



**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 4TH QUARTER ENDED 31 DECEMBER 2014
PURSUANT TO FINANCIAL REPORTING STANDARD (FRS) 134**

1. Basis of Preparation

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

The interim financial report has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia,

The significant accounting policies and methods of computation adopted in the preparation of this interim financial report are consistent with those adopted in the audited financial statements of the Company for the financial year ended 31 December 2013.

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

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 7	Financial Instruments: Disclosures
MFRS 8	Operating Segments
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 13	Fair Value Measurement
MFRS 101	Presentation of Financial Statements
MFRS 102	Inventories
MFRS 107	Statement of Cash Flows
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 110	Events After the Reporting Period
MFRS 112	Income Taxes
MFRS 116	Property, Plant & Equipment
MFRS 117	Leases
MFRS 118	Revenue
MFRS 119	Employee Benefits
MFRS 121	The Effects of Changes in Foreign Exchange Rates
MFRS 123	Borrowing Costs
MFRS 124	Related Party Disclosures
MFRS 126	Accounting and Reporting by Retirement Benefit Plans
MFRS 127	Consolidated and Separate Financial Statements
MFRS 128	Investment in Associates



MFRS 132	Financial Instruments: Presentation
MFRS 133	Earnings Per Share
MFRS 134	Interim Financial Reporting
MFRS 136	Impairment of Assets
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 138	Intangible Assets
MFRS 139	Financial Instrument: Recognition and Measurement
MFRS 140	Investment Property
IC Int. 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Int. 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Int. 4	Determining Whether an Arrangement contains a Lease
IC Int. 9	Reassessment of Embedded Derivatives
IC Int. 10	Interim Financial Reporting and Impairment
IC Int. 16	Hedges of a Net Investment in a Foreign Operation
IC Int. 17	Distributions of Non-cash Assets to Owners
IC Int. 19	Extinguishing Financial Liabilities with Equity Instruments
IC Int. 107	Introduction of the Euro
IC Int. 112	Consolidation – Special Purpose Entities
IC Int. 115	Operating Leases – Incentives
IC Int. 125	Income Taxes – Change in the Tax Status of an Entity or its Shareholders
IC Int. 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IC Int. 131	Revenue – Barter Transactions Involving Advertising Services
IC Int. 132	Intangible Assets – Web Site Costs

The audited financial statements of the Group for the financial year ended 31 December 2013 are prepared in accordance with FRS. As the requirements under FRS and MFRS are similar, the adoption of the above MFRSs and IC Interpretations does not have any significant impact on the financial performance and financial position of the Group. In compliance with MFRS 1, First-time Adoption of MFRS, the Group has presented the statement of financial position as at 1 January 2014 which is the beginning of the earliest comparative period, in the interim financial report without any restatement on the financial information.

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

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



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

The interim financial report should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to this interim financial report.

2. Auditors' Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2013.

3. Seasonal and Cyclical Factors

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

4. Exceptional and Extraordinary Items

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

5. Changes in Accounting Estimates

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

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

Share Buyback

During the current quarter under review, the Company conducted 2 share buyback transactions amounting to 100,000 shares. As at 31 December 2014, the number of shares retained as treasury shares stood at 3,100,000.



7. Dividend Paid

Dividends paid to-date are tabulated below:

Financial Year	Description	Payment Date	Dividend (%)	Value (RM'000)
2001	1st & final tax exempt dividend	28.08.2002	3.6%	1,440
2002	1st & final tax exempt dividend	27.08.2003	4.5%	1,800
2003	1st & final tax exempt dividend	27.08.2004	4.5%	3,638
2004	1st & final tax exempt dividend	18.07.2005	5.0%	4,486
2005	Interim tax exempt dividend Final tax exempt dividend	09.01.2006 18.07.2006	3.0% 3.5%	2,695 3,960
2006	1st & final tax exempt dividend	18.06.2007	6.5%	7,357
2007	Interim tax exempt dividend Final tax exempt dividend	28.01.2008 28.06.2008	3.0% 3.5%	3,979 4,626
2008	Interim tax exempt dividend Final tax exempt dividend	08.01.2009 08.07.2009	3.0% 3.5%	3,922 4,545
2009	Interim tax exempt dividend Special tax exempt dividend Final tax exempt dividend	18.11.2009 20.04.2010 28.06.2010	5.0% 9.0% 8.0%	6,567 12,213 10,856
2010	1 st interim tax exempt dividend 2 nd interim tax exempt dividend Final tax exempt dividend	01.10.2010 18.03.2011 28.07.2011	5.0% 5.0% 5.0%	8,486 8,502 8,502
2011	Interim tax exempt dividend Final tax exempt dividend	08.12.2011 28.06.2012	6.0% 3.5%^	10,202 11,903
2012	Interim tax exempt dividend Final tax exempt dividend	18.01.2013 18.06.2013	4.0%^ 6.0%^	13,583 20,404
2013	Interim tax exempt dividend Final tax exempt dividend	21.01.2014 30.06.2014	4.0%^ 6.0%^	13,583 20,374
2014	Interim single tier dividend Proposed final tax exempt dividend*	28.01.2014 TBA	4.0%^ 6.0%*	13,541 20,311*
	Total			221,475

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

* Proposed by Board of Directors and subject to shareholders approval at the upcoming AGM proposed to be held by June 2015.



8. Segmental Reporting

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

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

THE GROUP CUMULATIVE FY2014	Investment Holding RM'000	Manu- facturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External sales	-	178,769	826,814	1,828	94	1,007,505
Inter-segment sales	20,378	861,623	102,312	7,414	(991,727)	-
	<u>20,378</u>	<u>1,040,391</u>	<u>929,126</u>	<u>9,243</u>	<u>(991,633)</u>	<u>1,007,505</u>
Segmental results	17,073	106,523	31,086	2,507	(787)	156,402
Depreciation & Amortisation						(26,619)
Finance costs						(9,897)
Interest income						-
Share of profit in associated companies						9,420
PBT						<u>129,306</u>
Tax expenses						(28,505)
PAT						<u><u>100,801</u></u>

9. Valuation of property, plant and equipment

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

10. Capital Commitments

As at 24 February 2015, the Group had capital commitments amounting to RM 38.8 million for the purchase of plant and equipment to be installed at its various factories.



11. Material Events Subsequent to the End of Period Reported

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

12. Changes in the Composition of the Group

There were no significant changes in the composition of the Group during the quarter ended 31 December 2014.

13. Contingent liabilities and contingent assets

The Group has no outstanding contingent liabilities and contingent assets as at 24 February 2015 which might materially and adversely affect the position or business of the Group.

**Additional information required by Bursa Malaysia Securities Bhd Listing Requirements****1. Review of the Performance of the Company and Its Principal Subsidiaries**

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

Description	4 th Qtr 2014 RM '000	4 th Qtr 2013 RM '000	Increase/(Decrease)	
			RM'000	%
Revenue	258,750	192,236	+66,514	+34.6
Profit before tax (PBT)	32,527	37,984	(5,457)	(14.4)
Profit after tax (PAT)	20,068	25,829	(5,761)	(22.3)

The Group's revenue was 34.6% or RM 66.5 million higher compared to the previous year's corresponding quarter. The Group had fully recovered from the fire at one of its plants in Q4 last year and also benefited from a stronger USD which had appreciated by 5%.

Meanwhile, PBT and PAT were lower by 14.4% and 22.3% respectively. The lower profitability was a result of start-up costs incurred as the Group continued to install and test-run brand new lines at its 2 new plants in Meru, Klang. These are initial costs and will not be a factor once all the lines have been installed and are running at optimum levels.

2. Comparison with Preceding Quarter's Result

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

Description	4 th Qtr 2014 RM '000	3 rd Qtr 2014 RM'000	Increase/(Decrease)	
			RM'000	%
Revenue	258,750	278,383	(19,633)	(7.1)
Profit before tax (PBT)	32,527	32,381	+146	+0.5
Profit after tax (PAT)	20,068	27,506	(7,438)	(27.0)

On a preceding quarter basis, the Group's revenue fell by 7.1% in tandem with lower average selling prices of gloves, especially in the nitrile division which is becoming increasingly competitive.

PBT was marginally higher but PAT was lower by 27.0% as the Group took into account the final year-end adjustments on its current year tax and deferred tax provisioning.



3. Prospects

Latex Material Prices

The downtrend in **natural rubber latex** prices has continued into the final quarter of 2014, where prices averaged RM3.80 per kg wet vs RM4.25 per kg wet in Q3'14, RM4.65 in Q2'2014 and RM4.81 in Q1'2014. There continues to be ample supply of rubber in the market while demand has slowed. More recently, rubber latex had traded as low as RM3.61 per kg wet on 30 January 2015 before recovering some to RM3.89 per kg wet as at 24 February 2015. Prices of latex material are expected to remain at depressed levels going forward.

In terms of **synthetic nitrile latex** material, the prices of this raw material have remained generally stable in recent quarters. In the 4th quarter, prices averaged USD1,090 per mtw compared to USD1,116 in the preceding quarter. Despite falling oil prices, nitrile prices have remained relatively resilient. Nitrile prices are expected to remain stable with some downward bias going forward.

Foreign exchange rates

The Ringgit had strengthened gradually against the US Dollar in the first 3 quarters of 2014 before surging to an average of USD1:RM3.36 in Q4'2014. Prior to this, the currency pair traded at an average of USD1:RM3.19 in Q3'2014 vs USD1:RM3.23 in Q2'2014 and USD1:RM3.29 in Q1'2014. In 2015, the USD has continued to strengthen, closing at USD1:RM3.63 as at 24 February 2015.

Robust global demand

Global demand for gloves remains robust. In the developed countries, the demand continues to grow at a steady and moderate pace while stronger double digit growth can be seen from the emerging markets as hygiene and healthcare awareness continues to rise in the regions such as the Middle East and also Africa, not to mention Asia with China and India leading the way. The recent Ebola scare, although it has since been brought under control, has served to create further awareness about the importance of gloves in infection control.

Manufacturing and Process Automation

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



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

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

NR & Nitrile Latex Prices and MYR/USD Exchange Rates

Natural Rubber Latex	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	YOY %
USD	1,637	1,463	1,439	1,330	1,131	(31%)
RM	5,256	4,813	4,648	4,246	3,800	(28%)
(USD:MYR)	3.21	3.29	3.23	3.19	3.36	5%
Synthetic Latex (Nitrile)	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	YOY %
USD	1,138	1,105	1,053	1,116	1,090	(4%)
RM	3,654	3,635	3,401	3,560	3,662	0.2%
(USD:MYR)	3.21	3.29	3.23	3.19	3.36	5%

Average Selling Prices

(USD/ 1,000 pcs)	Q4 2013 USD	Q1 2014 USD	Q2 2014 USD	Q3 2014 USD	Q4 2014 USD
Powdered Latex Gloves	19.75 – 22.95	19.25 – 22.95	19.00 – 22.95	19.00 – 22.95	19.00 – 22.95
Powder-Free Latex Gloves	24.95 – 29.95	24.25 – 28.95	23.70 – 29.95	23.70 – 29.95	23.70 – 29.95
Nitrile - 2.5mil	22.35 – 25.95	22.20 – 25.95	22.20 – 25.95	22.95 – 25.95	22.35 – 25.95
Nitrile - 3.2mil	22.50 – 26.95	22.35 – 26.95	22.35 – 26.95	23.25 – 26.95	22.50 – 26.95
Nitrile - 4.0mil	24.25 – 27.95	24.25 – 27.95	24.25 – 27.95	25.25 – 27.95	24.25 – 27.95
Nitrile - 5.0mil	26.25 – 29.95	26.25 – 29.95	26.25 – 29.95	27.95 – 29.95	26.25 – 29.95
(USD:MYR)	3.21	3.29	3.23	3.19	3.36

Average selling prices (ASPs) have been trending flat to lower in 2014 in tandem with lower raw material prices and rising competition in the nitrile division.

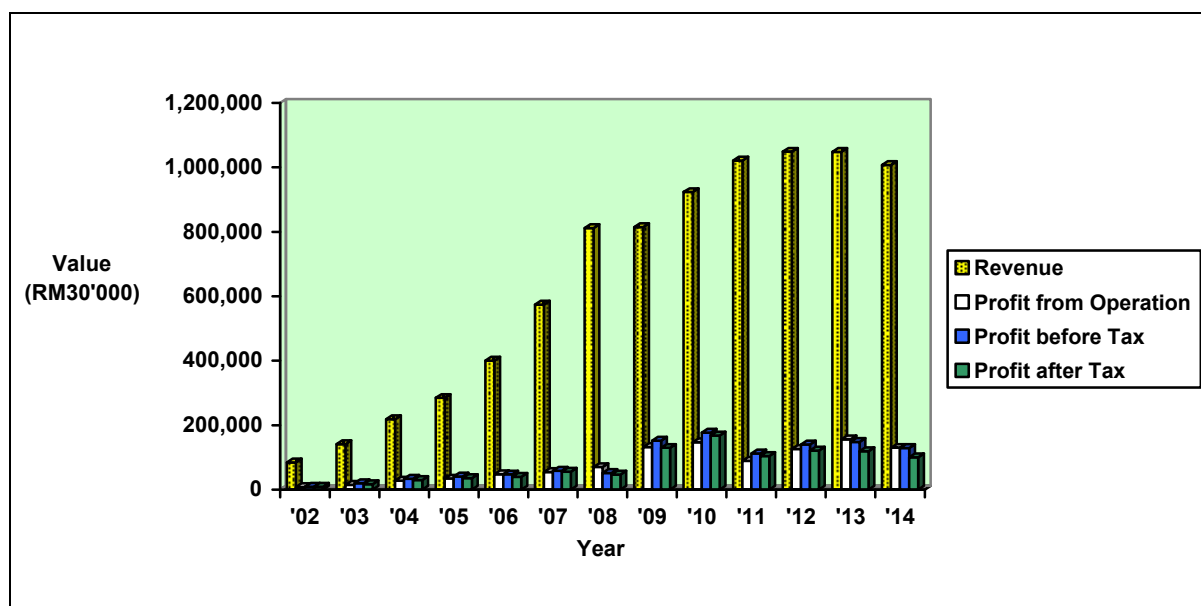
For Supermax, while we are increasing production output of Nitrile gloves in line with the current market demand, we have been maintaining our manufacturing margins of Nitrile Glove at between 9% - 11% to be in line with global market prices, especially Nitrile gloves from China & Thailand. This is in line with our objective to be globally competitive.



The Group's yearly performances are tabled below:

Description	Year 2009 (RM '000)	Year 2010 (RM '000)	Year 2011 (RM '000)	Year 2012 (RM '000)	Year 2013 (RM '000)	Year 2014 (RM '000)
Revenue	803,633	977,281	1,021,358	997,374	1,048,151	1,007,505
Profit from operations	131,710	155,458	89,807	122,677	155,789	129,783
EBITDA	205,670	223,373	148,732	170,408	182,481	165,822
EBITDA Margin	25.6%	22.9%	14.6%	17.1%	17.4%	16.4%
Profit before Tax (PBT)	151,470	183,835	112,132	137,306	148,157	129,306
PBT Margin	18.8%	18.8%	11.0%	13.8%	14.1%	12.8%
Profit after Tax (PAT)	126,585	158,955	104,051	121,412	118,990	100,801
Core Profit after Tax (PAT)	126,585	158,955	108,051	121,412	118,990	100,801
Core PAT Margin	15.8%	16.3%	10.6%	12.2%	11.4%	10.0%
No. of Shares	268,250	340,077	340,077	680,154	680,154	680,154
Net Tangible Asset (NTA)	558,835	691,468	769,038	833,780	897,648	979,631
NTA per share (RM)	2.08	2.03	2.26	1.23	1.32	1.44
Core EPS (sen)	48.61	46.74	31.77	17.90	17.63	14.82
Return on Assets (ROA)	13.4%	14.9%	8.6%	9.7%	8.7%	6.7%
Return on Equity (ROE)	22.7%	23.0%	13.5%	14.6%	13.3%	10.3%

NM= Not meaningful



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

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

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

	Quarter Ended 31.12.2014 RM '000	Year-to-Date Ended 31.12.2014 RM '000
Income tax	12,459	28,505
Deferred Tax	-	-
Total	12,459	28,505

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

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

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

7. Quoted Investment

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

8. Status of Corporate Proposals Announced

There were no corporate proposals announced as at 24 February 2015 (the latest practicable date that shall not be earlier than 7 days from the date of this quarterly report).

9. Group Borrowings and Debt Securities

Group borrowings as at 31 December 2014 are as follows: -

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings	5,188	223,877	229,065
Long term borrowings	5,499	117,506	123,005
Total borrowings	10,687	341,383	352,070

90% of the short term borrowings comprise trade facilities amounting to RM 206.6 million that are revolving in nature for working capital purposes. These facilities bear interest rates that are attractive and competitive ranging from 1.0% to 3.6% p.a.

**10. Financial Instruments with Off Balance Sheet Risks**

There were no financial instruments with off balance sheet risk as at 24 February 2015 (the latest practicable date which shall not be earlier than 7 days from the date of this quarterly report).

11. Pending Material Litigation

The Group has no outstanding material litigation which might materially and adversely affect the position or business of the Group as at 24 February 2015, being the latest practicable date.

12. Dividends Declared/Proposed

The Board of Directors has proposed a final dividend of 6% tax exempt for the current financial year ended 31 December 2014. The payment date will be determined at a later date.

13. Earnings per Share (EPS)**Basic earnings per share**

	2014 Current Quarter Ended 31.12.2014	2014 Year-to-date Ended 31.12.2014
Net profit / (loss) (RM'000) attributable to ordinary shareholders	20,065	101,235
Weighted average ('000) Number of ordinary shares in issue	680,154	680,154
Basic earnings per share (sen)	2.95	14.88

14. Realised and Unrealised Profits/Losses

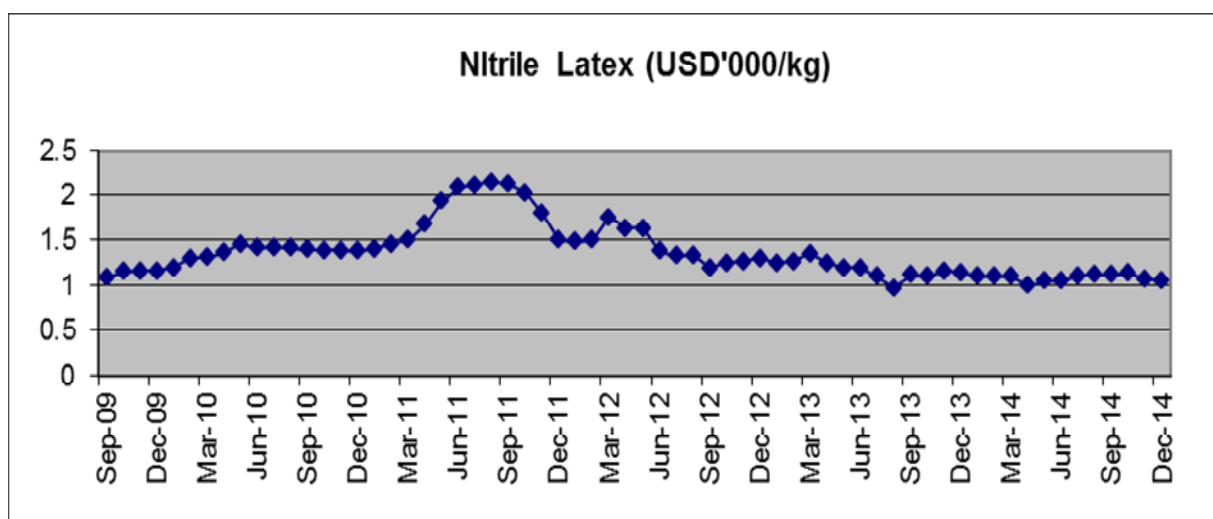
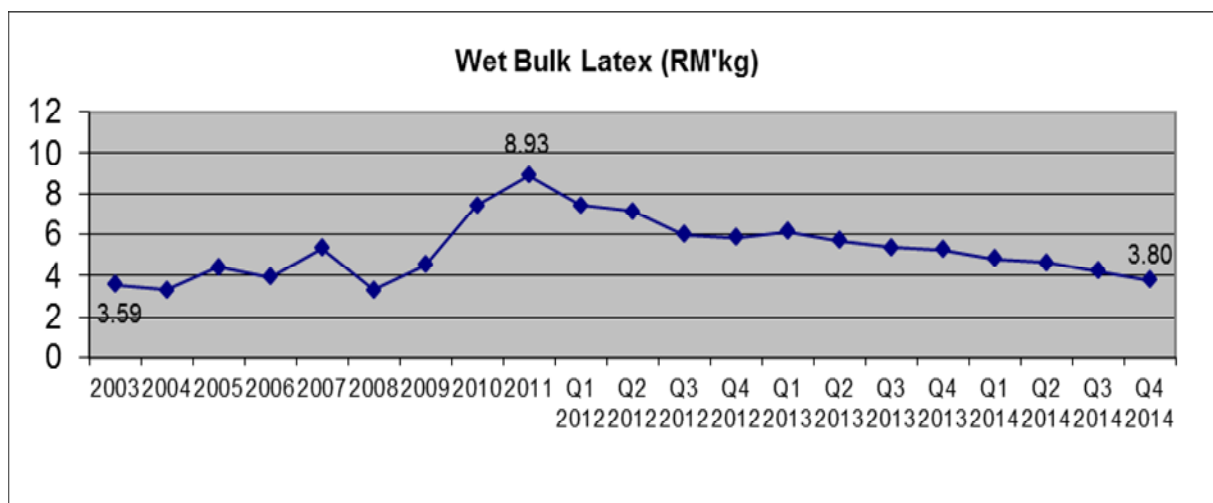
	As at 31.12.2014 RM '000	As at 31.12.2013 RM '000
Total retained profits of the Company and its Subsidiaries:		
- Realised	484,262	412,649
- Unrealised	(2,082)	3,145
	486,344	415,794
Less: Consolidation adjustments	205,029	194,936
Total Group retained earnings as per consolidated accounts	691,372	610,730



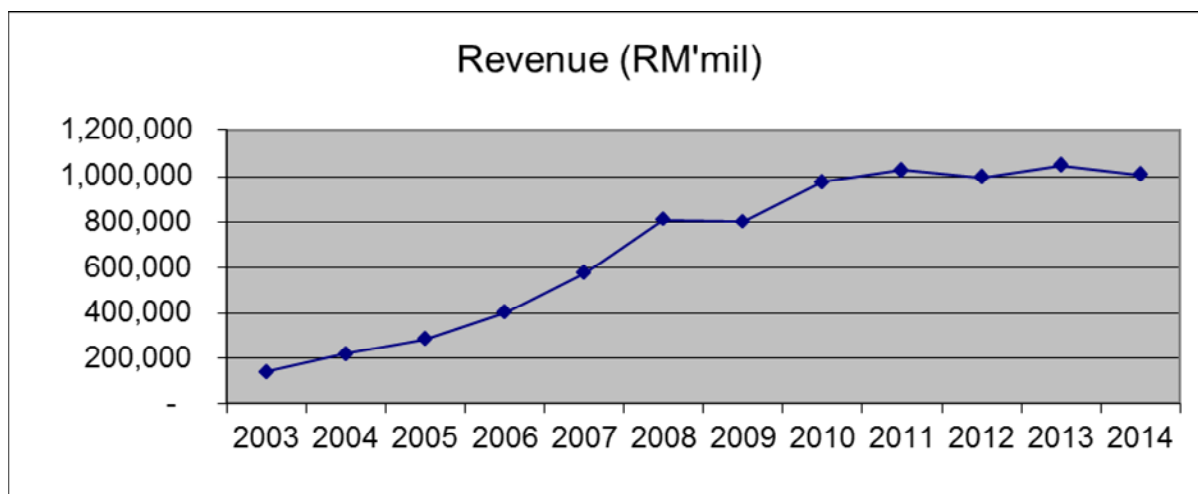
15. Management of Latex Material Cost Fluctuations

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

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



	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014
NR Latex (RM/kg wet)	6.14	5.72	5.35	5.26	4.81	4.65	4.25	3.80
Nitrile Latex (USD/kg wet)	1.29	1.22	1.07	1.14	1.10	1.05	1.12	1.09



16. Management of Foreign Exchange Rate Fluctuations

Currency trend for competing nations

Foreign exchange is another factor that may have a significant impact on the Group’s performance. Of the currencies belonging to the major rubber glove producing countries, the Thai Baht and Chinese Yuan have been relatively stable and trending similarly against the USD in recent quarters. The Ringgit had trended similarly as the Baht and Yuan until the 4th quarter when it weakened rather drastically against the USD.

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

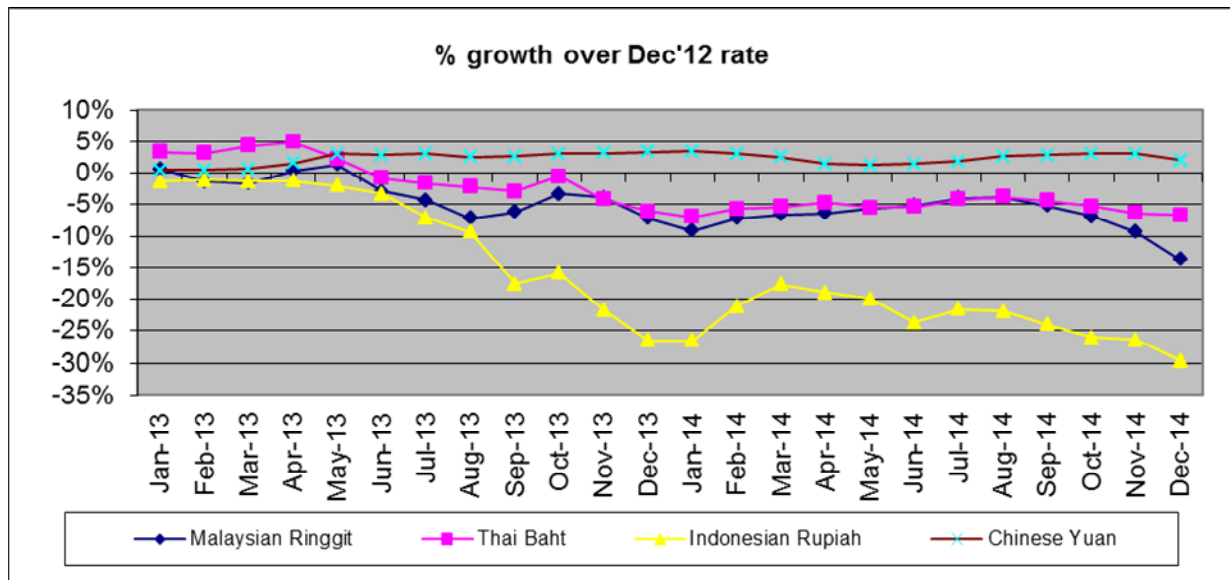
In conclusion, Malaysian exports remain competitive against the major competing nations.

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

FOREX	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014
(USD:MYR)	3.08	3.07	3.24	3.21	3.29	3.23	3.19	3.36



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



Exchange rate (1USD) vs Dec'12 rate

Currencies of Major Rubber Glove Producing Countries

	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sept-14	Oct-14	Nov-14	Dec-14
Malaysian RM	-9%	-7%	-7%	-6%	-6%	-5%	-4%	-4%	-5%	-7%	-9%	-14%
Thai Baht	-7%	-6%	-5%	-5%	-6%	-5%	-4%	-4%	-4%	-5%	-6%	-7%
Indonesian Rupiah	-27%	-21%	-18%	-19%	-20%	-24%	-22%	-22%	-24%	-26%	-26%	-30%
Chinese Yuan	3%	3%	3%	1%	1%	1%	2%	3%	3%	3%	3%	2%

So long as the MYR fluctuation against the USD is in tandem with the currencies of the other major rubber glove producing countries, gloves made in Malaysia will remain globally competitive.