

ENVIRONMENTAL SUSTAINABILITY

In Supermax, we strive to achieve a balance between economic, environmental and social considerations when we undertake our manufacturing processes and business operations. Supermax practices environmental ethics as far as possible in an effort to reduce our environmental footprint.

Biomass as an alternative environmentally friendly fuel source

The Supermax Group has a "Protect your Health, Protect the Environment" philosophy, the daily practice of which is encouraged and instilled among all levels of its organisation. Among its major ongoing initiatives which emphasises environmental preservation is the use of an alternative fuel source which is renewable and sustainable to fire its heating systems and for power generation. With this in mind, the Group has implemented biomass systems at several of its factories. The fuel used is basically the waste from the oil palm industry (e.g. palm kernel shells and empty fruit bunches) and the wood-based industry (e.g. wood chips and odd bits and pieces from the furniture industry and even the tree trimmings from pruning work done by the local councils). The need for depleting and non-renewable energy sources is therefore reduced. The Group has spent close to RM23 million over the years to build up, upgrade and maintain its biomass facilities.

Waste Water Management

Another ongoing 'green' project undertaken by the Supermax Group is the treatment of wastewater. Wastewater from the Supermax Group's manufacturing facilities is treated on site in effluent treatment plants utilising a chemical flocculation, anaerobic digestion and activated sludge process. The Group collaborates closely with the Department of Environment to conduct regular checks to ensure that the final discharge is clean and safe. The Supermax Group spares no expense or effort to ensure that all of its manufacturing facilities do not pollute the environment nor endanger the health of its employees or the communities residing within the vicinity. The Group has spent over RM10 million on this project.

Chlorine Gas Treatment

Chlorine gas, a by-product resulting from the group's manufacturing process is known to be hazardous to living beings on earth. As with waste water, the Group is very stringent on its processes when it comes to discharging any by-products into the environment. All our plants are installed with effective scrubber systems that filter and remove all toxic chlorine particles from the gas before discharging it harmlessly into the atmosphere.

Go Green Building!

In 2013, we had also completed the setting up of our distribution headquarters in Chicago, Illinois. This state-of-the-art warehouse and office facility in Aurora was designed and built with environment conservation in mind and has received the LEED (Leadership in Energy & Environmental Design) Gold Certification recognized by the U.S. Green Building Council. The facility has many environmentally-friendly features such as photovoltaic solar panels and other energy saving fixtures such as full LED lighting to increase energy use efficiency.

III. MANAGING SUSTAINABILITY-RELATED ISSUES (Cont'd)

SOCIAL SUSTAINABILITY

The Supermax Group recognises the efforts and contributions of its employees to its progress over the years and realises that they remain an integral part of the Group's growth engine going forward. Thus, it is imperative that the employees' welfare is well taken care of including providing them a safe and conducive working environment to grow and further progress in their respective career paths. The Group also recognises and acknowledges the need to contribute back to society and has made this a part of its philosophy over the years.

Human capital - core assets of Supermax Group

Supermax places great emphasis on employee health and safety and making the Supermax workplace a conducive working environment for its entire workforce. It currently holds the ISO 9001:2008 certification and other quality management system certifications which showcases its commitment to providing stakeholders an assurance of quality in fulfilling requirements whilst optimizing environmental performance. Training and re-training of staff are conducted on a regular basis. Its policies are also non-bias in nature, be they in terms of gender, ethnicity, etc.

On-going initiatives include:

(a) Strict "No child labour" policy
(b) Encouraging a healthy lifestyle and building camaraderie among staff by providing support for social activities
(c) Equal employment opportunity in terms of gender and ethnicity across all levels of employment from the boardroom to the factory floor.

Besides the executive levels, Supermax has also generally taken good care of its foreign workers, be they in-house or contractual workers. We ensure that accommodation provided to these workers is all in compliance with regulations/standards. All other necessary requirements and conveniences are also provided to them, including in-house canteens that provide nutritious and affordable food for their needs. Supermax is open to special requests for assistance at times when employees are in need. Employees are always welcome to come to us with their problems where we will assist wherever possible.

In line with our efforts to encourage a healthy work environment and camaraderie among employees, we have organised various in-house events, usually around festive periods like Hari Raya, Chinese New Year and Deepavali, aimed at allowing employees from diverse backgrounds and races to get to know each other better and to understand each other's cultures better.

Capital Market Integrity

Supermax also recognises the importance of practicing the highest standards of corporate governance throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance stakeholders' value and has taken all reasonable steps to ensure that the best practices are adopted and implemented wherever possible.

Supermax has ensured that Bursa Malaysia's listing requirements are duly complied with such as timely reporting of quarterly results and other events such as share buy-backs, incorporation of new subsidiaries and major acquisitions. Supermax also regularly engages with stakeholders including analysts, fund managers, investors and other shareholders wherever possible via various means and platforms from investor conferences and road shows to teleconferences providing comprehensive updates.

Contributing towards Social Welfare

Human capital is seen as of one of many crucial assets needed to drive our country towards becoming a developed nation. In line with this belief, Supermax lends its helping hand to youths from under-privileged backgrounds who are keen on achieving their academic dreams and have, in collaboration with the Malaysian Rubber Export Promotion Council (MREPC), provided scholarships to needy students over the past 7 years.

AUDIT COMMITTEE REPORT

MEMBERS OF AUDIT COMMITTEE

Mr Gong Wooi Teik, Felix
Chairman of Committee, Independent Non-Executive Director

Dato' Ting Heng Peng
Member of Committee, Independent Non-Executive Director

Dr. Rashid Bin Bakar
Member of Committee, Independent Non-Executive Director

TERMS OF REFERENCE OF AUDIT COMMITTEE

Constitution

The Board had constituted and established an Audit Committee with authority, responsibilities and specific duties as described below.

Composition

(1) The Audit Committee is composed of 3 non-executive directors, all of whom are independent directors;

(2) All the Audit Committee members are financially literate, and at least one member meets the following requirements:-

- (i) must be a member of the Malaysian Institute of Accountants; or
- (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-
  - (a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
  - (b) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
- (iii) fulfils such other requirements as prescribed or approved by the Exchange;

(3) No alternate director has been appointed as a member of the Audit Committee.

(4) The members of the Audit Committee have elected from among themselves an Independent Director to be the Chairman, i,e, Mr Gong Wooi Teik. The Chairman together with the other committee members have engaged on a continuous basis with Senior Management, the Head of Internal Audit and the external auditors in order to be kept informed of matters affecting the company.

(5) All members of the Audit Committee, including the Chairman, have held office only so long as they served as Directors of the Company. The Board is to review the term of office and performance of the Audit Committee and each of its members at least once every 3 years to determine whether the Audit Committee has carried out its duties in accordance with its terms of reference.

DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

The Audit Committee shall review and report the same to the Board on the following key matters:-

(i) To review the appointment, resignation, conduct and audit plans of the Internal and External Auditors;

(ii) To review the assistance given by the employees of the Company to the external auditors and the internal auditors;

(iii) To review the quarterly results and year end financial statements, prior to the approval by the Board;

DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE (cont'd)

The Audit Committee shall review and report the same to the Board on the following key matters (cont'd):-

(iv) To review any related party transaction and conflict of interest situations that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity; and

(v) To oversee the Company's internal control structure to ensure operational effectiveness and efficiency, reduce risk of inaccurate financial reporting, protect the Company's assets from misappropriation and encourage legal and regulatory compliance.

RIGHTS AND AUTHORITY OF THE AUDIT COMMITTEE

In carrying out its duties and responsibilities, the Audit Committee will:-

(1) have the authority to investigate any matter within its terms of reference;

(2) have the resources which are required to perform its duties;

(3) have full and unrestricted access to any information pertaining to the Company;

(4) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;

(5) be able to obtain independent professional or other advice and to invite outsiders with relevant experience and expertise to attend the Audit Committee meetings (if required) and to brief the Audit Committee; and

(6) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

ATTENDANCE OF MEETINGS

Seven (7) meetings were held during the financial year ended 30 June 2017. The record of attendance is as follows:-

Name	No. of Meetings Attended
Gong Wooi Teik, Felix	7/7
Rashid Bin Bakar	6/7
Dato' Ting Heng Peng	5/7

SUMMARY OF ACTIVITIES

The Audit Committee has discharged its duties as set out in its Terms of Reference. During the financial year, the activities undertaken by the Audit Committee included the following:

1. Reviewed and recommended the quarterly financial results to the Board for approval;

2. Reviewed and recommended the audited financial statements to the Board for approval;

3. Reviewed and deliberated on the internal and external auditors' audit plans, audit reports and the progress and outcomes of audits conducted including issues raised and remedial actions taken;

4. Reviewed and assessed the suitability and independence of the external auditors.

5. Reviewed the Statement of Risk Management & Internal Control and the Audit Committee Report for recommendation to the Board for inclusion in the Annual Report.

INTERNAL AUDIT FUNCTION

The Board considers the audit function to be an integral and important part of the governance process. The Internal Audit Department carried out the internal audit function for Supermax Group during the financial year under review. The internal auditors conduct reviews on systems of controls and the effectiveness of the processes which Management has in place to identify, manage and control proper conduct of business within the Group. During the financial year ended 30 June 2017, the Internal Audit Department covered key risk areas ranging from procurements and payments, production and packing productivity efficiency, human resources management and upkeep of machineries.

The total costs incurred for the Internal Audit function for the financial year ended 30 June 2017 amounted to RM280,800 (18 months ended 30 June 2016: RM386,000).

CORPORATE GOVERNANCE STATEMENT

The Board of Directors recognises the importance of practicing the highest standards of Corporate Governance throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of Supermax Corporation Berhad.

With this in mind, measures and efforts have and shall be taken to ensure as far as practicable the adoption and implementation of the Principles and Best Practices set out in the Malaysian Code on Corporate Governance 2016 ("the Code") and in the Main Market Listing Requirement ("MMLR") of the Bursa Malaysia Securities Berhad ("Bursa Securities").

Set out below is a description of how the Group has applied the Principles of the Code and how the Board of Directors has complied with the Best Practices set out in the Code.

SECTION A – THE BOARD OF DIRECTORS

Size and Composition of the Board

An experienced and effective Board consisting of members with a wide range of skills including legal, accounting and international trade; and a wealth of experience from financial and business backgrounds, leads and controls the Group. The Directors bring depth and diverse expertise to the leadership of the challenging and highly competitive glove business.

The Board continues to give close consideration to its size, composition and spread of experience and expertise. No individual or group of individuals dominates the Board's decision making and the number of Directors reflects fairly the investment of the shareholders. This is to ensure that issues of strategy, performance and resources are fully discussed and examined to take into account long-term interest of stakeholders of the Company.

The Board comprises the Chairman, who is an independent non-executive director; the Chief Executive Officer or CEO (who is designated as Group Managing Director); an Executive Director and four Non-Executive Directors, three of whom are Independent Directors.

The Board has also identified Dato' Ting Heng Peng as the senior independent non-executive director to whom concerns if any may be conveyed.

The appointment of Tan Sri Rafidah Aziz in 2015 and Datin Seri Cheryl Tan since the year 2000 reflects the recognition of gender inclusiveness at the Board and Company level.

Tan Sri's appointment is also in line with the recommendations of the Malaysian Code of Corporate Governance as the positions of Chairman and CEO are now held by different individuals with the Chairman also a non-executive member of the Board.

The profile of each current Member of the Board is presented on pages 7 to 8 of this annual report.

Duties and Responsibilities of the Board

The Board Charter clearly outlines the duties and responsibilities of the Board of Directors including the Chairman and the Board Committees; as well as the CEO who is supported by his management team. [The Board Charter is available on the Company's website at www.supermax.com.my.]

The responsibilities of the Board of Directors of the Company include:-

- Reviewing and adopting a strategic plan for the Company which will enhance the future growth of the Company. The Group Managing Director discusses the Company's business plans and strategic directions with the Board to seek their insights and feedback before adoption. The Group Managing Director then focuses on implementing the business plans and strategies and updates the Board on the progress and status periodically.

Duties and Responsibilities of the Board (Cont'd)

The responsibilities of the Board of Directors of the Company include:-

- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed. The Board receives feedback from the Management and is also briefed by the Audit Committee (AC). The AC receives reports and feedback from the Internal Audit Department which conducts independent audits of the Group's operations.
- Identifying principal risks of the business and ensure the implementation of appropriate systems to manage these risks; and
- Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Board Balance and Independence of Directors

The Board members have a wealth of experience as well as skills and knowledge, which are relevant to the Group. Although the Chairman and Group Managing Director are jointly responsible for the Group's strategic business direction, their roles are separate with clearly defined responsibilities to ensure the balance of power and authority. The Chairman is primarily responsible for the orderly conduct and working of the Board as well as communication with shareholders and other stakeholders whilst the Group Managing Director is responsible for the day-to-day and overall operation of the business and the implementation of Board strategy and policy.

All the Independent Non-Executive Directors are independent of Management and are free from any business or other relationship that could materially interfere with the exercise of their independent judgment. They have the calibre to ensure that the strategies proposed by the Management are fully deliberated and examined in the long-term interest of the Group, as well as shareholders, employees and customers.

The Nomination Committee and the Board have upon their annual assessment, concluded that each of the 3 Independent Non-Executive Directors continues to demonstrate conduct and behaviour that are essential indicators of independence and continues to fulfill the definition of independence as set out in the Bursa Malaysia Main Market Listing Requirements.

One of the recommendations of the Malaysian Code of Corporate Governance (MCCG) states that the tenure of an independent director should not exceed a cumulative term of 9 years. However, the Nomination Committee and Board have determined at the annual assessment carried out that Dato' Ting Heng Peng, Mr. Gong Wooi Teik, Felix and Dr. Rashid bin Bakar, remain objective and independent in expressing their views and in participating in deliberations and decision making of the Board and Board Committees. The length of their service on the Board does not in any way interfere with their exercise of independent judgement and ability to act in the best interest of Supermax Corporation Berhad.

The Committee also finds that each of the directors possess and continue to gain and develop the necessary experience and core competencies to discharge their duties as directors individually, as a Board and within the relevant sub-committees in which they serve. They have also devoted sufficient time to carry out their duties and responsibilities and to further their knowledge and skills required.

Code of Business Ethics

The Directors observe a code of ethics in accordance with the code of conduct expected of Directors in the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

The Board of Directors has formalised a Code of Business Ethics that outlines the standards of conduct expected of all Directors and staff of the Group with the objective of ensuring proper behaviour and ethical conduct within the Group. This is in line with the Board's commitment towards upholding the spirit of accountability and responsibility within the Group. The document can be viewed from the Group's website www.supermax.com.my.

Whistle-blowing Policy

Supermax Group's whistle blowing policy is aimed at protecting the integrity, transparency, impartiality and accountability in all business operations conducted by the Supermax Group. The policy provides a structured reporting channel and guidance to all employees as well as external parties to whistle-blow without fear of victimization.

The Group's Whistle-blowing Policy has been posted on its website www.supermax.com.my for easy accessibility.

Board Meetings and Supply of Information to the Board

During the financial year ended 30 June 2017, six (6) board meetings were held. Details of the Directors' attendance at these meetings are as follows:-

	Name	No. of Meetings Held	Meetings Attended
1.	Tan Sri Rafidah Aziz	6	6
2.	Dato' Seri Thai Kim Sim	6	6
3.	Datin Seri Tan Bee Geok	6	6
4.	Dato' Tan Geok Swee @ Tan Chin Huat	6	5
5.	Dato' Ting Heng Peng	6	4
6.	Mr Gong Wooi Teik, Felix	6	6
7.	Dr. Rashid Bin Bakar	6	6

The Group Managing Director of the Company undertakes the responsibility to ensure that the agenda and full set of Board papers (including qualitative information of the Company) for consideration are distributed well before each meeting of the Board to ensure that the Directors have sufficient time to study them and be properly prepared for discussion and decision making. Minutes of Board meetings are maintained by the Company Secretary.

All Directors of the Company whether in full Board or in their individual capacity, have access to all information within the Company and to seek independent professional advice where necessary and in appropriate circumstances, in furtherance of their duties.

The Directors also have access to the advice and services of the Company Secretary who is responsible for ensuring the Board meeting procedures are followed and that applicable rules and regulations are complied with.

New Appointment and re-election of Directors

The Nomination Committee established by the Board is responsible for assessing the nominee(s) for directorship and Board Committee membership and thereupon submitting their recommendation to the Board for decisions.

For any new appointment and/or re-election of directors, the Nomination Committee conducts a rigorous selection process by applying established criteria which included the assessment of essential skill sets such as relevant industry experience and experience in developing corporate growth strategies, knowledge on legal and regulatory requirements, ability to read, analyse and interpret financial statements and also working knowledge and experience in business development; before recommending the appointment and/or re-election to the Board for approval.

Each Director must retire from office at least once in every three years and can offer himself/herself for re-election. Directors who are appointed by the Board are subject to election by the shareholders at the next Annual General Meeting ("AGM") held following their appointment.

Nomination Committee

The Nomination Committee consists of the following:-

Chairman	:	Dato' Ting Heng Peng *(Independent Non-Executive Director)*
Members	:	Dato' Tan Geok Swee @ Tan Chin Huat *(Non-Executive Director)* Gong Wooi Teck *(Independent Non–Executive Director)*

The duties and responsibilities of the Nomination Committee are as follows: -

a) To recommend to the Board of Directors, candidates for directorships to be filled by the Shareholders or the Board of Directors;

b) To consider, in making its recommendations, candidates for directorships proposed by the Group Managing Director and, within the bounds of practicability, by any other senior executive or any Director or Shareholder;

c) To recommend to the Board, Directors to fill the seats on the Board committees;

d) To assist the Board to annually review its required mix of skills and experience and other qualities, including core competencies, which Non-Executive Directors should bring to the Board;

e) To assess the training needs of the directors

f) To assess the effectiveness of the Board of Directors as a whole and each individual Director/Committee of the Board; and

g) To consider and examine such other matters as the Nomination Committee considers as appropriate.

During the year, the Nomination Committee had met once. The meeting was fully attended by all the members and matters considered included the performance of the directors as a whole, as sub-committees and individually; directors' training needs; and continuation in office of independent directors who have served the Company for a cumulative term of more than 9 years.

Directors' Training

All the Directors of the Company have attended the Mandatory Accreditation Program (MAP) prescribed by Bursa Securities for directors of public listed companies. The Directors have also attended training sessions to keep abreast with developments in relation to the capital markets, relevant changes in laws and regulations and/or the business environment from time to time.

During the financial year, the Directors attended the following conferences, seminars and briefings conducted by the regulatory authorities and members of professional bodies, in order to stay abreast with the latest developments in the industry and to better enable them to fulfill their responsibilities:-

Director	Programmes
Tan Sri Rafidah Aziz	Tan Sri is herself an esteemed speaker at various conferences, symposiums and seminars on a regular basis
Dato' Seri Stanley Thai	➢ Malaysian Code on Corporate Governance (MCCG 2017); by Tricor Malaysia ➢ Business Sustainability; by Tricor Malaysia
Datin Seri Cheryl Tan	➢ Malaysian Code on Corporate Governance (MCCG 2017); by Tricor Malaysia ➢ Business Sustainability; by Tricor Malaysia
Dato' Ting Heng Peng	➢ Empowering Leaderships; D.B.E. Gurney Resources Bhd in-house training programme ➢ Malaysian Code on Corporate Governance (MCCG 2017); by Tricor Malaysia ➢ Business Sustainability; by Tricor Malaysia
Dato' Tan Geok Swee @ Tan Chin Huat	➢ Malaysian Code on Corporate Governance (MCCG 2017); by Tricor Malaysia ➢ Business Sustainability; by Tricor Malaysia
Mr Felix Gong Wooi Teik	➢ Mandatory Accreditation Programme; by Bursatra Sdn Bhd ➢ National Tax Conference 2016; by Inland Revenue Board Malaysia and Chartered Tax Institute of Malaysia (CTIM) ➢ National Tax Seminar 2016; by Inland Revenue Board Malaysia
Dr Rashid Bin Bakar	➢ Malaysian Code on Corporate Governance (MCCG 2017); by Tricor Malaysia ➢ Business Sustainability; by Tricor Malaysia

Company Secretary

The Board of Directors is ably supported by the Company Secretaries appointed. The Company Secretaries, who are qualified under Section 236 of the Companies Act, 2016, play an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures, and compliance with the relevant regulatory requirements, codes or guidance and legislations.

The role of the Company Secretary includes:

a) Ensuring compliance with regulatory requirements;
b) Updating the Board on changes to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements");
c) Providing support to the Board in ensuring adherence to board policies and procedures, rules, relevant laws and best practices on corporate governance;
d) Ensuring that deliberations at the Board meetings are recorded in the minutes, minutes are well documented, following-up on matters arising, maintaining a secure retrieval system which stores meeting papers and minutes of board meetings.

SECTION B – DIRECTORS' REMUNERATION

Remuneration Committee

The Remuneration Committee consists of the following:-

Chairman : Dr. Rashid Bin Bakar
(Independent Non-Executive Director)
Members : Dato' Ting Heng Peng
(Independent Non-Executive Director)
Datin Seri Tan Bee Geok, Cheryl
(Group Executive Director)

The duties and responsibilities of the Remuneration Committee are as follows:-

a) To review and assess the remuneration packages of the Executive Directors in all forms, with or without other independent professional advice or other outside advice;
b) To ensure the levels of remuneration be sufficiently attractive and be able to retain Directors needed to run the Company successfully;
c) To structure the component parts of remuneration so as to link rewards to corporate and individual performance and to assess the needs of the Company for talent at Board level at a particular time; and
d) To consider and examine such other matters as the Remuneration Committee considers appropriate.

The remuneration of the non-executive directors is determined in accordance with their experience and level of responsibilities assumed. Non-executive directors are remunerated in the form of directors' fees as approved by the shareholders.

The aggregate Directors' remuneration paid or payable or otherwise made available to all Directors of the Company during the financial year are as follows:

	GROUP			COMPANY		
Category	**Fees (RM)**	**Salaries & other emoluments (RM)**	**Benefit in Kind (RM)**	**Fees (RM)**	**Salaries & other emoluments (RM)**	**Benefit in Kind (RM)**
Executive Directors	252,000	20,637,131	-	252,000	7,000	-
Non-executive Directors	612,000	27,000	-	612,000	27,000	-
Total	864,000	20,664,131	-	864,000	34,000	-

The number of Directors of the Company whose income from the Company falling within the following bands are:

Executive Directors	
Remuneration	Number
RM 11,500,001 - RM 11,550,000	1
RM 9,350,001 - RM 9,400,000	1

Non Executives Directors	
Remuneration	Number
RM 150,001 – RM200,000	1
RM 100,001 – RM150,000	4

SECTION C: SHAREHOLDERS

Dialogue with investors and shareholders

The Annual General Meeting (AGM) is the principal forum for dialogue with shareholders. At the AGM, the Board can highlight the progress and performance of the business and encourages the active participation of shareholders in question and answer sessions.

SECTION D – ACCOUNTABILITY AND AUDIT

Directors' Responsibility Statements

The Directors are required by the Companies Act, 2016 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year.

The Directors consider that in preparing the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed.

The Directors have responsibility for ensuring that the Company and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Companies Act, 2016.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

Financial Reporting

The Directors are responsible for the preparation of the annual audited financial statements and ensure that the accounts and other financial reports of the Company are prepared in accordance with Approved Accounting Standards and present a balanced and comprehensive assessment of the Company's position and prospects, to all the shareholders.

The Company's Annual Report and quarterly announcements of results give an updated financial performance of the Company periodically.

Audit Committee

The Audit Committee comprises three Independent Non-Executive Directors with Mr Gong Wooi Teik, Felix as the Chairman of the Committee. The composition and Terms of Reference of the Audit Committee are also provided in this report.

The Audit Committee has explicit authority from the Board to investigate any matter and is given full responsibility within its Terms of Reference and necessary resources which it need to do so and full access to information. During the financial year ended 30 June 2017, the Audit Committee had also met with the External Auditors without the presence of the Executive Board members on 1 occasion.

Internal Control

The Statement of Risk Management and Internal Control furnished on page 32 to 33 of the annual report provides an overview of the internal controls within the Group.

Internal audit

The Company set up its Internal Audit Department on 8 December 2003. Internal auditors adopt a risk – based approach in the planning and conduct of its audits and focuses on the key areas of business risk.

The main responsibilities of the Internal Auditors are to:-

a) Assist in reviewing the adequacy, integrity and effectiveness of the Company's internal control system for the Board to make an accurate Statement on Internal Control in the annual report;
b) Support the Audit Committee in evaluating the effectiveness of the existing internal control system, identify future requirements and co-develop a prioritised action plan to further enhance the internal control system; and
c) Perform a risk assessment of the Company to identify the business processes within the Company that internal audit should focus on.

Relationship with External Auditors

The Board ensures that there is transparent arrangement for the achievement of objectives and maintenance of professional relationship with External Auditors.

OTHER INFORMATION REQUIRED BY THE MMLR OF BURSA SECURITIES

Audit & Non-Audit Fees

For the financial year ended 30 June 2017, audit fees and non-audit fees paid/payable to the External Auditors are detailed in the table below.

Type of Fee	Group (RM)	Company (RM)
Audit fees	284,111	35,000
Non-audit fees	4,500	4,500
Total	288,611	39,500

Material contracts

During the year under review, the Company and its subsidiaries did not enter into any material contracts involving Directors' and major shareholders' interest.

Contract relating to loans

There were no contracts relating to loans entered into by the Company involving Directors' and major shareholders' interest.

Related Party Transactions

A list of the significant related party transactions between the Company and its subsidiaries, and between the Group and other related parties including relevant Key Management personnel for the financial year ended 30 June 2017 is set out on pages 87 to 88 of the Annual Report.

Revaluation of landed properties

The Company does not have a revaluation policy on landed properties.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

This statement on Risk Management and Internal Control is made pursuant to Rule 15.26(b) of the Main Market Listing Requirements which requires listed issuers to include in its Annual Reports a statement detailing the state of risk management and internal control of the company and its subsidiaries. The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of risk management and internal control to safeguard the shareholders' investments and the companies' assets.

The Board of Directors of Supermax Corporation Bhd is committed to maintain a sound system of risk management and internal control within the Group. Set out below is the Board of Directors' "Statement on Risk Management and Internal Control" which has been prepared in accordance with the Guidance for Directors of Public Listed Companies on the Statement on Risk Management and Internal Control.

RESPONSIBILITY OF THE BOARD

The Board of Directors ("Board") is responsible for the adequacy and effectiveness of the Supermax Group's ("the Group") risk management and internal control system. The Board ensures that the system manages the Group's key areas of risk within an acceptable risk profile to increase the likelihood that the Group's policies and business objectives will be achieved. The Board continually reviews the system to ensure it provides a reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment or regulatory guidelines.

Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

The Board has received assurance from the Chief Executive Officer and the Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

RISK MANAGEMENT FRAMEWORK

The Board of Directors is aware that a sound system of internal control should be embedded in the operations of the Group and form part of its culture. This system should be capable of responding quickly to evolving risks to the business arising from factors within the Group and changes in the business environment. It should include procedures for reporting immediately to appropriate levels of management any significant control failings or weaknesses that are identified together with details of corrective action being taken.

The Group has in place an on–going process for identifying, monitoring and managing significant risks that may affect the achievement of business objectives. This is done through our Quality Assurance Department and Operational Internal Audit Department.

Management is continuously reviewing potential risk areas through discussions held at monthly staff meetings. Where a particular risk is identified, it will be monitored with counter measures taken to mitigate the risk wherever possible.

OTHER KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL

Apart from the above, the other key elements of the Group's internal control systems are as follows: -

a) Clearly documented internal policies and procedures including those that are ISO 9001:2008, ISO 13485:2003 and ISO 13485:CMDCAS compliant are in place and regularly updated to reflect changing risk or resolve operational deficiencies.

b) Regular and comprehensive information provided to Management for monitoring of performance against strategic plan, covering all key financial and operational indicators.

c) On quarterly basis, the Managing Director reviews with the Board on all issues covering strategy and performance of the Group.

The overall system of internal control was satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require public disclosure.

Internal Review and Audit

The in–house Internal Audit Department was established in 2003. The Internal Auditors review the internal controls on the key activities of the Group on the basis of a detailed annual internal audit plan. The internal audit functions are carried out to minimise the Company's exposure to risk and problems.

For the financial year ended 30 June 2017, the Internal Audit Department performed financial and operational audits of business and operations activities for the Supermax Group. This covered key risk areas ranging from procurements and payments, production and packing productivity efficiency, human resources management and upkeep of machineries.

Internal audit reports were issued and tabled to the Audit Committee regularly at Audit Committee Meetings.

The Internal Auditors will continue to come up with proactive measures or corrective actions to manage and mitigate potential business and operational risks noted in the course of carrying out their duties. In the event of any unavoidable cases, the Internal Auditors will do a thorough review and resolve the issues immediately.

Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report of the Company for the financial year ended 30 June 2017 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system.

CONTENTS

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2017.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes to the nature of these principal activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Net profit for the financial year	70,294,486	37,885,342
Attributable to:-		
Owners of the parent	67,203,823	37,885,342
Non-controlling interests	3,090,663	-
	70,294,486	37,885,342

DIVIDENDS

The amount of dividends declared and paid by the Company since the end of the previous financial period were as follows:-

	RM
In respect of the financial period from 1 January 2015 to 30 June 2016:-	
Final single-tier dividend of 2.0 sen per ordinary share, paid on 19 December 2016	13,425,298
In respect of the financial year ended 30 June 2017:-	
Interim single-tier dividend of 2.5 sen per ordinary share, paid on 28 July 2017	16,686,372

The Directors proposed a final single-tier dividend of 3.0 sen per ordinary share, amounting to RM19,873,616 in respect of the current financial year, subject to approval of shareholders at the forthcoming Annual General Meeting.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2018.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than disclosed in the financial statements.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors:-

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any shares or debentures during the financial year.

TREASURY SHARES

During the financial year, the Company repurchased 3,811,000 of its issued ordinary shares from the open market at an average price of RM2.04 per ordinary share. The total consideration paid for the shares repurchased including transaction costs was RM7,778,081. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016 in Malaysia.

As at 30 June 2017, the Company held a total of 12,700,000 ordinary shares of its 680,154,880 issued ordinary shares as treasury shares. Such treasury shares are held at a carrying amount of RM26,202,081. Further details are disclosed in Note 17 to the financial statements.

DIRECTORS

The directors in office since the date of the last report are:-

Tan Sri Rafidah Aziz
Dato' Seri Thai Kim Sim
Datin Seri Tan Bee Geok
Dato' Tan Geok Swee @ Tan Chin Huat
Dato' Ting Heng Peng
Gong Wooi Teik
Dr. Rashid Bin Bakar

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016 in Malaysia, the interests of the directors in office at the end of the financial year in the ordinary shares of the Company during the financial year are as follows:-

	Number of ordinary shares			
	At 1.7.2016	**Bought**	**Sold**	**At 30.6.2017**
Company				
Direct Interest				
Dato' Seri Thai Kim Sim	139,035,444	-	-	139,035,444
Datin Seri Tan Bee Geok	102,915,884	-	-	102,915,884
Dato' Tan Geok Swee @ Tan Chin Huat	11,578,120	-	-	11,578,120
Dato' Ting Heng Peng	4,222,000	-	-	4,222,000

DIRECTORS' INTERESTS (CONT'D)

	Number of ordinary shares			
	At 1.7.2016	Bought	Sold	At 30.6.2017
Company (cont'd)				
Direct Interest (cont'd)				
Gong Wooi Teik	3,068,486	-	-	3 ,068,486
Dr. Rashid Bin Bakar	60,000	-	-	60,000
Indirect Interest				
Dato' Seri Thai Kim Sim*	102,915,884	-	-	102,915,884
Datin Seri Tan Bee Geok*	139,035,444	-	-	139,035,444

* These are their spouse's interest in the ordinary shares of the Company which shall be treated as their interest in the ordinary shares of the Company pursuant to Section 8 of the Companies Act, 2016 in Malaysia.

By virtue of their interests in shares of the Company, Dato' Seri Thai Kim Sim and Datin Seri Tan Bee Geok are deemed to have an interest in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefit included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as disclosed in Note 23 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATIONS

The amounts of the remunerations of the directors or past directors of the Company comprising remunerations received/ receivable from the Company during the year are as follows:

	Group RM	Company RM
Fees	864,000	864,000
Other emoluments	20,664,131	34,000
	21,528,131	898,000

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been the director, officer or auditor of the Company.

OTHER STATUTORY INFORMATION

Before the statement of profit or loss and other comprehensive income and statement of financial position of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that: -

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amounts written off for bad debts or the amount of the provision for doubtful debts, in the Group and of the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the Group and of the Company's financial statements misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist: -

i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person, or

ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

AUDITORS' REMUNERATIONS

Total amounts paid to or receivable by the auditors as remunerations for their services as auditors are as follows:

	Group RM	**Company RM**
Statutory Audit	284,111	35,000
Others	4,500	4,500
	288,611	39,500

AUDITORS

The auditors, Messrs. AFRIZAN TARMILI KHAIRUL AZHAR, have expressed their willingness to continue in office.

Signed by the Board in accordance with a resolution of the Directors,

DATO' SERI THAI KIM SIM
Director

DATIN SERI TAN BEE GEOK
Director

Kuala Lumpur, Malaysia

Date: 5 October 2017

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, DATO' SERI THAI KIM SIM and DATIN SERI TAN BEE GEOK, being two of the directors of SUPERMAX CORPORATION BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with the applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the state of affairs of the Company as at 30 June 2017 and of the changes in equity, the results and statement of cash flows of the Company for the financial year ended on that date.

The supplementary information set out in the financial statements on page 100 have been prepared in accordance with the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed by the Board in accordance with a resolution of the Directors,

DATO' SERI THAI KIM SIM
Director

DATIN SERI TAN BEE GEOK
Director

Kuala Lumpur,Malaysia

Date: 5 October 2017

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, **DATIN SERI TAN BEE GEOK**, being the Director primarily responsible for the financial management of SUPERMAX CORPORATION BERHAD, do solemnly and sincerely declare that the accompanying statements of financial statements are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared
by the above named DATIN SERI TAN BEE GEOK
at Kuala Lumpur in the Federal Territory on 5 October 2017

DATIN SERI TAN BEE GEOK

Before me:

Commissioner for Oaths

Kuala Lumpur, Malaysia

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SUPERMAX CORPORATION BERHAD, which comprise the statements of financial position of the Group and of the Company as of 30 June 2017 and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 45 to 99.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016, in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysia Institute of Accountants ("By Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters presented below are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company of the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation and existence of inventories

The carrying amount of Group inventories amounted to RM189,661,748 as disclosed in Note 11 requires management's judgement and estimates in determining an appropriate costing basis and assessing the net realizable value of the inventories. Several subsidiaries had applied stock count on monthly basis performed by internal management personnel, whilst other subsidiaries engaged external auditor to verify stock balances.

Our audit approach to address Key Audit Matters

Our audit procedures performed in this area included, among others :-

- We verified the detailed analysis of inventories movement based on stock count recorded by management, testing of controls by attending and observing stock count procedures.

- We tested the basis of allocation of the manufacturing overheads to ensure appropriate allocation of costs incurred to work-in progress.

Key Audit Matters (Cont'd)

Our audit approach to address Key Audit Matters (Cont'd)

- We compared the latest selling price of finished goods sold to customers to evaluate management's assessment of the net realisable value for finished goods in order to value finished goods at the lower of net realisable value and cost.

- We also requested certification for limited review performed by third party for inventories balances at year end for certain foreign subsidiaries which are not required to be audited.

Carrying Value and Recoverability of Receivables

The Group's and the Company's receivables are stated at their original invoiced value less appropriate allowance for estimated irrecoverable amounts. The Group amount as at the statement of financial position date was RM238,263,893; (Company : RM226,998), representing 20% of the Net Assets of the Group. As disclosed in note 12 to the consolidated financial statements, the Group assesses at each reporting date whether there is objective evidence that financial asset is impaired. The recoverability of trade receivables, impairment and allowance for doubtful debts are considered to be significant risk due to the pervasive nature of these balances to the financial statements and affect the working capital management of the business. We focused our testing of the impairment and recoverability of trade receivables on the key assumptions made by the management.

Our audit approach to address Key Audit Matters

Our audit procedures performed in this area included, amongst others :-

- Obtaining an uderstanding of the Group's
  - ➢ Control over the receivables approval and collection process;
  - ➢ Process to identify and assess the impairment of receivables; and
  - ➢ Policy to determine the accounting estimate for the impairment of receivables.

- Reviewing the aging analysis and testing the reliability thereof;

- Reviewing subsequent receipts and ensure the receipts were in respect of the outstanding balance as at the reporting date;

- Challenged management's view on credit risk of receivable and take into consideration the historical patterns for outstanding receivables, reviewing other evidence including customer correspondence, and holding discussion with management personnel;

- Evaluate whether the model used to calculate the recoverable amount complies with the requirement of applicable standards; and

- Assessing the adequancy of the Group's disclosures in respect of credit risk.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report of the Group but does not include the financial statements of the Group and of the Company and our auditor's report thereon, which we obtained prior to the date of this auditor's report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Information Other than the Financial Statements and Auditors' Report Thereon (Cont'd)

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the Board of Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the approriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represents the underlying transactions and events in a manner that achieves fair presentation.

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Company to express an opinion on the financial statements of the Group and of the Company. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

Other Reporting Responsibilities

The supplementary information set out on page 100 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad ("Bursa Securities") and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants (" MIA Guidance") and the directive of Bursa Securities. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Securities.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

AFRIZAN TARMILI KHAIRUL AZHAR
AF 1300
Chartered Accountants

MOHD AFRIZAN BIN HUSAIN
Chartered Accountant (M)
1805/11/18 (J)
Partner

Kuala Lumpur, Malaysia

Date: 5 October 2017

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017

		Group		Company	
		2017	**2016**	**2017**	**2016**
	Note	**RM**	**RM**	**RM**	**RM**
Non-current assets					
Property, plant and equipment	4	878,334,491	808,238,930	-	-
Investment property	5	414,290	427,361	-	-
Prepaid land lease payments	6	4,261,652	4,326,428	-	-
Investment in subsidiaries	7	-	-	204,875,637	199,425,378
Investment in associates	8	237,159,680	217,722,387	18,994,696	18,994,696
Goodwill on consolidation	9	28,715,854	28,715,854	-	-
Deferred tax assets	10	2,488,875	1,589,840	-	-
		1,151,374,842	1,061,020,800	223,870,333	218,420,074
Current assets					
Inventories	11	189,661,748	161,886,638	-	-
Receivables	12	238,263,893	233,624,935	226,998	226,998
Tax assets		22,410,593	13,357,549	42,151	66,249
Amounts owing by subsidiaries	13	-	-	235,058,200	244,657,824
Amounts owing by associates	14	32,149,886	49,726,392	294,301	294,301
Cash and bank balances	15	156,088,225	124,949,417	266,538	498,163
		638,574,345	583,544,931	235,888,188	245,743,535
TOTAL ASSETS		1,789,949,187	1,644,565,731	459,758,521	464,163,609
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	16	340,077,440	340,077,440	340,077,440	340,077,440
Reserves	17	727,128,132	678,529,774	(11,885,503)	(11,881,093)
Equity attributable to owner of the parent		1,067,205,572	1,018,607,214	328,191,937	328,196,347
Non-controlling interests		3,029,985	(1,065,840)	-	-
		1,070,235,557	1,017,541,374	328,191,937	328,196,347
Non-current liabilities					
Loans and borrowings	18	107,044,079	128,140,842	25,755,000	37,495,345
Deferred tax liabilities	10	42,072,847	39,676,638	-	-
		149,116,926	167,817,480	25,755,000	37,495,345
Current liabilities					
Payables	21	201,236,065	176,487,549	797,572	322,957
Amounts owing to subsidiaries	13	-	-	75,288,389	73,882,988
Loans and borrowings	18	343,505,011	256,908,162	12,877,500	10,840,654
Dividend payable		16,686,372	13,425,318	16,686,372	13,425,318
Tax payables		9,169,256	12,385,848	161,751	-
		570,596,704	459,206,877	105,811,584	98,471,917
TOTAL EQUITY AND LIABILITIES		1,789,949,187	1,644,565,731	459,758,521	464,163,609

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

		Group		Company	
		1.7.2016 to 30.6.2017	1.1.2015 to 30.6.2016	1.7.2016 to 30.6.2017	1.1.2015 to 30.6.2016
	Note	RM	RM	RM	RM
Revenue	22	1,126,879,394	1,549,528,912	37,816,600	62,550,000
Purchases		(20,665,303)	(934,382,093)	-	-
Other operating income		41,735,599	24,366,095	5,019,496	3,005,056
Share of result of associates		11,272,887	16,097,265	-	-
Changes in inventories in finished goods and work in progress		(742,049,714)	(15,982,942)	-	-
Administrative cost					
Directors' remuneration	23	(21,528,131)	(32,947,464)	(898,000)	(1,331,000)
Staff costs		(107,052,435)	(136,042,589)	-	-
Depreciation of property, plant and equipment	4	(41,222,573)	(48,862,621)	-	-
Depreciation of investment property	5	(13,071)	(19,607)	-	-
Amortisation of prepaid lease payments	6	(64,776)	(97,164)	-	-
Other operating expenses		(128,288,079)	(199,242,077)	361,753	(7,539,830)
Total administrative cost		(298,169,065)	(417,211,522)	(536,247)	(8,870,830)
Profit from operation		119,003,798	222,415,715	42,299,849	56,684,226
Finance costs	25	(11,064,964)	(15,073,737)	(4,252,756)	(2,960,599)
Profit before tax	24	107,938,834	207,341,978	38,047,093	53,723,627
Tax expenses	26	(37,644,348)	(63,318,553)	(161,751)	-
Net profit for the financial year/ period		70,294,486	144,023,425	37,885,342	53,723,627
Attibutable to:-					
Owners of the parent		67,203,823	143,972,740	37,885,342	53,723,627
Non-controlling interests		3,090,663	50,685	-	-
Profit for the financial year/ period		70,294,486	144,023,425	37,885,342	53,723,627
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation		19,190,998	1,791,971	-	-
Total comprehensive income for the financial year/ period		89,485,484	145,815,396	37,885,342	53,723,627
Total comprehensive income attributable to:-					
Owners of the parent		86,488,108	145,798,528	37,885,342	53,723,627
Non-controlling interests		2,997,376	16,868	-	-
Total comprehensive income for the financial year/ period		89,485,484	145,815,396	37,885,342	53,723,627
Earning per ordinary share attributable to owners of the parent					
Basic and diluted (sen)	27	10.03	21.36	-	-

The accompanying notes form an integral part of the financial statements.

Group	Note	Attributable to Owners of the Parent						
		Non-distributable			Distributable			
		Issued Share Capital RM	Translation Reserve RM	Treasury Shares RM	Retained Earnings RM	Total RM	Non-controlling Interests RM	Total Equity RM
Balance at 1 January 2015		340,077,440	(60,287,961)	(6,655,353)	672,030,796	945,164,922	(1,082,708)	944,082,214
Comprehensive income								
Net profit for the financial period		-	-	-	143,972,740	143,972,740	50,685	144,023,425
Other comprehensive income								
Foreign currency translation		-	1,825,788	-	-	1,825,788	(33,817)	1,791,971
Total comprehensive income for the financial period		-	1,825,788	-	143,972,740	145,798,528	16,868	145,815,396
Transactions with owners								
Dividends	28	-	-	-	(60,587,589)	(60,587,589)	-	(60,587,589)
Purchases of treasury shares		-	-	(11,768,647)	-	(11,768,647)	-	(11,768,647)
Total transactions with owners		-	-	(11,768,647)	(60,587,589)	(72,356,236)	-	(72,356,236)
Balance at 30 June 2016/ 1 July 2016		340,077,440	(58,462,173)	(18,424,000)	755,415,947	1,018,607,214	(1,065,840)	1,017,541,374
Comprehensive income								
Net profit for the financial year		-	-	-	67,203,824	67,203,824	3,090,663	70,294,487
Other comprehensive income								
Foreign currency translation		-	19,284,285	-	-	19,284,285	(93,287)	19,190,998
Total comprehensive income for the financial year		-	19,284,285	-	67,203,824	86,488,109	2,997,376	89,485,485
Transactions with owners								
Dividends	28	-	-	-	(30,111,670)	(30,111,670)	-	(30,111,670)
Purchases of treasury shares		-	-	(7,778,081)	-	(7,778,081)	-	(7,778,081)
Acquisition of subsidiary with NCI		-	-	-	-	-	1,098,451	1,098,451
Total transactions with owners		-	-	(7,778,081)	(30,111,670)	(37,889,751)	1,098,451	(36,791,300)
Balance at 30 June 2017		340,077,440	(39,177,888)	(26,202,081)	792,508,101	1,067,205,572	3,029,987	1,070,235,557

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

		Attributable to Owners of the Parent			
		Non-distributable		Distributable	
Company	**Note**	**Issued Share Capital RM**	**Treasury Shares RM**	**Retained Earnings RM**	**Total Equity RM**
Balance at 1 July 2015		340,077,440	(6,655,353)	13,406,869	346,828,955
Comprehensive income					
Net profit for the financial period		-	-	53,723,627	53,723,627
Total comprehensive income for the financial period		-	-	53,723,627	53,723,627
Transaction with owners					
Dividends	28	-	-	(60,587,589)	(60,587,589)
Purchases of treasury shares		-	(11,768,647)	-	(11,768,647)
Total transactions with owners		-	(11,768,647)	(60,587,589)	(72,356,236)
Balance at 30 June 2016/ 1 July 2016		340,077,440	(18,424,000)	6,542,907	328,196,347
Comprehensive income					
Net profit for the financial year		-	-	37,885,342	37,885,342
Total comprehensive income for the financial year		-	-	37,885,342	37,885,342
Transactions with owners					
Dividends	28	-	-	(30,111,670)	(30,111,670)
Purchases of treasury shares		-	(7,778,081)	-	(7,778,081)
Total transactions with owners		-	(7,778,081)	(30,111,670)	(37,889,751)
Balance at 30 June 2017		340,077,440	(26,202,081)	14,316,580	328,191,937

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOW
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Group		Company	
	1.7.2016 to 30.6.2017 RM	1.1.2015 to 30.6.2016 RM	1.7.2016 to 30.6.2017 RM	1.1.2015 to 30.6.2016 RM
Profit before tax	107,938,834	207,341,978	38,047,093	53,723,627
Cash flow generated from operating activities				
Adjustments for :-				
Depreciation of investment property	13,071	19,607	-	-
Depreciation of property, plant and equipment	41,222,573	48,862,621	-	-
Amortisation of prepaid lease payments	64,776	9 7,162	-	-
Dividend income	-	-	(37,816,600)	(62,550,000)
Interest income	(287,763)	(288,935)	(5,019,496)	(3,005,055)
Interest expenses	11,064,964	15,073,738	4,252,756	2,960,599
Inventories written off	-	-	-	-
Net loss/ (gain) on unrealised foreign exchange	10,523,851	40,621,530	(1,006,516)	6,135,353
Share of result of associates	(11,272,887)	(16,097,265)	-	-
Operating profit/(loss) before working capital changes	159,267,419	295,630,436	(1,542,763)	(2,735,476)
Inventories	(27,775,110)	(10,474,213)	-	-
Receivables	(5,501,951)	(62,984,919)	-	560,976
Amounts owing by associates	17,576,506	35,069,033	-	-
Payables	24,754,030	47,585,447	474,615	297,106
Cash generated from/ (used in) operations	168,320,894	304,825,784	(1,068,148)	(1,877,394)
Tax refunded/ (paid)	(47,558,611)	(54,062,279)	24,098	(7,872)
Net cash generated from/(used in) operating activities carried down	120,762,283	250,763,505	(1,044,050)	(1,885,266)
Cash flows from investing activities				
Repayment from/ (advances to) subsidiaries	-	-	9,599,624	(23,678,246)
Dividend received	-	-	37,816,600	62,550,000
Proceeds from non-controlling Interests	1 ,097,729	-	-	-
Subscription of shares in subsidiaries	-	-	(5,450,259)	(13,235,100)
Purchase of property, plant and equipment	(111,318,134)	(193,971,188)	-	-
Net cash (used in)/ generated from investing activities	(110,220,405)	(193,971,188)	41,965,965	25,636,654

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOW

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Group		Company	
	1.7.2016 to 30.6.2017 RM	1.1.2015 to 30.6.2016 RM	1.7.2016 to 30.6.2017 RM	1.1.2015 to 30.6.2016 RM
Cash flows from financing activities				
Dividends paid	(26,850,616)	(60,703,369)	(26,850,616)	(60,703,370)
Interest received	287,763	288,935	5,019,496	3,005,055
Interest paid	(11,064,964)	(15,073,738)	(4,252,756)	(2,960,599)
Advances from subsidiaries	-	-	1,405,401	66,084,592
Drawdown of finance lease payable, net	544,770	126,302	-	-
Repayment of industrial hire purchase, net	(2,099,737)	(10,827,245)	-	-
(Repayment)/ Drawdown of term loans, net	(12,736,722)	(19,155,074)	(9,703,499)	(9,846,320)
Drawdown/ (Repayment) of short term borrowings, net	79,791,775	42,588,839	-	-
Purchase of treasury shares	(7,778,081)	(11,768,647)	(7,778,081)	(11,768,647)
Net cash generated from/ (used in) financing activities	20,094,188	(74,523,997)	(42,160,056)	(16,189,289)
Net change in cash and cash equivalents carried down	30,636,066	(17,731,680)	(1,238,141)	7,562,099
Effect of exchange rates changes on cash and cash equivalents	502,742	10,749,360	1,006,516	(7,368,032)
Cash and cash equivalents at beginning of financial year/ period	124,949,417	131,931,737	498,163	304,096
Cash and cash equivalents at end of financial year/ period	156,088,225	124,949,417	266,538	498,163
Analysis of cash and cash equivalents:-				
Cash and bank balances (Note 15)	156,088,225	124,949,417	266,538	498,163

The accompanying notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

The Company is principally an investment holding company. The principal activities of its subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes to the nature of these principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of the Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

The principal place of business of the Company is located at Lot 38, Putra Industrial Park, Bukit Rahman Putra, 47000 Sungai Buloh, Selangor Darul Ehsan, Malaysia.

The Financial statements were authorised for issue by the Board of Directors in accordance with a board resolution dated 5 October 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards, ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless stated otherwise disclosed in the summary of the significant accounting policies.

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting year. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies, Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.2 STATEMENT OF COMPLIANCE

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 12, Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 107, Statement of Cash Flows - Disclosure Initiative
- Amendments to MFRS 112, Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 STATEMENT OF COMPLIANCE (CONT'D)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, Financial Instruments (2014)
- MFRS 15, Revenue from Contracts with Customers
- Clarifications to MFRS 15, Revenue from Contracts with Customers
- IC Interpretation 22, Foreign Currency Transactions and Advance Consideration
- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 2, Share-based Payment - Classification and Measurement of Share-based Payment Transactions
- Amendments to MFRS 128, Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 140, Investment Property - Transfers of Investment Property

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, Leases
- IC Interpretation 23, Uncertainty over Income Tax Treatments

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, Insurance Contracts

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company plan to apply the abovementioned applicable accounting standards, amendments and interpretations:

- from the annual period beginning on 1 July 2017 for those amendments that are effective for annual periods beginning on or after 1 January 2017;
- from the annual period beginning on 1 July 2018 for those accounting standards, interpretations and amendments that are effective for annual periods beginning on or after 1 January 2018;
- from the annual period beginning on 1 July 2019 for those accounting standards and interpretations that are effective for annual periods beginning on or after 1 January 2019; and
- from the annual period beginning on 1 July 2021 for accounting standards that are effective for annual periods beginning on or after 1 January 2021.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of the aforesaid accounting standards, amendments and interpretations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 BASIS OF CONSOLIDATION AND SUBSIDIARIES

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to the end of the financial year. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Specifically, the Group controls an investee if and only if the Group has:-

(a) Power over the investee;
(b) Exposure, or rights, to variable returns from its involvement with the investee; and
(c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:-

(a) The contractual arrangement with the other vote holders of the investee;
(b) Rights arising from other contractual agreements; and
(c) The voting rights of the Group and potential voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The assets, liabilities and contingent liabilities assumed from a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated financial statements. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses, unless the investments are classified as held for sale (or included in a disposal group that is classified as held for sale). Acquisition related costs are recognised as expenses in the year in which the costs are incurred. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in profit or loss.

All intra-group balances, transactions and resulting unrealised profits and losses (unless cost cannot be recovered) are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at the acquisition date either at fair value or at the proportionate share of the acquiree's identifiable net assets. Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Business combination involving entities under common control are accounted for by applying the pooling-of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the acquired entity is reflected within equity as reverse acquisition reserve. The statement of profit or loss and other comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Non-controlling interests represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributable to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

2.5 FOREIGN CURRENCY

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(b) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in Ringgit Malaysia using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies at the reporting date are translated to the functional currencies at the exchange rates on the reporting date. Non-monetary items denominated in foreign currencies are not retranslated at the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the year except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation.

(c) Foreign Operation Denominated in Functional Currencies other than Ringgit Malaysia

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:-

(i) Assets and liabilities for each reporting date presented are translated at the closing rate prevailing at the reporting date;

(ii) Income and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

(iii) All resulting exchange differences are taken to other comprehensive income.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognized in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the year except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognized directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 PROPERTY, PLANT & EQUIPMENT AND DEPRECIATION

All property, plant and equipment are initially stated at cost. After recognition as an asset, items of property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses, except for freehold land, factory building under construction and plant, machinery and equipment under installation. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.13.

Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

Freehold land is not depreciated as it has an infinite life. Factory building under construction and plant, machinery and equipment under installation are not depreciated until the assets are ready for their intended use. Depreciation is provided on a straightline basis so as to write off the depreciable amount of the following assets over their estimated useful lives, as follows:-

Long leasehold land	Over the remaining lease period of 63 years
Factory buildings	2%
Plant, machinery and equipment	5%
Moulds and tools	5%
Electrical fittings and factory equipment	10%
Office equipment, furniture and fittings	5 – 33%
Renovation	5 – 20%
Motor vehicles	10 – 20%
Cabin	15%

The residual values, useful lives and depreciation are reviewed and adjusted as appropriate at the end of the reporting date.

The carrying amounts of items of property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising from the derecognition of items of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amounts of the item, is included in profit or loss.

Property, plant and equipment under construction consist of expenditure incurred on the construction of property, plant and equipment which take a substantial period of time to be ready for their intended use.

Property, plant and equipment under construction is stated at cost during the year of construction. No depreciation is provided on capital work-in-progress and upon completion of the construction, the cost will be transferred to property, plant and equipment.

2.7 Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. Building is depreciated on a straight line basis to write off the cost over its estimated useful life at an annual rate of 2%.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Investment Properties (cont'd)

Investment properties are derecognised on disposal when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal arising from derecognition, determined as the difference between any net disposal proceeds and the carrying amount of the investment properties, are recognised in profit or loss.

2.8 Associate

An associate is an entity in which the Group and the Company exercises influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights, and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over these policies.

Investments in associate are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. The Group's investment in associates includes goodwill identified on acquisition.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for rom the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the interest of the Group in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

2.9 Goodwill

Goodwill acquired in a business combination represents the difference between the purchase consideration and the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities in the subsidiary companies at the date of acquisition.

Goodwill is allocated to cash generating units and is stated at cost less accumulated impairment losses, if any. Impairment test is performed annually. Goodwill is also tested for impairment when indication of impairment exists. Impairment losses recognised are not reversed in subsequent year.

Upon the disposal of investment in the subsidiary, the related goodwill will be included in the computation of gain or loss on disposal of investment in the subsidiary in the consolidated statement of profit or loss and other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is measured based on first-in first-out basis.

The cost of inventories comprises the costs of purchase, costs of conversion plus other costs incurred to bring the inventories to their present locations and conditions. The costs of manufactured finished goods and work-in-progress consist of raw materials, consumables, direct labour and a proportion of manufacturing overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and the estimated costs necessary to make the sale.

2.11 Financial Instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial Instruments(Cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

(b) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss.

On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss are subject to review for impairment (see Note 2.13(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial asset is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial Instruments(Cont'd)

(iv) Hedge accounting

Fair value hedge

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the profit or loss.

In a fair value hedge, the gain or loss from remeasuring the hedging instrument at fair value or the foreign currency component of its carrying amount translated at the exchange rate prevailing at the end of the reporting period is recognised in profit or loss. The gain or loss on the hedged item, except for hedge item categorised as available-for-sale, attributable to the hedged risk is adjusted to the carrying amount of the hedged item and recognised in profit or loss. For a hedge item categorised as available-for-sale, the fair value gain or loss attributable to the hedge risk is recognised in profit or loss.

Fair value hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective or the hedge designation is revoked.

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the control of the asset is not retained or substantially all risks and rewards of the financial assets are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Fair value measurement

The Group adopted MFRS 13 Fair Value Measurement which prescribed that fair value of an asset or a liability, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

2.13 Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for deferred tax assets and inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Impairment (cont'd)

(ii) Other assets (cont'd)

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the cash-generating unit (or a group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2.14 Cash and Cash Equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise of cash in hand, bank balances, demand deposits and other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are stated at net of bank overdrafts and deposits pledged to the financial institution.

2.15 Share Capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the year in which they are declared.

2.16 Treasury Shares

When issued shares of the Company are repurchased, the consideration paid, including any attributable transaction cost is presented as a change in equity. Repurchased shares that have not been cancelled are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the profit or loss on the sale, re-issuance or cancellation of treasury shares. When treasury shares are re-issued by resale, the difference between the sales consideration and the carrying amount of the treasury shares is shown as a movement in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Provisions

Provisions are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. The increase in the provision due to the passage of time is recognised as finance costs.

2.18 Leases

(a) Finance Leases - the Group as Lessee

Assets acquired by way of finance leases where the Group assumes substantially all the benefits and risks of ownership are classified as property, plant and equipment.

Finance lease are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding finance lease obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance lease is depreciated in accordance with the depreciation policy for property, plant and equipment

(b) Operating Leases - the Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(c) Operating Leases - the Group as Lessor

Assets leased out under operating leases are presented on the statement of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(d) Leases of Land and Buildings

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payment and is amortised on a straight-line basis over the lease term.

2.19 Borrowing Costs

Borrowing costs in respect of expenditure incurred on acquisition of property, plant and equipment is capitalised during the period when activities to plan, develop and construct these assets are undertaken. Capitalisation of borrowing costs ceases when these assets are ready for their intended use or sale.

All other borrowings costs are recognised in profit or loss in the year in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Group Managing Director, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

2.21 Revenue

(a) Sales of Goods

Revenue from sale of goods is recognised upon delivery of products and when the risks and rewards of ownership have passed. Sale represents gross invoiced value of goods sold net of trade discounts and allowances.

(b) Dividend Income

Dividend income represents gross dividends from investments and is recognised when the shareholders' right to receive payment is established.

2.22 Employee Benefits

(a) Short Term Employee Benefits

Wages, salaries, social security contribution, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees. Short term accumulating compensated absences such as paid annual leave are recognised when services rendered by the employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Post-employment Benefits

The Group and the Company contributes to the Employees' Provident Fund, the national defined contribution plan. The contributions are charged to the profit or loss in the year which the related service is performed. Once the contributions have been paid, the Group and the Company has no further payment obligations.

2.23 Tax Expense

Tax expense in the profit or loss represents the aggregate amount of current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity or other comprehensive income.

Tax expense in the profit or loss represents the aggregate amount of current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity or other comprehensive income.

Current tax expense is the expected tax payable or receivable in respect of the taxable profit or loss for the financial year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Tax Expense (cont'd)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

2.24 Earnings per Share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for own shares held for the effects of all dilutive potential ordinary shares, which comprise convertible notes, bonus issue and share options granted to employees.

2.24 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or nonoccurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

3. SIGNIFICANT ACCOUNTING ESTIMATION AND JUDGEMENTS

(a) Judgements Made in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:-

Classification between Operating Lease and Finance Lease for Leasehold Land

The Group has developed certain criteria based on MFRS 117 Leases in making judgement whether a leasehold land should be classified either as operating lease or finance lease.

Finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an assets and operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership. If the leasehold land meets the criteria of the financial lease, the lease will be classified as property, plant and equipment if it is for own use. Judgements are made on the individual leasehold land to determine whether the leasehold land qualifies as operating lease or finance lease.

The Group has classified the leases period of more than 50 years as finance leases as they have met the criteria of a finance lease under MFRS 117.

3. SIGNIFICANT ACCOUNTING ESTIMATION AND JUDGEMENTS (CONT'D)

(b) Key Sources of Estimation Uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the end of the reporting year that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as stated below:-

(i) Useful Lives of Property, Plant and Equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use, The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets

In addition, the estimation of the useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any year would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

(ii) Impairment of Investment in Subsidiaries and Associates

The Group tests investment in subsidiaries and associates for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries and associates which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's tests for impairment of investment in subsidiaries, associates and other investment.

The management determined the recoverable amount of the investment in subsidiaries, associates and other investment based on the individual assets' value in use and the probability of the realisation of the assets. The present value of the future cash flows to be generated by the asset is the asset's value in use, and it is assumed to be the same as the net worth of the asset as at the end of the reporting year. An impairment loss is recognised immediately in the profit or loss if the recoverable amount is less than the carrying amount.

In view of the above, the management are in the opinion that no impairment is required for the investment in subsidiaries as at the end of the reporting period.

(iii) Impairment of Non-current Assets

The Group reviews the carrying amount of its non-current assets, which include property, plant and equipment and investment property, to determine whether there is an indication that those assets have suffered an impairment loss in accordance with relevant accounting policies on the respective category of non-current assets. Independent professional valuers to determine the carrying amount of these assets will be procured when the need arise.

3. SIGNIFICANT ACCOUNTING ESTIMATION AND JUDGEMENTS (CONT'D)

(b) Key Sources of Estimation Uncertainty

(iv) Impairment of Loans and Receivables

The Group assesses at the end of each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

(v) Deferred Tax Assets

Deferred tax assets are recognised for all unutilised tax losses, unabsorbed reinvestment allowances and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management's judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(vi) Net Reallisable Value of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgements and estimates. Possible changes in these estimates could result in revisions to the valuations of inventories.

(vii) Goodwill

The Group tests goodwill for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary.

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating unit to which goodwill has been allocated. The value-in-use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

(viii) Tax expense

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the capital allowances and deducibility of certain expenses when estimating the provision for taxation. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due is uncertain. The Company recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax in the periods in which the outcome is known.

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Factory buildings RM	Factory buildings under construction RM	Plant, machinery and equipment RM	Plant, machinery and equipment under installation RM	Mould and tools RM	Electrical fittings and factory equipment RM	Office equipment, furniture and fittings RM	Renovation RM	Motor vehicles RM	Cabin RM	Total RM
Group												
Cost												
At 1.7.2016	144,813,103	180,537,468	32,873,469	591,822,728	108,828,231	27,991,581	33,946,399	12,599,763	35,482,304	8,707,616	279,288	1,177,881,950
Additions	-	36,063,574	2,660,330	36,237,539	14,155,805	6,556,981	2,542,291	5,548,416	3,103,638	932,943	-	107,801,517
Exchange differences	332,935	3,074,970	(41,177)	29,194	-	-	112,181	119,328	15,796	172,406	-	3,815,633
Disposal	-	-	-	-	-	-	-	-	-	(393,930)		(393,930)
Reclassification	(6,165,039)	20,496,914	(31,435,705)	(1,449,466)	14,609,087	8,044,620	1,870,992	(380,290)	(6,188,256)	597,143	-	-
At 30.6.2017	138,980,999	240,172,926	4,056,917	626,639,995	137,593,123	42,593,182	38,471,863	17,887,217	32,413,482	10,016,178	279,288	1,289,105,170
Accumulated depreciation												
At 1.7.2016	-	32,843,842	-	291,311,741	-	10,031,680	12,294,371	8,983,582	6,790,394	7,209,984	177,425	369,643,019
Charge for the financial year	-	7,224,439	-	25,792,096	-	1,919,394	3,092,587	1,134,754	1,560,327	457,083	41,893	41,222,573
Exchange differences		45,204	-	4,135	-	-	94,109	94,727	2,217	58,625	-	299,017
Disposal										(393,930)	-	(393,930)
Reclassification	-	(251,127)	-	(8,028,915)	-	7,301,073	1,495,262	(154,567)	382,168	(702,000)	(41,894)	-
At 30.6.2017	-	39,862,358	-	309,079,057	-	19,252,147	16,976,329	10,058,496	8,735,106	6,629,762	177,424	410,770,679
Net Book Value	138,980,999	200,310,568	4,056,917	317,560,938	137,593,123	23,341,035	21,495,534	7,828,721	23,678,376	3,386,416	101,864	878,334,491
As at 30.06.2016												
Cost	144,813,103	180,537,468	32,873,469	591,822,728	108,828,231	27,991,581	33,946,399	12,599,763	35,482,304	8,707,616	279,288	1,177,881,950
Accumulated Depreciation	-	(32,843,842)	-	(291,311,741)	-	(10,031,680)	(12,294,371)	(8,983,582)	(6,790,394)	(7,209,984)	(177,425)	(369,643,019)
Net book value	144,813,103	147,693,626	32,873,469	300,510,987	108,828,231	17,959,901	21,652,028	3,616,181	28,691,910	1,497,632	101,863	808,238,930

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) The net carrying amount of motor vehicles held under finance lease payables is RM1,218,808 (2016:RM417,458).

(b) The net carrying amount of plant, machinery and equipment under industrial hire purchase is RM5,831,050 (2016: RM33,689,733).

(c) The remaining purchase consideration for the acquisition of factory buildings under construction and plant, machinery and equipment under installation is disclosed as capital commitments in Note 30 to the financial statements.

5. INVESTMENT PROPERTY

	Group	
	2017 RM	**2016 RM**
Cost		
At 1 July/ 1 January	551,537	551,537
Accumulated depreciation		
At 1 July/ 1 January	124,176	104,569
Change for the financial period / year	13,071	19,607
At 30 June	137,247	124,176
Net carrying amount	414,290	427,361
Consists of:-		
Freehold office building	414,290	427,361

The following are recognised in the statement of profit or loss in respect of the investment property:

	Group	
	2017 RM	**2016 RM**
Rental income	31,439	43,099
Direct operating expenses	(13,071)	(19,607)
	18,368	23,492

As at 30 June 2017, the fair values of the investment properties are RM630,000 (2016: RM630,000). The fair value of the Group's investment property was determined by directors' assessment based on the current market value of similar properties in the vicinity.

5. INVESTMENT PROPERTY (CONT'D)

Fair value information

Level 3 fair value

The investment property of the Group are categorised under the Level 3 fair value. Level 3 fair value is estimated using unobservable input for the investment property.

Valuation method and key input	Significant unobservable input	Relationship of unobservable input and fair value
Information available through internal research and director's best estimate	Estimated sales price of comparable properties in close proximity	The higher the estimated sales price, the higher the fair value

6. PREPAID LAND LEASE PAYMENTS

	Group	
	2017 RM	2016 RM
Cost		
At 1 July/ 1 January	5,283,684	5,283,684
Amortisation		
At 1 July/ 1 January	957,256	860,094
Amortisation for the financial year/ period	64,776	97,162
At 30 June	1,022,032	957,256
Net carrying amount	4,261,652	4,326,428
Consists of:-		
Leasehold land with period of:-		
Less than 50 years	414,283	432,138
More than 50 years	3,847,369	3,894,290
	4,261,652	4,326,428

Prepaid land lease payments amounting to RM1,733,891 (2016: RM1,755,655) have been charged to credit facilities granted to the Group as disclosed in Note 18 to financial statements.

7. INVESTMENT IN SUBSIDIARIES

	Company	
	2017 RM	2016 RM
Unquoted shares, at cost		
At 1 January/ 1 July	199,425,378	186,190,279
Addition	5,450,259	13,235,099
At 30 June	204,875,637	199,425,378

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:-

Name of Companies	Country of Incorporation	Effective Equity Interest 2017	Effective Equity Interest 2016	Principal Activities
Subsidiaries				
Supermax Latex Products Sdn. Bhd.	Malaysia	100%	100%	Trading and exporting latex gloves
Supermax Glove Manufacturing Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and sale of latex gloves
Maxter Glove Manufacturing Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and sale of latex gloves
Supermax Healthcare Incorporated**	United States of America	100%	100%	Marketing, importing and distributing latex gloves
Maxwell Glove Manufacturing Berhad*	Malaysia	100%	100%	Manufacturing and sale of latex gloves
Supermax International Sdn. Bhd.	Malaysia	100%	100%	Investment Holding
Supermax Energy Sdn. Bhd.	Malaysia	100%	100%	Generation of biomass energy
Supermax Deutschland GmbH**	Germany	100%	100%	Marketing, importing and distributing latex gloves
Supermax Global Limited**	Bermuda	100%	100%	Marketing, importing and distributing latex gloves
Supermax Healthcare Limited*	United Kingdom	100%	100%	Marketing, importing and distributing latex gloves
Supermax Healthcare Canada Incorporated*	Canada	67%	67%	Marketing, importing and distributing latex gloves
Whiteoak Global Property Limited**	United States of America	100%	100%	Property holding
Supermax Group Investments Limited *	Hong Kong, China	100%	100%	Investment Holding
Supermax Business Park Sdn Bhd	Malaysia	100%	100%	Pre-operating
Aime Supermax K.K.**	Japan	70%	-	Investment Holding
Maxter Healthcare Pte. Ltd.*	Singapore	100%	-	Marketing, importing and distribution of related healthcare products and medical devices

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows (Cont'd):-

Name of Companies	Country of Incorporation	Effective Equity Interest 2017	Effective Equity Interest 2016	Principal Activities
Subsidiary of Maxter Glove Manufacturing Sdn. Bhd.				
Seal Polymer Latex Products Sdn. Bhd.	Malaysia	100%	100%	Trading and exporting latex gloves
Subsidiary of Supermax International Sdn. Bhd.				
SuperVision Optimax Sdn. Bhd.	Malaysia	98%	98%	Manufacturing, sales, marketing and distribution of related healthcare products
Subsidiary of Supermax Group Investments Limited				
Supermax Global (HK) Limited*	Hong Kong, China	100%	100%	Marketing, importing and distribution of related healthcare products
Subsidiary of Aime Supermax K.K.				
Aime K.K.**	Japan	100%	-	Marketing, importing and distribution of related healthcare products and medical devices

* *Audited by other professional firms of accountants other than Afrizan Tarmili Khairul Azhar (AFTAAS).*

** *The audited financial statements and auditor's report for the financial year/period were not available. However, the financial statements of the subsidiaries used for consolidation purposes were reviewed by AFTAAS.*

(a) On 30 September 2016, the Company incorporated a 100% owned subsidiary in Singapore, i.e. Maxter Healthcare Pte. Ltd, with an initial issued and paid up capital of SGD 1,000. The issued and paid up capital was increased to SGD1,000,000 as at 30 June 2017.

(b) On 16 November 2016, the Company incorporated a 70% owned subsidiary in Japan, i.e. AIME Supermax K.K, with an initial issued and paid up capital of JPY 30,000. The issued and paid up capital was increased to JPY 100 million as at 30 June 2017.

(c) On 1 December 2016, the Company through its 70% owned subsidiary, AIME Supermax K.K., acquired all the shares in Aime K.K., comprising the issued and paid up capital of JPY 310 million, for a cash consideration of JPY 30 million.

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

(d) The total carrying amount of non-controlling interests ('NCI') and profit allocated to NCI are as follows:-

	2017 RM	2016 RM
Carrying amount of NCI	3 ,029,985	(1,065,840)
Profit/(Loss) allocated to NCI	3 ,090,663	50,685

(e) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting year/period are as follows:-

	2017 RM	2016 RM
Assets and liabilities		
Non-current assets	72,731,306	50,703,975
Current assets	66,529,093	39,733,355
Current liabilities	(142,905,758)	(99,289,488)
Net assets	(3,645,359)	(8,852,158)
Results		
Revenue	81,756,872	55,529,510
Profit for the financial year/ period	(13,919,802)	(9,856,227)
Total comprehensive income	(14,183,196)	(10,047,807)
Cash-flows		
Cash flows from operating activities	(5,231,590)	54,196,341
Cash flows from investing activities	(24,810,976)	(51,682,014)
Cash flows from financing activities	(1,557,901)	(1,718,720)
Effects of exchange rate changes on cash and cash equivalents	858,917	(102,477)
Net change in cash and cash equivalents	(30,741,550)	693,130

8. INVESTMENT IN ASSOCIATES

	2017 RM	2016 RM
Group		
Unquoted shares, outside Malaysia	20,218,962	20,218,962
Share of post-acquisition result, net of dividend received	285,471,829	274,198,942
Exchange differences	(66,940,391)	(75,104,797))
Less: Impairment	(1,590,720)	(1,590,720)
	237,159,680	217,722,387
Company		
Unquoted shares, outside Malaysia	19,829,489	19,829,489
Less: Impairment	(834,793)	(834,793)
	18,994,696	18,994,696

8. INVESTMENT IN ASSOCIATES (CONT'D)

Details of the associates are as follows:-

Name of Companies	Country of Incorporation	Effective Equity Interest 2017	Effective Equity Interest 2016	Principal Activities
Supermax Brasil Importadora S/A#	Brazil	50%	50%	Marketing, importing and distributing latex gloves
Supermax Europe NC/SA**	Belgium	50%	50%	Marketing, importing and distributing latex gloves
Supermax Canada Inc.**	Canada	50%	50%	Marketing, importing and distributing latex gloves

\# *Audited by other professional firms of accountants other than Afrizan Tarmili Khairul Azhar (AFTAAS).*

** *The audited financial statements and auditors' report for the financial year/period were not available. The Group has not recognised losses relating to these associates where these had been fully impaired in the previous financial year/period and their share of losses exceeds the Group's interest in these associates.*

The summarised financial information of the material associates is as follows:-

	2017 RM	2016 RM
Assets and liabilities		
Non-current assets	67,848,868	65,701,263
Current assets	441,505,116	412,258,788
Current liabilities	(35,034,627)	(42,515,279)
Net assets	474,319,357	435,444,772
Results		
Revenue	230,921,854	340,440,517
Profit for the financial year/ period	22,545,773	32,194,529
Total comprehensive income	22,545,773	32,194,529

9. GOODWILL ON CONSOLIDATION

	Group	
	2017 RM	2016 RM
At 1 July/30 June/ 1 January	28,715,854	28,715,854

Goodwill arising from business combination has been allocated to a cash-generating unit ("CGU") for impairment testing purpose. The carrying amount of goodwill has been allocated to the investment in Maxwell Glove Manufacturing Berhad.

The recoverable amount of the CGU is determined based on the value in use calculations using cash flow projections on financial budgets approved by directors covering a five-year period.

The calculation of value in use for this CGU is most sensitive to the following assumptions:-

(a) Budgeted growth margin - Gross margin is based on average values achieved in the three years preceding the stat of the budget period. The anticipated growth rate of 2% for gross margin is projected to be minimal.

(b) Growth rates - The forecasted growth rates of 5.00% to 7.32% are based on directors past experience in the glove manufacturing industry that the CGU operates in.

(c) Pre-tax discount rate - Discount rate of 7.30% reflects the current market assessment of the risks specific to the CGU. This is the benchmark used by directors to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rate for the CGU, regard has been given to the yield on a five-year government bond at the beginning of the budgeted year.

(d) There is no significant fluctuation in the price of raw material.

The value assigned to the key assumptions represents directors' assessment of future trends in the glove manufacturing industry and are based on both external sources and internal sources (historical data).

Sensitivity to changes in assumptions

Directors believe that no reasonable possible changes in any of the key assumptions above will cause the carrying values of the CGU to materially exceed its recoverable amount.

10. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2017 RM	2016 RM
Deferred tax assets/(liabilities)		
At 1 July/ January	(38,086,798)	(31,159,877)
Transfer to profit or loss (Note 26)	(1,497,175)	(6,926,921)
At 30 June	(39,583,972)	(38,086,798)

Presented after appropriate offsetting as follows:

	Group	
	2017 RM	2016 RM
Deferred tax assets	2,488,875	1,589,840
Deferred tax liabilities	(42,072,847)	(39,676,638)
	(39,583,972)	(38,086,798)

The components of deferred tax assets/(liabilities) prior to offsetting are as follows:-

	Group	
	2017 RM	2016 RM
Deferred tax assets		
Unrealised loss foreign exchange	2,955,352	7,694,213
Unutilised reinvestment and capital allowances	8,907,440	5,453,487
Unutilised tax losses	10,290,174	6,540,608
	22,152,966	19,688,308
Deferred tax liabilities		
Differences between the carrying amounts of property, plant and equipment and their tax base	(60,796,347)	(56,708,050)
Unrealised gain foreign exchange	(940,591)	(1,067,056)
	(61,736,938)	(57,775,106)

The deferred tax assets and liabilities are not available for set-off as they arise from different taxable entities within the Group.

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows:-

	Group	
	2017	**2016**
	RM	**RM**
Unutilised tax losses	11,321,373	10,987,111

11. INVENTORIES

	Group	
	2017	**2016**
	RM	**RM**
At cost		
Raw materials	28,349,667	26,897,655
Consumables	5,092,970	4,413,090
Work-in-progress	6,701,463	12,183,640
Finished goods	149,517,648	118,392,253
	189,661,748	161,886,638

During the financial year/period, inventories of the Group recognised as cost of goods sold amounted to RM762,690,220 (2016: RM950,365,036).

There were no inventories of the Group written off and recognised as expenses during the financial year (2016: Nil).

12. RECEIVABLES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Trade receivables	207,949,838	189,088,901	-	-
Less: Allowance for impairment	(410,603)	(410,603)	-	-
Trade receivables, net of impairment	207,539,235	188,678,298	-	-
Other receivables and deposits	22,094,574	41,801,088	757,814	757,814
Prepayments	9,160,900	3,676,365	-	-
	31,255,474	45,477,453	757,814	757,814
Less: Allowance for impairment	(530,816)	(530,816)	(530,816)	(530,816)
Other receivables, deposits and prepayments, net of impairment	30,724,658	44,946,637	226,998	226,998
	238,263,893	233,624,935	226,998	226,998

12. RECEIVABLES (CONT'D)

Trade Receivables

The credit period granted on sales of goods ranging from 30 to 120 days (2016: 30 to 120 days).

Analysis of trade receivables by currency:-

	Group	
	2017	**2016**
	RM	**RM**
Canadian Dollar	6,424,819	3,977,407
Euro	1,387,046	1,262,561
Hong Kong Dollar	40,788	3,084,399
Ringgit Malaysia	433,920	576,961
Pound Sterling	17,117,697	9,069,966
United States Dollar	167,443,120	170,707,004
Japanese Yen	14,691,845	-
	207,539,235	188,678,298

Ageing analysis of trade receivables:-

	Group	
	2017	**2016**
	RM	**RM**
Neither past due nor impaired	119,982,882	118,453,972
1 to 30 days past due not impaired	52,236,506	41,829,178
More than 30 days past due not impaired	35,319,847	28,395,148
	87,556,353	70,224,326
Impaired	410,603	410,603
	207,949,838	189,088,901

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year/period.

Receivables that are past due but not impaired

Based on historical default rates, the Group believes that no allowance for impairment in respect of trade receivables that are past due is required. These receivables are mainly arising from trade receivables that have a good credit record with the Group.

The trade receivables that are past due but not impaired are unsecured in nature.

12. RECEIVABLES (CONT'D)

Trade Receivables (Cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the end of reporting period are as follows:-

	Group	
	2017 RM	**2016 RM**
Individually impaired		
Trade receivables	410,603	410,603
Less: Allowance for impairment	(410,603)	(410,603)
	-	-

Movements in the allowance for impairment account are as follows:-

	Group	
	2017 RM	**2016 RM**
At 1 July/ 1 January	410,603	99,180
Additional impairment during the year/ period	-	311,423
At 30 June	410,603	410,603

13. AMOUNTS OWING BY/(TO) SUBSIDIARIES

Amounts owing by/(to) subsidiaries are non-trade in nature, unsecured, and are repayable on demand in cash and cash equivalents.

Included in amounts owing by/(to) subsidiaries is the following which, a market interest rate of 3.5% (2016: NIL) was charged:

	Company	
	2017 RM	**2016 RM**
Amounts owing by subsidiaries	104,116,233	-
Amounts owing to subsidiaries	(74,754,406)	-

14. AMOUNTS OWING BY ASSOCIATES

	Group	
Group and Company	**2017 RM**	**2016 RM**
Amounts owing by associates	32,716,248	50,292,754
Less: Allowance for impairment	(566,362)	(566,362)
At 30 June	32,149,886	49,726,392

Included in amounts owing by associates of the Group and of the Company is an amount of RM294,301 (2016: RM294,301) which is non-trade in nature, unsecured, interest free and are repayable on demand in cash and cash equivalents.

Amounts owing by associates arose from trade transactions with repayment term of 120 days (2016:120 days).

The amounts owing by associates are denominated in United States Dollar.

15. CASH AND BANK BALANCES

Analysis of cash and bank balances by currency:-

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Canadian Dollar	982,439	2,017,547	-	-
Euro	1,328,129	3,960,315	-	-
Hongkong Dollar	1,509,988	17,767,669	-	-
Pound Sterling	59,497,382	16,243,744	-	-
Ringgit Malaysia	18,762,083	10,730,928	242,361	476,752
United States Dollar	72,410,781	74,137,035	24,177	21,411
Singapore Dollar	549,217	92,179	-	-
Japanese Yen	1,036,315	-	-	-
Chinese Yuan	11,891	-	-	-
	156,088,225	124,949,417	266,538	498,163

16. SHARE CAPITAL

	Group and Company			
	2017		2016	
	Number of shares Unit	RM	Number of shares Unit	RM
Ordinary shares				
Authorised:-				
At the beginning/end of the financial period	-	-	1,000,000,000	500,000,000
Issued and fully paid:-				
At the beginning/end of the financial year/ period	680,154,880	340,077,440	680,154,880	340,077,440

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

The new Companies Act, 2016 which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share capital.

17. RESERVES

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Non-distributable reserves:					
Translation reserve	(a)	(39,177,888)	(58,462,173)	-	-
Treasury shares	(c)	(26,202,081)	(18,424,000)	(26,202,081)	(18,424,000)
		(65,379,969)	(76,886,173)	(26,202,081)	(18,424,000)
Distributable reserve :					
Retained earnings	(b)	792,508,101	755,415,947	14,316,578	6,542,907
		727,128,132	678,529,774	(11,885,503)	(11,881,093)

17. RESERVES (CONT'D)

(a) Translation Reserve

Translation reserve arose from the exchange differences on the translation of foreign operations.

(b) Retained Earnings

The entire retained earnings of the Company as at 30 June 2017 may be distributed as dividend under the single tier system.

(c) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 21 November 2016, renewed their approval for the Company's plan to repurchase its own ordinary shares. The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 3,811,000 (2016: 5,789,000) of its issued ordinary shares from the open market at an average price of RM2.04 (2016: RM2.03) per ordinary share. The total consideration paid for the shares repurchased including transaction costs was RM7,778,081 (2016: RM11,768,647).

As at 30 June 2017, the Company held a total of 12,700,000 (2016: 8,889,000) ordinary shares of its 680,154,880 issued ordinary shares as treasury shares. Such treasury shares are held at a carrying amount of RM26,202,081 (2016: RM18,424,000).

The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016 in Malaysia.

18. LOANS AND BORROWINGS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Current				
Secured:-				
Bankers' acceptance	262,745,976	182,954,201	-	-
Finance lease payables (Note 19)	379,670	249,279	-	-
Industrial hire purchase (Note 20)	143,968	2,100,102	-	-
Term loans	80,235,397	71,604,580	12,877,500	10,840,654
	343,505,011	256,908,162	12,877,500	10,840,654
Non-current				
Secured:-				
Finance lease payables (Note 19)	507,560	93,181	-	-
Industrial hire purchase (Note 20)	-	143,604	-	-
Term loans	106,536,519	127,904,057	25,755,000	37,495,345
	107,044,079	128,140,842	25,755,000	37,495,345
Total loans and borrowings	450,549,090	385,049,004	38,632,500	48,335,999

18. LOANS AND BORROWINGS (CONT'D)

The interest rates are as follows:-

	Group		Company	
	2017	**2016**	**2017**	**2016**
	%	**%**	**%**	**%**
Bankers' acceptance	1.15 - 3.75	1.15 - 3.75	-	-
Term loans	2.68 - 3.55	3.44 - 8.10	3.34 - 4.19	3.44 - 8.10

The term loans, and bankers' acceptance are secured by way of:-

(i) legal charges over land and buildings of subsidiaries;
(ii) negative pledge; and
(iii) corporate guarantee by the Company.

Analysis of borrowings by currency:-

	RM	**RM**	**RM**	**RM**
Euro	123,136	126,390	-	-
Japanese Yen	10,779,160	-	-	-
Ringgit Malaysia	49,861,744	8,041,234	-	-
United States Dollar	389,785,050	376,881,380	38,632,500	48,335,999
	450,549,090	385,049,004	38,632,500	48,335,999

19. FINANCE LEASE PAYABLES

	Group	
	2017	**2016**
	RM	**RM**
Minimum hire purchase payments:-		
- Not later than one year	428,263	258,650
- Later than one year but not later than five years	550,735	99,937
	978,998	358,587
Less: Future finance charges	(91,768)	(16,127)
	887,230	342,460

Analysis of present value of finance lease payables:-

	Group	
	2017	**2016**
	RM	**RM**
Current		
- Not later than one year	379,670	249,279
Non-current		
- Later than one year but not later than five years	507,560	93,181
	887,230	342,460

Interest rates on the finance lease payables for the financial year/period ranging from 3.00% to 4.72% (2016: 3.00% to 4.72%) per annum.

20. INDUSTRIAL HIRE PURCHASE

	Group	
	2017 RM	2016 RM
Minimum hire purchase payments:-		
- Not later than one year	144,820	2,155,374
- Later than one year but not later than five years	-	144,455
	144,820	2,299,829
Less: Future finance charges	(852)	(56,123)
	143,968	2,243,706

Analysis of present value of industrial hire purchases:-

	Group	
	2017 RM	2016 RM
Current		
- Not later than one year	143,968	2,100,102
Non-current		
- Later than one year but not later than five years	-	143,604
	143,968	2,243,706

Interest rate on the industrial hire purchase for the financial year/period ranging from 2.78% to 6.45% (2016 : 2.78 to 6.45%) per annum.

21. PAYABLES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade payables	112,377,237	109,827,519	18,760	-
Other payables	9,211,880	9,738,093	100	-
Deposits received from customers	71,818,419	50,335,251	-	-
Accruals	7,828,529	6,586,686	778,712	322,957
	201,236,065	176,487,549	797,572	322,957

21. PAYABLES (CONT'D)

(a) Trade Payables

The credit period granted to the Group for trade purchases ranging from 30 to 60 days (2016: 30 to 60 days).

Analysis of trade payables by currency:-

	Group	
	2017	**2016**
	RM	**RM**
Ringgit Malaysia	69,812,510	69,580,833
United States Dollar	34,912,373	40,246,686
Japanese Yen	6,193,313	-
Pound sterling	1,264,829	-
Euro	112,569	-
Hongkong Dollar	78,507	-
Singapore Dollar	3,136	-
	112,377,237	109,827,519

(b) Other Payables

Other payables which mainly arose from other operating expenses payable are interest free and are repayable on demand.

(c) Deposits Received from Customers

Deposits received from customers are denominated in United States Dollar.

22. REVENUE

	Group		Company	
	1.7.2016 to 30.6.2017	**1.1.2015 to 30.6.2016**	**1.7.2016 to 30.6.2017**	**1.1.2015 to 30.6.2016**
	RM	**RM**	**RM**	**RM**
Sale of gloves and other healthcare products	1,126,879,394	1,549,528,912	-	-
Dividend income received from subsidiaries	-	-	37,816,600	62,550,000
	1,126,879,394	1,549,528,912	37,816,600	62,550,000

23. DIRECTORS' REMUNERATION

	Group		Company	
	1.7.2016 to 30.6.2017 RM	1.1.2015 to 30.6.2016 RM	1.7.2016 to 30.6.2017 RM	1.1.2015 to 30.6.2016 RM
Executive directors of the Company:-				
- fees	252,000	423,000	252,000	423,000
- other emoluments	20,637,131	31,623,464	7,000	7,000
	20,889,131	32,046,464	259,000	430,000
Non-executive directors of the Company:-				
- fees	612,000	875,000	612,000	875,000
- other emoluments	27,000	26,000	27,000	26,000
	639,000	901,000	639,000	901,000
Total	21,528,131	32,947,464	898,000	1,331,000

Key management personnel of the Group and of the Company comprise of only executive directors of the Company.

Included in other emoluments of the directors are contributions made by the Group to the Employees' Provident Fund of RM1,557,393 (2016: RM1,103,160).

24. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/ (crediting):

	Group		Company	
	1.7.2016 to 30.6.2017 RM	1.1.2015 to 30.6.2016 RM	1.7.2016 to 30.6.2017 RM	1.1.2015 to 30.6.2016 RM
Auditors' remuneration				
- current year	283,111	198,000	35,000	35,000
- prior year	1,000	-	-	-
- others	4,500	4,500	4,500	4,500
Depreciation of property, plant and equipment	41,222,573	48,862,621	-	-
Depreciation of investment property	13,071	19,607	-	-
Amortisation of prepaid land lease payments	64,776	97,162	-	-
Allowance for impairment	-	530,816	-	530,816
Net loss (gain) on foreign exchange				
- realised	(11,438,295)	(21,572,287)	(2,691)	-
- unrealised	10,523,851	40,621,530	(1,006,516)	6,135,353
Rental of investment property	(31,439)	(43,099)	-	-
Rental of office equipment	-	8,802	-	-
Rental of plant and machinery	-	3,620	-	-
Staff costs				
- salaries, wages and bonuses	98,235,198	130,299,340	-	-
- Employees' Provident Fund	2,617,753	2,953,856	-	-
- other related staff costs	6,199,484	2,789,393	-	-

25. FINANCE COSTS

	Group		Company	
	1.7.2016 to 30.6.2017 RM	1.1.2015 to 30.6.2016 RM	1.7.2016 to 30.6.2017 RM	1.1.2015 to 30.6.2016 RM
Interest expenses on:-				
- bankers' acceptance	2,771,644	2,883,480	-	-
- hire purchases	17,739	13,860	-	-
- industrial hire purchases	177,058	664,634	-	-
- term loans	6,252,621	10,032,284	1,660,852	2,960,599
- others	1,845,902	1,479,480	2,591,904	-
	11,064,964	15,073,738	4,252,756	2,960,599

26. TAX EXPENSE

	Group		Company	
	1.7.2016 to 30.6.2017 RM	1.1.2015 to 30.6.2016 RM	1.7.2016 to 30.6.2017 RM	1.1.2015 to 30.6.2016 RM
Income tax				
- current year	39,357,184	48,726,931	161,751	-
- under provision in prior financial years	(3,210,011)	7,664,701	-	-
	36,147,173	56,391,632	161,751	-
Deferred tax (Note 10)				
- current year	(7,493,832)	(14,919,202)	-	-
- under provision in prior financial period/ year	8,991,007	21,846,123	-	-
	1,497,175	6,926,921	-	-
	37,644,348	63,318,553	161,751	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the financial year/period. Tax expense for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Group has unutilised tax losses of RM 10,290,174 (2016: RM6,540,608) available for set off against future taxable profits.

26. TAX EXPENSE (CONT'D)

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

	Group		Company	
	1.7.2016 to 30.6.2017 RM	1.1.2015 to 30.6.2016 RM	1.7.2016 to 30.6.2017 RM	1.1.2015 to 30.6.2016 RM
Profit before tax	107,938,834	207,341,978	38,047,093	53,723,627
Taxation at applicable tax rate of 24%	25,905,320	49,762,075	9,131,302	12,893,670
Tax effects arising from:-				
- deferred tax recognised at different tax rates	(925,609)	(426,070)	-	-
- different tax rates in foreign jurisdictions	8,746,593	(15,608,206)	-	-
- income not subject to tax	(3,142,472)	(376,582)	(9,075,984)	(15,022,670)
- share of profits of associates	(2,705,493)	(3,863,344)	-	-
- expenses not deductible for tax purposes	(469,852)	1,800,592	106,433	2,129,000
- double deduction	-	(60,846)	-	-
- deferred tax assets not recognised during the financial year	4,454,865	2,580,112	-	-
Under/(Over) provision in prior years:-				
- income tax	(3,210,011)	7,664,701	-	-
- deferred tax	8,991,007	21,846,122	-	-
Tax expense for the financial year/ period	37,644,348	63,318,553	161,751	-

27. EARNINGS PER ORDINARY SHARE

(a) Basic Earnings Per Share

	Group	
	1.7.2016 to 30.6.2017	1.1.2015 to 30.6.2016
Net profit attributable to owners of the parent	67,203,823	143,972,740
Number of shares in issue as of 1 July/ 1 January	680,154,880	680,154,880
Effect of treasury shares held	(10,050,681)	(6,021,326)
Weighted average number of ordinary shares in issue	670,104,199	674,133,554
Basic earning per ordinary share	10.03	21.36

The basic earnings per ordinary share is calculated by dividing the consolidated net profit attributable to equity owners of the Company by the weighted average number of ordinary shares (adjusted for treasury shares) during the financial year/period.

(b) Diluted Earnings Per Share

The diluted earnings per ordinary share of the Group for the financial year/period ended 30 June 2017 and 30 June 2016 are same as the basic earnings per ordinary share of the Group as the Group has no dilutive potential ordinary shares.

28. DIVIDENDS

	Group	
	1.7.2016 to 30.6.2017	1.1.2015 to 30.6.2016
Recognised during the financial year/ period:-		
In respect of financial period ended 30 June 2016		
- Final single-tier dividend of 3.0 sen per ordinary share	13,425,298	-
- Three (3) Interim single-tier dividends of 2.0 sen per ordinary share	-	40,275,973
In respect of the financial year ended 30 June 2017		
Interim single-tier dividend of 2.5 sen per ordinary share	16,686,372	-
In respect of financial year ended 31 December 2014		
- Final single-tier dividend of 3.0 sen per ordinary share	-	20,311,616
	30,111,670	60,587,589

The directors proposed a final single-tier dividend of 3.0 sen per ordinary share of amounting to RM19,873,616 in respect of the current financial year, subject to approval of shareholders at the forthcoming Annual General Meeting.

The financial statements for the current financial year do not reflect this proposed dividend. The proposed dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2018.

29. FINANCIAL GUARANTEES

(a) As of 30 June 2017, the Company is contingently liable in respect of guarantees given mainly for credit facilities totaling RM395,265,000 (2016: RM254,900,000) granted by local licensed banks to the subsidiaries. Accordingly, the Company is contingently liable to the extent of the facilities utilised.

(b) As of 30 June 2017, the Company is contingently liable to the extent of RM34,181,000 (2016: RM35,048,000) in respect of bank guarantees issued in favour of various third parties. The bank guarantees are secured over the corporate guarantee of the Company and subsidiaries.

30. CAPITAL COMMITMENTS

	Group	
	2017 RM	2016 RM
Approved and contracted for but not provided in the financial statements		
- purchases of property, plant and equipment	34,722,000	68,750,000

31. RELATED PARTY DISCLOSURES

(a) Identity of Related Parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

31. RELATED PARTY DISCLOSURES (CONT'D)

Related parties of the Group include:-

(i) Subsidiaries;
(ii) Associates;
(iii) Key management personnel which comprise persons (including the directors of the Company) having the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly; and
(iv) Directors related companies refer to companies in which directors of the Company have substantial financial interest.

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Dividend received/ receivable from subsidiaries				
- Maxwell Glove Manufacturing Berhad	-	-	37,816,600	62,550,000
Interest charged to subsidiaries	-	-	3,342,828	-
Interest charged by subsidiaries	-	-	(2,591,904)	-
Sales of gloves to associates	131,111,274	149,350,768	-	-

Information regarding outstanding balances with related parties at each reporting date are disclosed in Notes 13 and 14.

32. SEGMENT REPORTING

MFRS 8 Operating Segments requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and assess their performance.

General Information

The information reported to the Group's chief operating decision maker to make decisions about resources to be allocated and for assessing their performance is based on the nature of the products and services, and has three main reportable operating segments as follows:-

(a) Investment holding
(b) Manufacturing of gloves
(c) Trading of gloves
(d) Others

Measurement of Reportable Segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Segment results are profit earned or loss incurred by each segment without allocation of depreciation and amortisation, finance cost, share of result of associates and income tax expense. There are no significant changes from prior financial year in the measurement methods used to determine reported segment profit or loss.

All the Group's assets are allocated to reportable segments other than deferred tax assets and investment in associates.

All the Group's liabilities are allocated to reportable segments other than deferred tax liabilities.

32. SEGMENT REPORTING (CONT'D)

Group 2017	Investment Holding RM	Manufacturing RM	Trading RM	Others RM	Eliminations RM	Note	Consolidated RM
Revenue							
External sales	-	660,503,853	465,556,554	818,987	-		1,126,879,394
Inter-segment sales	37,816,600	414,463,204	109,656,493	7,372,725	(569,309,022)	(a)	-
Total revenue	37,816,600	1,074,967,057	575,213,047	8,191,712	(569,309,022)		1,126,879,394
Results							
Segment results	40,638,997	175,796,242	(19,913,445)	(2,779,186)	(44,711,277)	(a)	149,031,331
Depreciation and amortisation	-	(32,915,152)	(3,796,061)	(4,589,207)	-		(41,300,420)
Finance costs	(2,591,904)	(21,353,262)	(3,944,980)	(3,117,780)	19,942,962		(11,064,964)
Tax expense	(161,751)	(37,022,577)	879,094	(1,339,114)	-		(37,644,348)
Share of result of associates							11,272,887
Net profit for the financial year							70,294,486
Assets							
Segment assets	459,758,821	1,544,108,093	823,386,359	240,025,945	(1,516,978,586)	(b)	1,550,300,632
Deferred tax assets	-	-	-	-	-		2,488,875
Investment in associates	-	-	-	-	-		237,159,680
Consolidated total assets							1,789,949,187
Other information							
Addition to property, plant and equipment	-	46,371,462	32,545,854	28,884,202	-		107,801,517
Liabilities							
Segment liabilities	131,566,584	976,460,982	644,947,308	244,019,230	(1,319,353,321)	(c)	677,640,783
Deferred tax liabilities	-	-	-	-	-		42,072,847
Consolidated total liabilities							719,713,630

32. SEGMENT REPORTING (CONT'D)

Group 2016	Investment Holding RM	Manufacturing RM	Trading RM	Others RM	Eliminations RM	Note	Consolidated RM
Revenue							
External sales	-	900,214,022	647,506,695	1,808,195	-		1,549,528,912
Inter-segment sales	62,550,000	602,351,751	68,295,266	8,321,981	(741,518,998)	(a)	-
Total revenue	62,550,000	1,502,565,773	715,801,961	10,130,176	(741,518,998)		1,549,528,912
Results							
Segment results	53,723,627	175,741,265	87,382,730	(4,500,477)	(57,049,301)	(a)	255,297,844
Depreciation and amortisation	-	(47,081,846)	(442,005)	(1,455,543)	-		(48,979,394)
Finance costs	-	(12,656,080)	(10,819)	(2,406,838)	-		(15,073,737)
Tax expense	-	(47,261,427)	(14,324,216)	(1,732,910)	-		(63,318,553)
Share of result of associates							16,097,265
Net profit for the financial period							144,023,425
Assets							
Segment assets	464,163,609	1,534,657,344	533,802,057	214,214,949	(1,321,584,455)	(b)	1,425,253,504
Deferred tax assets	-	-	-	-	-		1,589,840
Investment in associates	-	-	-	-	-		217,722,387
Consolidated total assets							1,644,565,731
Other information							
Addition to property, plant and equipment	-	117,582,144	2,735,167	75,473,516	-		195,790,827
Liabilities							
Segment liabilities	135,967,262	991,084,526	356,562,475	205,617,933	(1,101,884,476)	(c)	587,347,720
Deferred tax liabilities	-	-	-	-	-		39,676,638
Consolidated total liabilities							627,024,358

32. SEGMENT REPORTING (CONT'D)

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:-

(a) Inter-segment transactions and revenue are eliminated on consolidation;

(b) Inter-segment assets are eliminated on consolidation; and

(c) Inter-segment liabilities are eliminated on consolidation.

Geographical segments

The following is an analysis of the Group's property, plant and equipment based on the geographical location of the property, plant and equipment: -

	2017 RM	2016 RM
America and Canada	44,288,276	33,355,754
Europe	5,967,732	9,536,151
Asia	828,078,483	765,347,025
	878,334,491	808,238,930

The Group operates predominantly in Malaysia and accordingly, the segment assets and capital additions are located in Malaysia.

The following is an analysis of the Group's sales by geographical market according to the continents:-

	2017 RM	2016 RM
America	507,095,727	796,126,417
Europe	315,526,230	437,045,615
Asia and Oceania	281,719,849	250,057,032
Africa	22,537,588	66,299,848
	1,126,879,394	1,549,528,912

33. FINANCIAL INSTRUMENTS

(a) Categories of Financial Instruments

	2017 RM	2016 RM
Group		
Financial assets		
Loans and receivables		
- Receivables, net of prepayments	229,102,993	229,948,570
- Amounts owing by associates	32,149,886	49,726,392
- Cash and cash equivalents	156,088,225	124,949,417
	417,341,104	404,624,379

33. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of Financial Instruments (Cont'd)

	2017 RM	2016 RM
Group (cont'd)		
Financial liabilities (cont'd)		
Other financial liabilities (cont'd)		
- Payables	201,236,065	176,487,549
- Banker's acceptance	262,745,976	182,954,201
- Finance lease payables	887,230	342,460
- Industrial hire purchase	143,968	2,243,706
- Term loans	186,771,916	199,508,637
- Dividend payable	16,686,372	13,425,318
	668,471,527	574,961,871
Company		
Financial assets		
Loans and receivables		
- Other receivables	226,998	226,998
- Amounts owing by subsidiaries	235,058,200	244,657,824
- Amounts owing by associates	294,301	294,301
- Cash and cash equivalents	266,538	498,163
	235,846,037	245,677,286
Company		
Financial liabilities		
Other financial liabilities		
- Payables	797,572	322,957
- Term loans	38,632,500	48,335,999
- Amount owing to subsidiaries	75,288,389	73,882,988
- Dividend payable	16,686,372	13,425,318
	131,404,833	135,967,262

(b) Fair Values of Financial Instruments

The carrying amounts of financial instruments of the Group and of the Company as at the end of reporting year approximate their fair values.

33. FINANCIAL INSTRUMENTS (CONT'D)

(c) Methods and Assumptions Used to Estimate Fair Value

The fair value of the following classes of financial assets and liabilities are as follows:

(i) Cash and cash equivalents, receivables and payables

The carrying amounts of cash and cash equivalents, receivables and payables are reasonable approximation of fair values due to short term nature of these financial instruments.

(ii) Borrowings

The carrying amounts of the current portion of borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amount of long term floating rate loans approximates their fair value as the loans will be re-priced to market interest rate on or near reporting date.

34. FAIR VALUE HIERARCHY

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 30 June 2017 and 30 June 2016, the Group and the Company held the following financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position:

	Fair value of financial instruments not carried at fair value				
	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total RM**	**Carrying amount RM**
2017					
Group					
Financial liabilities					
Other financial liabilities					
- Finance lease payables	-	-	887,230	887,230	887,230
- Industrial hire purchase payables	-	-	143,968	143,968	143,968
- Term loans	-	-	186,771,916	186,771,916	186,771,916
	-	-	187,803,114	187,803,114	187,803,114

34. FAIR VALUE HIERARCHY (CONT'D)

	Fair value of financial instruments not carried at fair value				
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Carrying amount RM
2016					
Financial liabilities					
Other financial liabilities					
- Finance lease payables	-	-	342,460	342,460	342,460
- Industrial hire purchase payables	-	-	2,243,706	2,243,706	2,243,706
- Term loans	-	-	199,508,637	199,508,637	199,508,637
	-	-	202,094,803	202,094,803	202,094,803
2017					
Company					
Financial liabilities					
Other financial liabilities					
- Term loans	-	-	38,632,500	38,632,500	38,632,500
2016					
Company					
Financial liabilities					
Other financial liabilities					
- Term loans	-	-	48,335,999	48,335,999	48,335,999

During the financial year/ period ended 30 June 2017 and 30 June 2016, there was no transfer between fair value measurement hierarchies.

35. FINANCIAL RISK MANAGEMENT AND OBJECTIVE

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit Risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including other investment and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. The management has a credit policy in place to monitor and minimise the exposure of default. Credit evaluations are performed on all customers requiring credit over certain amount.

As at the end of the reporting year, there was no indication that any subsidiary would default on repayment.

35. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (CONT'D)

(a) Credit Risk (Cont'd)

The financial guarantee has not been recognised in the financial statements of the Company since the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiaries' borrowings in view of the security pledged by the subsidiaries and it is unlikely that the subsidiaries will default within the guarantee year.

Information regarding credit enhancements for trade receivables is disclosed in Note 12 to the financial statements.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 12 to the financial statements. Deposits with banks and other financial institutions and investment securities are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding trade and other receivables that are either past due or impaired is disclosed in Note 12 to the financial statements.

(b) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risks arises primarily from mismatched of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all financing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	Carrying amounts RM	Contractual undiscounted cash flows RM	On Demand or within 1 Year RM	1 to 5 Years RM
Group				
2017				
Financial liabilities				
Trade and other payables	201,236,065	201,236,065	201,236,065	-
Loans and borrowings	450,549,090	450,641,710	343,554,456	107,087,254
Dividend payable	16,686,372	16,686,372	16,686,372	-
	668,471,527	668,564,147	561,476,893	107,087,254

35. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (CONT'D)

(b) Liquidity Risk (Cont'd)

Maturity analysis (Cont'd)

	Carrying amounts RM	Contractual undiscounted cash flows RM	On Demand or within 1 Year RM	1 to 5 Years RM
Group				
2016				
Financial liabilities				
Trade and other payables	176,487,550	176,487,550	176,487,550	-
Loans and borrowings	385,049,004	385,121,254	256,972,805	128,148,449
Dividend payable	13,425,318	13,425,318	13,425,318	-
	574,961,872	575,034,122	446,885,673	128,148,449
Company				
2017				
Financial liabilities				
Other payables	797,572	797,572	797,572	-
Amounts owing to subsidiaries	75,288,389	75,288,389	75,288,389	-
Loans and borrowings	38,632,500	38,632,500	12,877,500	25,755,000
Dividend payable	16,686,372	16,686,372	16,686,372	-
	131,404,833	131,404,833	105,649,833	25,755,000
2016				
Financial liabilities				
Other payables	322,957	322,957	322,957	-
Amount owing to a subsidiary	73,882,988	73,882,988	73,882,988	-
Loans and borrowings	48,335,999	48,335,999	10,840,654	37,495,345
Dividend payable	13,425,318	13,425,318	13,425,318	-
	135,967,262	135,967,262	98,471,917	37,495,345

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. The Group does not hedge its investment in fixed rate debt securities as they have active secondary or resale markets to ensure liquidity. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes.

The Group and the Company manage the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. Management does not enter into interest rate hedging transactions since it considers that the cost of such instruments outweigh the potential risk of interest rate fluctuation.

35. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (CONT'D)

(c) Interest Rate Risk (Cont'd)

Sensitivity analysis for interest rate

At the end of the reporting year, if interest rates had been 1% lower/higher, with all other variables held constant, the Group's profit net of tax and the Company's profit net of tax would have been RM4,505,490 (2016: RM3,850,490) and RM386,325 (2016 RM483,360) higher/lower respectively, arising mainly as a result of a lower/ higher of interest expenses from pre-determined rate of borrowings. The assumed movement in basis points for interest rate sensitivity is based on the currently observable market environment.

(d) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily Canadian Dollar ("CND"), EURO, British Pound ("GBP"), United States Dollars ("USD"), Japanese Yen ("JPY") and Hong Kong Dollar ("HKD").

The Group and the Company ensure that the net exposure to this risk is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address shot term imbalances. Management does not enter into currency hedging transactions since it considers that the cost of such instruments outweigh the potential risk of exchange rate fluctuations.

The financial assets and financial liabilities of the Group that are not denominated in the functional currencies are disclosed in respective notes to the financial statements.

Sensitivity analysis for foreign currency

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the exchange rates of CND, Euro, GBP,USD, JPY and HKD against the functional currency of the Company, with all other variables held constant.

		Group	
		2017 RM Profit/(loss) for the year	2016 RM Profit/(loss) for the year
CND/RM	- strengthened 3% (2016:3%)	222,218	96,227
	- weakened 3% (2016:3%)	(222,218)	(96,227)
EUR/RM	- strengthened 3% (2016:3%)	74,384	158,955
	- weakened 3% (2016:3%)	(74,384)	(158,955)
GBP/RM	- strengthened 3% (2016:3%)	2,260,508	806,021
	- weakened 3% (2016:3%)	(2,260,508)	(806,021)
USD/RM	- strengthened 3% (2016:3%)	(5,545,306)	(5,416,610)
	- weakened 3% (2016:3%)	5,545,306	5 ,416,610
HKD/RM	- strengthened 3% (2016:3%)	44,168	1,001,042
	- weakened 3% (2016:3%)	(44,168)	(1,001,042)
JPY/RM	- strengthened 3% (2016:Nil)	(37,329)	-
	- weakened 3% (2016:Nil)	37,329	-

35. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (CONT'D)

(e) Market Price Risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market price (other than interest or exchange rates).

The Group has in place policies to manage the Group's exposure to fluctuations in the selling price of the Group's products and purchase prices of the key raw materials used in the operations. The management conducts constant survey of the global market price and trend in order to determine the selling price.

36. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholders' value.

The Group and the Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 30 June 2017 and financial period from 1 January 2015 to 30 June 2016.

The Group and the Company monitors capital using a gearing ratio, which is total debts divided by total capital plus total debts. The Group's and the Company's policy is to keep the gearing ratio between 20% to 40% and 10% to 30% respectively. The Group and The Company includes within total debts, trade and other payables and loans and borrowings. Capital includes equity attributable to the owners of the parent.

The gearing ratio of the Group and the Company is as follows:-

	Note	2017 RM	2016 RM
Group			
Payables	21	201,236,065	176,487,550
Loans and borrowings	18	450,549,090	385,049,004
Total debts		651,785,155	561,536,554
Equity attributable to owners of the parent		1,067,205,572	1,018,607,214
Capital and total debts		1,718,990,727	1,580,143,768
Gearing ratio		37.9%	35.5%
Company			
Payables	21	797,572	322,957
Amounts owing to subsidiaries	13	75,288,389	73,882,988
Loans and borrowings	18	38,632,500	48,335,999
Total debts		114,718,461	122,541,944
Equity attributable to owners of the parent		328,191,937	328,196,347
Capital and total debts		442,910,398	450,738,291
Gearing ratio		25.9%	27.2%

36. CAPITAL MANAGEMENT (CONT'D)

The Group is required to maintain a minimum Consolidated Total Equity of RM480 million, a minimum Consolidated Earnings before interest, tax, depreciation and amortisation to Consolidated Interest Expense of 3.0 to 1.0 and a maximum Consolidated Debt to Consolidated Total Equity of 0.75 to 1.0 to comply with two bank covenants, failing which, the bank may call an event of default. The Group had complied with these covenants.

The Group is also required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE
OF REALISED AND UNREALISED PROFITS OR LOSSES

The following analysis of realised and unrealised retained earnings of the Group and of the Company at 30 June 2017 and 30 June 2016 is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

The retained earnings of the Group and of the Company as at reporting date is analysed as follows:

	Group		**Company**	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Total retained profits of the Company and its subsidiaries				
- realised	588,378,187	607,302,045	13,310,064	5,310,228
- unrealised	(50,107,824)	(78,708,327)	1,006,516	1,232,679
	538,270,263	528,593,718	14,316,580	6,542,907
Add:				
Share of retained profits of associates				
- realised	283,881,109	272,608,222	-	-
	822,151,472	801,201,940	14,316,580	6,542,907
Consolidation adjustments	(29,643,371)	(45,785,992)	-	-
Total retained profits	792,508,101	755,415,947	14,316,580	6,542,907
Total retained profits as per statements of financial position	792,508,101	755,415,947	14,316,580	6,542,907

LIST OF PROPERTIES
HELD BY THE GROUP AS AT 30TH JUNE 2017

	Location	Existing Use	Age of Building	Land Area/ (Build-up Area)	Tenure	Net Book Value (RM)
1.	Lot 42, Jalan BRP9/2B, Putra Industrial Park, Bukit Rahman Putra, Sungai Buloh, Selangor Darul Ehsan.	Land and Building	19 years	1.5 acres/ (36,600sq ft)	Freehold	7,013,619
2.	Lot 6070, Mukim of Kapar, District of Kelang, Selangor Darul Ehsan.	Land and Factory cum Office Building	16 years	5.0063 acres/ (127,861sq ft)	Freehold	25,024,932
3.	Lot 38, Jalan BRP9/2B, Putra Industrial Park, Bukit Rahman Putra, Sungai Buloh, Selangor Darul Ehsan.	Land, Factory cum Office Building	12 years	5.6337 acres	Freehold	24,002,377
4.	Lot No. 5128, Mukim of Kapar, District of Kelang, Selangor Darul Ehsan.	Land and Building	13 years	4.6875 acres	Freehold	9,768,661
5.	Lot 512 & Lot 1784, Mukim of Ijok, District of Kuala Selangor, Selangor Darul Ehsan.	Agricultural Land (pending conversion to industrial land)		Lot 512: 3.8438 acres Lot 1784: 1.98 acres	Lot 512-freehold Lot 1784-leasehold 99 years (Exp:3.8.2057)	670,752
6.	Suite No. 708, 6th Floor (Level 7), Menara Atlas, (Tower A), Plaza Pantai, Off Jalan Pantai Baru, Kuala Lumpur.	Stratified office lot	15 years	1,235 sq ft	Freehold	415,012
7.	Lot 6068, Mukim of Kapar, District of Kelang, Selangor Darul Ehsan.	Land and Building	11 years	5.00625 acres	Freehold	16,853,633
8.	Lot 55, Jalan Industri 13, Kaw. Perindustrian Kelemak, 78000 Alor Gajah, Melaka.	Land and Building		18,408 sq m	Leasehold - 99 years (Exp:18.6.2088)	3,970,517
9.	Lot 72706 Jalan Lahat, Kawasan Perindustrian Bukit Merah, 31500 Lahat, Perak Darul Ridzuan. HS(D)KA 70399 Lot 72706, Mukim Hulu Kinta, District Kinta, Perak Darul Ridzuan.	Industrial Land Single storey factory with annexed two-storey office buildings	 24 years	26,688sq m 18,534sq m	Leasehold - 60 years (Exp:13.1.2037)	237,395 8,849,074
10.	PN 123155, Lot 207171, Mukim Hulu Kinta, District Kinta, Perak Darul Ridzuan.	Land and building		639sq m	Leasehold - 90 years (Exp:15.11.2083)	277,208
11.	PN 123156, Lot 207172, Mukim Hulu Kinta, District Kinta, Perak Darul Ridzuan.	Land and building		465sq m	Leasehold - 90 years (Exp:15.11.2083)	188,712
12.	PN 123161, Lot 207177, Mukim Hulu Kinta, District Kinta, Perak Darul Ridzuan.	Land and building		465sq m	Leasehold - 90 years (Exp:15.11.2083)	201,377

LIST OF PROPERTIES

HELD BY THE GROUP AS AT 30TH JUNE 2017

	Location	Existing Use	Age of Building	Land Area/ (Build-up Area)	Tenure	Net Book Value (RM)
13.	PN 123162, Lot 207178, Mukim Hulu Kinta, District Kinta, Perak Darul Ridzuan.	Land and Building		650sq m	Leasehold - 90 years (Exp:15.11.2083)	257,203
14.	HS(D) 11530, PT 11574, Mukim Hulu Kinta, District Kinta, Perak Darul Ridzuan.	Industrial Land		15,054sq m	Leasehold - 99 years (Exp:07.12.2097)	790,548
15.	HS(D) 11531, PT 11575, Mukim Hulu Kinta, District Kinta, Perak Darul Ridzuan.	Industrial Land		16,187sq m	Leasehold - 99 years (Exp:07.12.2097)	857,527
16.	PT 11574 & PT 11575, Jalan Logam 7, Kawasan Perindustrian Kamunting Raya, 34600 Kamunting Raya, Mukim Asam Kumbang, Perak Darul Ridzuan.	Single storey factory with annexed two-storey office buildings		17,636sq m	Leasehold - 99 years (Exp:07.12.2097)	13,418,361
17.	Lot 6069, Mukim Kapar, Daerah Klang, Negeri Selangor.	Land and office cum factory warehouse	16 years	20,260sq m	Freehold	13,808,215
18.	HS(D) 143519, PT 207093, Lot 72314, Mukim Hulu Kinta, District Kinta, Perak Darul Ridzuan.	Industrial Land		9,359sq m	Leasehold - 99 years (Exp:19.05.2104)	2,124,025
19.	PN 123157, Lot 207173, Mukim Hulu Kinta, District Kinta, Perak Darul Ridzuan.	Land and Building Single storey semi-detached factory		465sq m	Leasehold - 90 years (Exp:15.11.2083)	217,560
20.	PN 123158, Lot 207174, Mukim Hulu Kinta, District Kinta, Perak Darul Ridzuan.	Land and Building Single storey semi-detached factory		465sq m	Leasehold - 90 years (Exp:15.11.2083)	217,560
21.	PN 123159, Lot 207175, Mukim Hulu Kinta, District Kinta, Perak Darul Ridzuan.	Land and Building Single storey semi-detached factory		465sq m	Leasehold - 90 years (Exp:15.11.2083)	217,560
22.	PN 123160, Lot 207176, Mukim Hulu Kinta, District Kinta, Perak Darul Ridzuan.	Land and Building Single storey semi-detached factory		465sq m	Leasehold - 90 years (Exp:15.11.2083)	217,560
23	HS(D) 129442, PT 62957 Mukim Kapar, District of Klang, Selangor Darul Ehsan.	Industrial Land		148,930sq m	Freehold	18,515,006
24	Geran No. 45720 Lot No. 6059, Mukim Kapar, Daerah Klang Negeri Selangor.	Land and Building		20,234sq m	Freehold	8,741,597
25.	Geran No. 45719 Lot No. 6058, Mukim Kapar, Daerah Klang Negeri Selangor.	Land and Building		20,209sq m	Freehold	8,752,411
26.	Geran No. 28698 Lot No. 1858, Mukim Serendah, Daerah Ulu Selangor, Negeri Selangor.	Land		404,685sq m	Freehold	80,809,480

Authorised Share Capital	:	RM 500,000,000.00
Issued and Fully Paid-up	:	RM 340,077,440.00
Class of Shares	:	Ordinary Shares
Voting Rights	:	1 vote per Ordinary Share

Size of Holdings	No. of Holders	%	No. of Holdings	%
1 - 99	320	2.22	9,478	0.00
100 - 1,000	2,130	14.79	1,590,292	0.24
1,001 - 10,000	8,525	59.19	40,864,513	6.16
10,001 - 100,000	3,005	20.87	89,508,557	13.49
100,001 - 33,172,693 (*)	420	2.92	322,529,712	48.61
33,172,694 and above (**)	2	0.01	208,951,328	31.49
Total	14,402	100.00	663,453,880	100.00

* Less than 5% of issued shares
** 5% and above of issued shares

LIST OF TOP 30 HOLDERS AS AT 29 SEPTEMBER 2017

No.	Name	Holdings	%
1	THAI KIM SIM	139,035,444	20.96
2	TAN BEE GEOK	69,915,884	10.54
3	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TAN BEE GEOK (PBCL-0G0071)	33,000,000	4.97
4	CARTABAN NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR FIDELITY LOW-PRICED STOCK FUND (PRIN ALLSEC SUB)	23,500,000	3.54
5	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	18,266,800	2.75
6	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB BANK BERHAD (EDP 2)	14,557,850	2.19
7	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM NASIONAL	8,365,600	1.26
8	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLTOD67)	6,309,544	0.95
9	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND F9EX FOR FIDELITY NORTHSTAR FUND	6,000,000	0.90
10	TAN GEOK SWEE @ TAN CHIN HUAT	6,000,000	0.90
11	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	5,918,400	0.89
12	TAN GEOK SWEE @ TAN CHIN HUAT	5,578,120	0.84
13	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	5,179,428	0.78
14	HO HAN SENG	4,500,000	0.68
15	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR UPS GROUP TRUST	4,397,100	0.66
16	HSBC NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	4,344,400	0.65

ANALYSIS OF SHAREHOLDINGS
AS AT 29 SEPTEMBER 2017

No.	Name	Holdings	%
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (PHEIM)	4,295,000	0.65
18	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT TREASURES FUND	4,248,300	0.64
19	EAST POINT VENTURES SDN BHD	4,000,004	0.60
20	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	3,584,742	0.54
21	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (I-VCAP)	3,313,500	0.50
22	GONG WOOI TEIK	3,068,486	0.46
23	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC TREASURES GROWTH FUND	2,963,900	0.45
24	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	2,938,468	0.44
25	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND SD4N FOR GOVERNMENT OF THE PROVINCE OF ALBERTA	2,554,300	0.39
26	AMANAHRAYA TRUSTEES BERHAD AS 1MALAYSIA	2,500,000	0.38
27	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TING HENG PENG	2,376,000	0.36
28	MAYBANK NOMINEES (TEMPATAN) SDN BHD BANK KERJASAMA RAKYAT (M) BERHAD (412803)	2,360,000	0.36
29	HSBC NOMINEES (ASING) SDN BHD MORGAN STANLEY & CO. INTERNATIONAL PLC (FIRM A/C)	2,173,700	0.33
30	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND OM56 FOR VFM EMERGING MARKETS TRUST	2,037,900	0.31

INFORMATION ON DIRECTORS HOLDINGS AS AT 29 SEPTEMBER 2017

No.	Name	Holdings	%
1	THAI KIM SIM	139,035,444	20.96
2	TAN BEE GEOK	102,915,884	15.51
3	TAN GEOK SWEE @ TAN CHIN HUAT	11,578,120	1.75
4	TING HENG PENG	4,222,000	0.64
5	GONG WOOI TEIK	3,068,486	0.46
6	RASHID BIN BAKAR	60,000	0.01

INFORMATION ON SUBSTANTIAL HOLDERS' HOLDINGS AS AT 29 SEPTEMBER 2017

No.	Name	Holdings	%
1	THAI KIM SIM	139,035,444	20.96
2	TAN BEE GEOK	102,915,884	15.51

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twentieth Annual General Meeting of the Company will be held at the Vintage Ballroom, Level 5, Convention Block, Holiday Villa Hotel & Conference Centre, Subang, 47500 Subang Jaya, Selangor Darul Ehsan on Monday, 20 November 2017 at 10.00 a.m., for the following purposes:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2017 together with the Reports of Directors and Auditors thereon. **[Please refer to Explanatory Note 2]**

2. To approve payment of a final single-tier dividend of 3 sen per share in respect of the financial year ended 30 June 2017. **(Resolution 1)**

3. To approve payment of Directors' Fees of RM 864,000.00 for the financial year ended 30 June 2017. **(Resolution 2)**

4. To approve payment of Directors' Fees of RM 864,000.00 for the financial year ending 30 June 2018. **(Resolution 3)**

5. To approve the payment of Directors' benefits of RM 45,000.00 for the period from 31 January 2017 until the next Annual General Meeting of the Company. **(Resolution 4)**

6. To re-elect the following Directors who retire pursuant to Article 88 of the Company's Articles of Association –

   i) Dato' Seri Thai Kim Sim **(Resolution 5)**
   ii) Dato' Ting Heng Peng **(Resolution 6)**

7. To re-appoint Tan Sri Rafidah Aziz whose term of office shall be expiring at the conclusion of the Twentieth Annual General Meeting, as Director of the Company. **(Resolution 7)**

8. To re-appoint Messrs Afrizan Tarmili Khairul Azhar as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. **(Resolution 8)**

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions, with or without modifications, as Ordinary Resolutions of the Company:-

9. **ORDINARY RESOLUTION I** **(Resolution 9)**
   AUTHORITY TO ALLOT AND ISSUE SHARES

   "THAT subject always to the Companies Act 2016 ("the Act"), the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to allot shares in the Company from time to time at such price, upon such terms and conditions, and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued on the Bursa Securities AND FURTHER THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

SPECIAL BUSINESS

10. **ORDINARY RESOLUTION II** **(Resolution 10)**
PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

"THAT subject always to the Companies Act, 2016 ("the Act"), the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

(i) the aggregate number of shares purchased does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase;

(ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements available at the time of the purchase; and

(iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute as shares dividend.

AND THAT the authority conferred by this resolution will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

(i) the conclusion of the next Annual General Meeting of the Company following at which time the authority shall lapse unless by Ordinary Resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or

(iii) revoked or varied by Ordinary Resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by Bursa Securities or any other relevant authorities;

AND THAT authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties) to implement, finalize and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any party of the purchased shares or to resell the shares or distribute the shares as dividends) in accordance with the Act, the provisions of the Memorandum and Articles of Association of the Company and the requirements and/or guidelines of the Main Market Listing Requirements of Bursa Securities and all other relevant governmental and/or regulatory authorities."

11. **ORDINARY RESOLUTION III**
CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS

11.1 "THAT, subject to the passing of Resolution 6, approval be and is hereby given to Dato' Ting Heng Peng who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company." **(Resolution 11)**

11.2 "THAT approval be and is hereby given to Mr Gong Wooi Teik who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company." **(Resolution 12)**

11.3 "THAT, approval be and is hereby given to Dr Rashid Bin Bakar who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company." **(Resolution 13)**

12. To consider any other business of which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the members at the Twentieth Annual General Meeting to be held on 20 November 2017, a final single-tier dividend of 3 sen per share in respect of the financial year ended 30 June 2017, will be paid on 18 December 2017.

The entitlement date for the dividend is 30 November 2017.

A depositor shall qualify for entitlement to the dividend only in respect of:-

(a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 30 November 2017 in respect of transfers; and

(b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

WONG WAI FOONG (MAICSA 7001358)
JOANNE TOH JOO ANN (LS 0008574)
Secretaries

Kuala Lumpur
Date: 20 October 2017

Notes:

1. APPOINTMENT OF PROXY

a) Only depositor whose name appears on the Record of Depositors as at 13 November 2017 shall be entitled to attend, speak and vote at the meeting or appoint proxies to attend, speak and vote on his/her behalf.

b) A member shall be entitled to be present and to vote on any question either personally or by proxy, or as proxy for another member at any general meeting, or upon a poll and to be reckoned in a quorum in respect of any fully paid-up shares and any share upon which call due and payable to the Company shall have been paid. A member may appoint up to 2 proxies. Where a member appoints two or more proxies, the proxies shall not be valid unless the member specifies the proportion of his/her shareholdings to be represented by each proxy.

c) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to credit of the said securities account.

d) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

e) The instrument appointing a proxy shall be in writing under the hands of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or its attorney duly authorised. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand a poll on behalf of the appointer.

f) The instrument appointing a proxy together with the power of the attorney (if any) shall be lodged at the Company's Share Registrar office situated at **Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan** at least forty-eight (48) hours before the time set for holding the meeting, i.e. on or before 10.00 a.m., Saturday, 18 November 2017, otherwise the person so named shall not be entitled to vote in respect thereof.

2. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

The Audited Financial Statements is meant for discussion only as an approval from shareholders is not required pursuant to the provision of Section 340(1)(a) of the Companies Act, 2016. Hence, this item on the Agenda is not put forward for voting by shareholders of the Company.

3. PAYMENT OF DIRECTORS' FEE AND BENEFITS

Pursuant to Section 230(1) of the Companies Act, 2016, the fees of the directors and any benefits payable to the directors shall be approved at a general meeting.

The Ordinary Resolution proposed under Resolution 4 is calculated based on the current Board size and the number of scheduled Board and Committee meetings for the period from 31 January 2017 up to next Annual General Meeting. In the event the proposed amount is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for the shortfall.

4. RE-ELECTION OF DIRECTOR

The Nomination Committee and the Board of Directors had conducted the annual assessment on the independence of Dato' Ting Heng Peng who is seeking for re-election pursuant to the Articles of Association of the Company at the forthcoming Twentieth Annual General Meeting. The above assessment had been disclosed in the Corporate Governance Statement of the Company's 2017 Annual Report.

5. APPOINTMENT OF DIRECTOR

The proposed Resolution 7 is to seek shareholders' approval on the re-appointment of Tan Sri Rafidah Aziz, who had been re-appointed in the previous Annual General Meeting held on 21 November 2016 as Director under Section 129(6) of the former Companies Act 1965 which was then in force and whose term would expire at the conclusion of this meeting, as Director of the Company.

6. EXPLANATORY NOTES TO SPECIAL BUSINESS

(a) AUTHORITY TO ALLOT AND ISSUE SHARES

The proposed Resolution 9 is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate"). The previous mandate was not utilised and accordingly no proceeds were raised.

The proposed Resolution 9, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to further placement of shares for the purpose of funding the Company's current and/or future investment project(s), working capital, repayment of borrowings and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed 10% of the total number of issued share of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next Annual General Meeting of the Company.

(b) PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

The proposed Resolution 10, if passed, will empower the Company to purchase up to ten per centum (10%) of the issued share capital of the Company through Bursa Malaysia Securities Berhad.

For further information, please refer to the Statement to Shareholders dated 20 October 2017.

(c) CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to the Malaysian Code on Corporate Governance, the Board of Directors has via the Nomination Committee assessed the independence of Dato' Ting Heng Peng, Mr Gong Wooi Teik and Dr Rashid Bin Bakar who each has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

(i) each of them fulfills the criteria of an Independent Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
(ii) each of them is familiar with the Company's business operations as he has been with the Company for more than 9 years;
(iii) each of them has devoted sufficient time and attention to his responsibilities as an Independent Non-Executive Director of the Company; and
(iv) each of them has exercised due care during his tenure as an Independent Director of the Company and carried out his duty in the interest of the Company and shareholders.

The proposed Resolutions 11, 12 and 13, if passed, will enable Dato' Ting Heng Peng, Mr Gong Wooi Teik and Dr Rashid Bin Bakar to continue to act as Independent Non-Executive Directors of the Company.

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SUPERMAX CORPORATION BERHAD (420405-P)

PROXY FORM

I/We ______________________________ NRIC/Company No. ______________
(Full Name in Capital Letters)

of ____
(Full Address)

being a member(s) of **SUPERMAX CORPORATION BERHAD** (Company No.: 420405-P)

hereby appoint ______________________________ NRIC No. ______________
(Full Name in Capital Letters)

of ____
(Full Address)

or failing him/her, ______________________________ NRIC No. ______________
(Full Name in Capital Letters)

of ____
(Full Address)

or failing him/her, the Chairman as *my/our proxy to vote for *me/us and on *my/our behalf at the Twentieth Annual General Meeting of the Company to be held at the Vintage Ballroom, Level 5, Convention Block, Holiday Villa Hotel & Conference Centre, Subang, 47500 Subang Jaya, Selangor Darul Ehsan on Monday, 20 November 2017 at 10.00 a.m. and at any adjournment thereof.

The proxy is to vote in the manner indicated below, with an "X" in the appropriate spaces. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

NO.	RESOLUTIONS	FOR	AGAINST
1.	Payment of a final single-tier dividend of 3 sen per share.		
2.	Payment of Directors' Fees for the financial year ended 30 June 2017.		
3.	Payment of Directors' Fees for the financial year ending 30 June 2018.		
4.	Payment of Directors' benefits for the period from 31 January 2017 until the next Annual General Meeting.		
5.	Re-election of Dato' Seri Thai Kim Sim as Director.		
6.	Re-election of Dato' Ting Heng Peng as Director.		
7.	Re-appointment of Tan Sri Rafidah Aziz as Director.		
8.	Re-appointment of Messrs Afrizan Tarmili Khairul Azhar as Auditors of the Company and authorise the Directors to fix their remuneration.		
9.	Authority for Directors to issue shares pursuant to Section 75 and 76 of the Companies Act, 2016.		
10.	Proposed Renewal of Authority for the Share Buy-Back		
11.	Approval for Dato' Ting Heng Peng to continue to act as an Independent Non-Executive Director.		
12.	Approval for Mr Gong Wooi Teik to continue to act as an Independent Non-Executive Director.		
13.	Approval for Dr Rashid Bin Bakar to continue to act as an Independent Non-Executive Director.		

Signed this __________ day of ____________ 2017

____
Signature Shareholder or Common

Seal

Number of shares held	

Number of shares held:
If more than 1 proxy, please specify number of shares represented by each proxy
Name of Proxy 1:
Name of Proxy 2:

CDS Account No. ______________________ Telephone no. (During office hours) ______________

** Delete whichever is not applicable*

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Notes:

i. Only depositor whose name appears on the Record of Depositors as at 13 November 2017 shall be entitled to attend, speak and vote at the meeting or appoint proxies to attend, speak and vote on his/her behalf.

ii. A member shall be entitled to be present and to vote on any question either personally or by proxy, or as proxy for another member at any general meeting, or upon a poll and to be reckoned in a quorum in respect of any fully paid-up shares and any share upon which call due and payable to the Company shall have been paid. A member may appoint up to 2 proxies. Where a member appoints two proxies, the proxies shall not be valid unless the member specifies the proportion of his/her shareholdings to be represented by each proxy.

iii. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to credit of the said securities account.

iv. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

v. The instrument appointing a proxy shall be in writing under the hands of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand a poll on behalf of the appointer.

vi. The instrument appointing a proxy together with the power of the attorney (if any) shall be lodged at at the Company's Share Registrar office situated at **Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan** at least forty-eight (48) hours before the time appointed for holding the meeting, i.e. on or before 10.00 a.m., Saturday, 18 November 2017, otherwise the person so named shall not be entitled to vote in respect thereof.

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AFFIX STAMP

SUPERMAX CORPORATION BERHAD
LEVEL 6, SYMPHONY HOUSE
PUSAT DAGANGAN DANA 1
JLN PJU 1A/46, 47301 PETALING JAYA
SELANGOR DARUL EHSAN

Then fold here

SUPERMAX
CORPORATION BERHAD
(420405-P)

since 1989

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