

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2016 PURSUANT TO FINANCIAL REPORTING STANDARD (FRS) 134**

---

**1. Basis of Preparation**

The interim financial report is unaudited and has been prepared in accordance with the requirements of the Malaysian Financial Reporting Standard 134 (MFRS 134): Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 (Appendix 9B part A) of the Main Market Listing Requirements (“Listing Requirements”) of the Bursa Malaysia Securities Berhad (“Bursa Securities”) and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the unaudited consolidated financial statements.

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 2014. The adoption of the new MFRS, amendments/improvements to MFRSs and new IC Interpretations does not have any significant impact on the financial performance and financial position of the Group.

As announced on 13 May 2015, the Company had changed its financial year-end from December to June. As such, the current financial period will be an 18-month financial period ending 30 June 2016.

**2. Auditors’ Report**

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2014.

**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

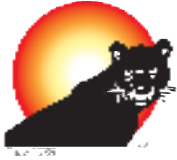
During the current quarter under review, the Company repurchased 1,000 ordinary shares from the open market at an average price of RM2.91 per share.

All the shares acquired were retained as treasury shares. As at 31 March 2016, the number of treasury shares stood at 8,889,000.

## 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 <sup>st</sup> interim tax exempt dividend 2 <sup>nd</sup> 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



**7. Dividend Paid (cont'd)**

<b>Financial Year</b>	<b>Description</b>	<b>Payment Date</b>	<b>Dividend (%)</b>	<b>Value (RM'000)</b>
2014	Interim single tier dividend	28.01.2015	4.0%^	13,541
	Final single tier dividend	08.07.2015	6.0%^	20,311
2016#	1 <sup>st</sup> Interim single tier dividend	22.10.2015	4.0%^	13,425
	2 <sup>nd</sup> Interim single tier dividend	08.04.2016	4.0%^	13,425
	<b>Total</b>			<b>248,325</b>

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

# 18-month period ending 30.6.2016 due to change in financial year-end from December to June



## 8. Segmental Reporting

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

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

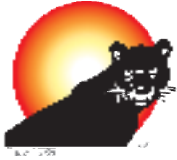
<b>THE GROUP CUMULATIVE 15 MONTHS</b>	<b>Investment Holding RM'000</b>	<b>Manu- facturing RM'000</b>	<b>Trading RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>						
External sales	-	770,578	506,197	1,421	-	1,278,196
Inter-segment sales	42,550	1,125,287	31,356	6,735	(1,205,928)	-
	<u>42,550</u>	<u>1,895,865</u>	<u>537,553</u>	<u>8,156</u>	<u>(1,205,928)</u>	<u>1,278,196</u>
Segmental results	30,657	161,886	11,040	850	13,023	217,456
Depreciation & Amortisation						(35,528)
Finance costs						(10,309)
Interest income						-
Share of profit in associated companies						14,221
PBT						<u>185,840</u>
Tax expenses						(39,226)
PAT						<u><u>146,614</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 20 May 2016, the Group had capital commitments amounting to RM 57.1 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 March 2016.

**13. Contingent liabilities and contingent assets**

The Group has no outstanding contingent liabilities and contingent assets as at 20 May 2016 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 2015 is tabled below:

Description	Qtr ended 31.3.2016 RM '000	Qtr ended 31.3.2015 RM '000	Increase/(Decrease)	
			RM'000	%
Revenue	225,002	223,208	+1,794	+0.8
EBITDA	43,761	37,765	+5,996	+15.9
PBT	33,484	28,227	+5,257	+18.6

The Group's revenue rose by 0.8% or RM 1.8 million compared to the previous year's corresponding quarter. Meanwhile EBITDA and PBT improved by 15.9% (RM6.0 million) and 18.6% (RM5.3 million) respectively.

**2. Comparison with Preceding Quarter's Result**

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

Description	Qtr ended 31.3.2016 RM '000	Qtr ended 31.12.2015 RM '000	Increase/(Decrease)	
			RM'000	%
Revenue	225,002	290,737	(65,735)	(22.6)
EBITDA	43,761	54,062	(10,301)	(19.0)
PBT	33,484	46,263	(12,779)	(27.6)

On a preceding quarter basis, the Group's revenue fell by 22.6% as average selling prices fell by between 8% and 16% across its range of products. In addition, there were some production lines being shut down for upgrading and maintenance work at one of the older plants in Perak.



### 3. Prospects

The global demand for both natural rubber and nitrile gloves continues to be robust with good demand coming from both developed and developing countries. During the first quarter, raw material prices were trending lower initially but started to rise sharply in March. The quarter also saw natural gas prices rising as subsidy rationalisation continued. And with pricing competition rising in the industry, the current market conditions have proven to be challenging for the industry. Nevertheless, the Supermax Group has continued to perform creditably to record close to RM 1.3 billion revenue in the 5 quarters to-date for FYE 06/2016.

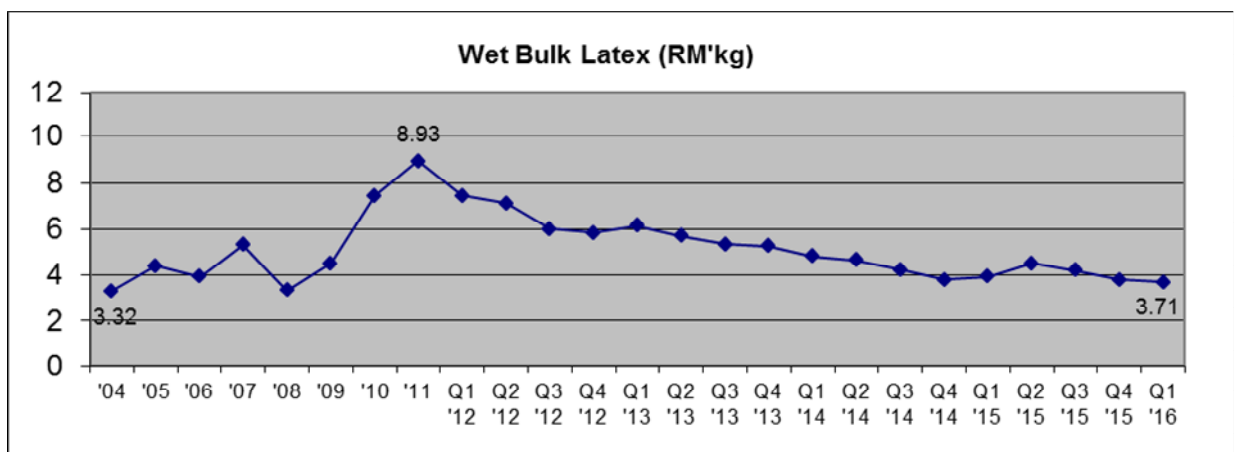
The Supermax Group remains confident of performing well in the years to come with measures put in place to manage rising costs and to continue to grow organically and remain at the forefront of the rubber glove industry globally.

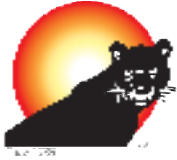
#### Raw Material Prices

##### 1) Natural Rubber Latex

Natural rubber latex prices continued its longer term downward trend, although tapering off and falling to an average price of RM3.70 per kg wet in the current quarter. Prices had in fact started to rise in the latter part of the quarter before rising sharply in the ensuing weeks as the wintering season took hold and the tripartite of major rubber producing countries (Thailand, Indonesia & Malaysia) made concerted efforts to shore up prices by reducing export output. Prices peaked towards end-April and early-May at just over RM5.00 per kg/wet but has since started to slide, retracing to the RM4.60 per kg/wet levels currently.

High latex prices do not appear to be sustainable as demand remains lacklustre and supply relatively high despite the Tripartite's efforts to curb supply. With natural rubber latex forming a significant percentage of manufacturing costs, the low prices augurs well for the industry.

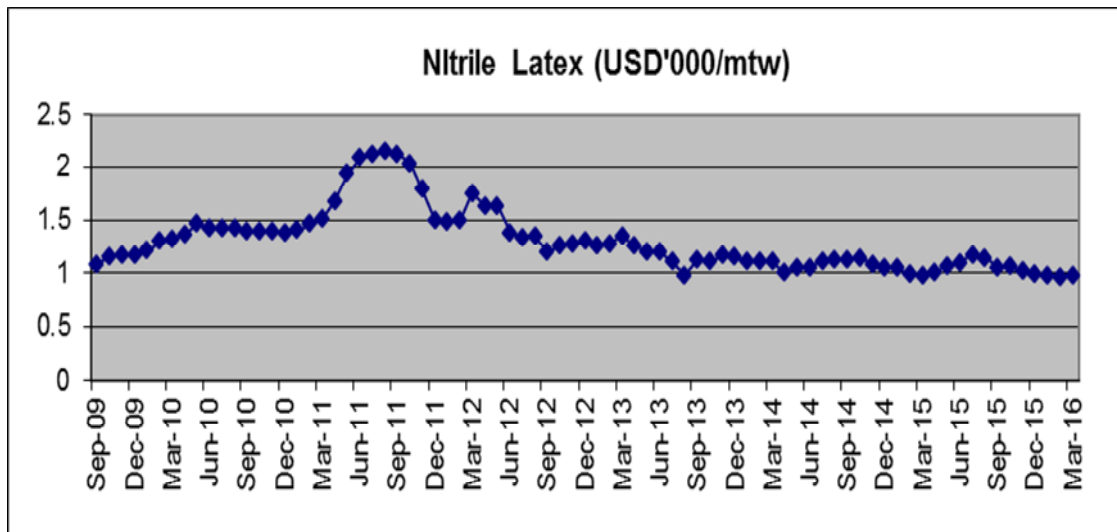




## II) Synthetic Nitrile Latex

Synthetic nitrile latex prices continues to be relatively stable, with prices seldom moving far from the USD1,000 per metric ton wet level.

Stable prices for nitrile latex is a boon for the rubber glove industry which has to contend with the more volatile nature of natural rubber prices. This trend is expected to continue at least in the short to medium term.



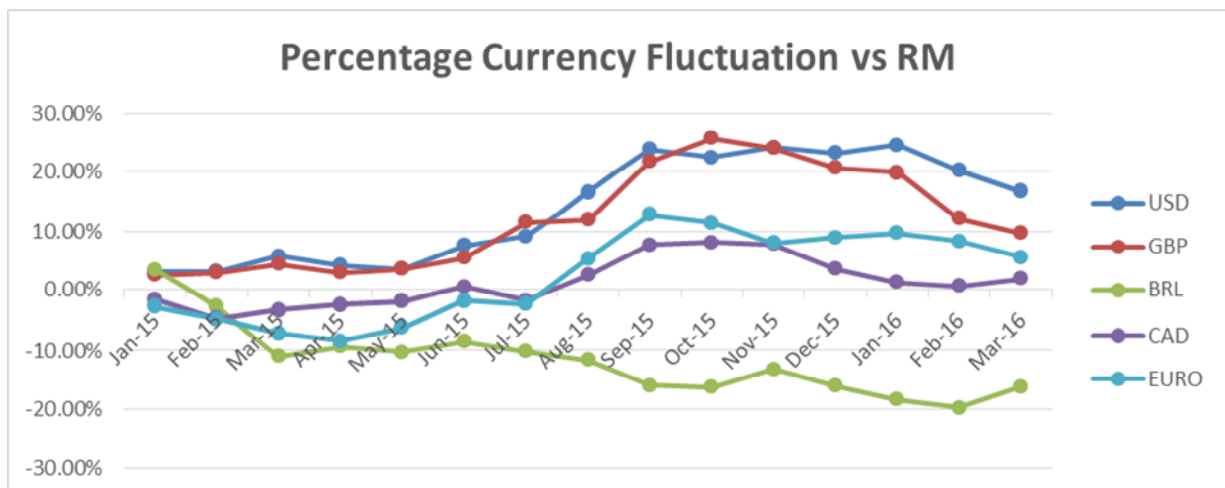
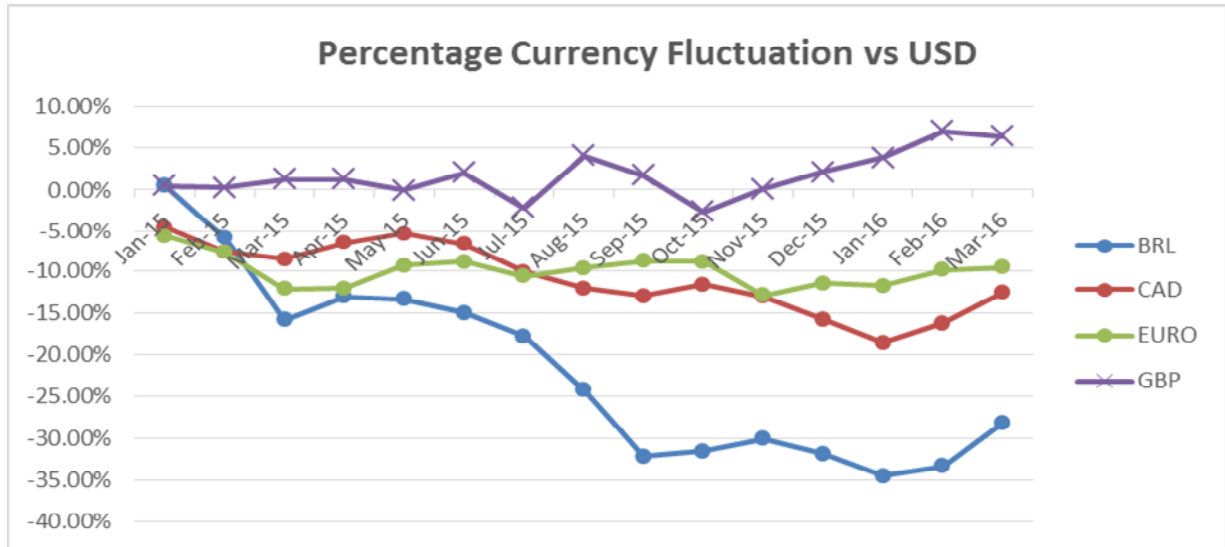
## III) Foreign exchange rates

After surging higher for most of 2015, the USD:RM currency pairing has maintained its momentum going into 2016, peaking at RM4.40 in January before tapering off but remaining at elevated levels. As at 20 May 2016, the exchange rate stood at RM4.08. The USD is expected to remain strong against the RM in the short to medium term.

However, should the RM strengthen against the USD & /or other major currencies, we would be able to adjust the FOB prices accordingly as we have put in place a pricing mechanism to mitigate the impact of currency volatility.

In addition to managing the volatility of Ringgit against US Dollar, the Supermax Group is also managing the volatility of other foreign currencies where the Group operates. Below are the 2 tables showing the fluctuation of the foreign currencies against the US Dollar and Malaysian Ringgit.





The following table shows the quarterly price trend of NR and nitrile latex and USD:RM fluctuations:

**NR & Nitrile Latex Prices (per mtw) and MYR/USD Exchange Rates**

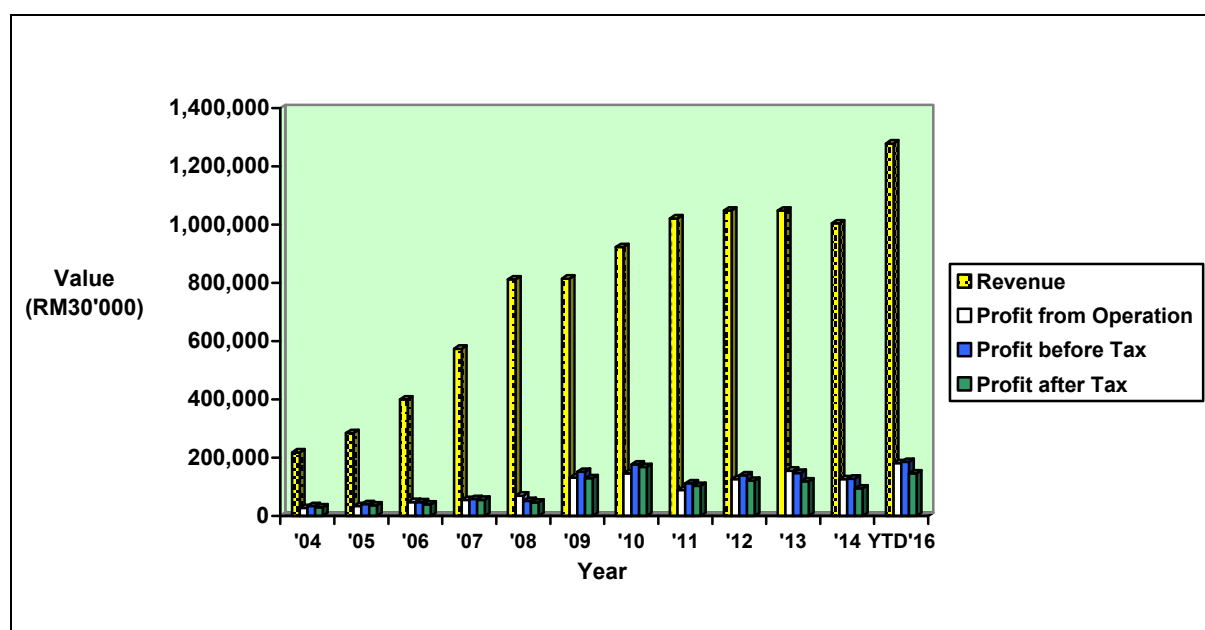
<b>Natural Rubber Latex</b>	<b>Q1 2015</b>	<b>Q2 2015</b>	<b>Q3 2015</b>	<b>Q4 2015</b>	<b>Q1 2016</b>	<b>YOY %</b>
USD	1,086	1,234	1,044	886	884	(18.6)
RM	3,934	4,518	4,228	3,793	3,705	(5.8)
(USD:MYR)	3.62	3.66	4.05	4.28	4.19	+15.7
<b>Synthetic Latex (Nitrile)</b>	<b>Q1 2015</b>	<b>Q2 2015</b>	<b>Q3 2015</b>	<b>Q4 2015</b>	<b>Q1 2016</b>	<b>YOY %</b>
USD	998	1,055	1,102	1,018	970	(2.8)
RM	3,613	3,861	4,463	4,357	4,064	+12.5
(USD:MYR)	3.62	3.66	4.05	4.28	4.19	+15.7



The Group's yearly performances are shown below:

Description	Year 12/2010	Year 12/2011	Year 12/2012	Year 12/2013	Year 12/2014	5 Qtrs for FYE 06/2016
	(RM '000)	(RM '000)	(RM '000)	(RM '000)	(RM '000)	(RM '000)
Revenue	977,281	1,021,358	997,374	1,048,151	1,004,384	1,278,197
Profit from operations	155,458	89,807	122,677	155,789	126,653	181,928
EBITDA	223,373	148,732	170,408	182,481	164,399	231,677
EBITDA Margin	22.9%	14.6%	17.1%	17.4%	16.4%	18.1%
Profit before Tax (PBT)	183,835	112,132	137,306	148,157	128,292	185,840
PBT Margin	18.8%	11.0%	13.8%	14.1%	12.8%	14.5%
Profit after Tax (PAT)	158,955	104,051	121,412	118,990	95,195	146,614
Core Profit after Tax (PAT)	158,955	108,051	121,412	118,990	95,195	146,614
Core PAT Margin	16.3%	10.6%	12.2%	11.4%	9.5%	11.5%
No. of Shares	340,077	340,077	680,154	680,154	680,154	680,154
Net Tangible Asset (NTA)	691,468	769,038	833,780	897,648	944,082	1,055,781
NTA per share (RM)	2.03	2.26	1.23	1.32	1.39	1.55
Core EPS (sen)	46.74	31.77	17.90	17.63	14.00	17.25*
Return on Assets (ROA)	14.9%	8.6%	9.7%	8.7%	6.5%	9.0%
Return on Equity (ROE)	23.0%	13.5%	14.6%	13.3%	10.1%	13.9%

\* Prorated to 12 months (from 15 months' ending 06/2016)



**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**

	<b>Quarter Ended 31.3.2016 RM '000</b>	<b>15-months Ended 31.3.2016 RM '000</b>
Taxation	13,214	39,226

The year-to-date effective tax rate of the Group is lower than the statutory income tax rate mainly because tax incentives such as reinvestment allowances are still claimed by certain subsidiary companies. The higher effective rate for the current quarter is due to previous under-provisions duly taken up in current quarter.

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

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

**7. Quoted Investment**

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

**8. Status of Corporate Proposals Announced**

There were no corporate proposals announced as at 20 May 2016 (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 March 2016 are as follows: -

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
Short term borrowings	18,128	313,265	331,393
Long term borrowings	3,549	69,780	73,329
Total borrowings	21,677	383,045	404,722

90% of the short term borrowings comprise trade facilities amounting to RM 299.6 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 20 May 2016 (the latest practicable date which shall not be earlier than 7 days from the date of this quarterly report).

**11. Pending Material Litigation**

The Group has no outstanding material litigation which might materially and adversely affect the position or business of the Group as at 20 May 2016, being the latest practicable date.

**12. Dividends Declared/Proposed**

The Board of Directors has declared a 3<sup>rd</sup> interim single tier dividend of 4% to be paid on 18 July 2016. This is in addition to 2 interim dividend payments declared and paid in the current 5 quarters to-date for FYE 30 June 2016 as detailed below:

- 1<sup>st</sup> interim single tier dividend of 4% amounting to RM13.5 million paid on 22 October 2015.
- 2<sup>nd</sup> interim single tier dividend of 4% amounting to RM13.4 million paid on 8 April 2016.

**13. Earnings per Share (EPS)**

	<b>06/2016 Current Quarter Ended 31.3.2016</b>	<b>06/2016 Year-to-date Ended 31.3.2016</b>
Net profit / (loss) (RM'000) attributable to ordinary shareholders	19,670	146,635
Weighted average ('000) Number of ordinary shares in issue	680,154	680,154
Basic earnings per share (sen)	2.89	22.56
Pro-rated to 12 months (sen)	N/A	17.25

**14. Realised and Unrealised Profits/Losses**

	<b>As at 31.3.2016 RM '000</b>	<b>As at 31.12.2014 RM '000</b>
Total retained profits of the Company and its Subsidiaries:		
- Realised	537,923	455,237
- Unrealised	(45,755)	11,518
	492,168	466,755
Less: Consolidation adjustments	291,091	205,276
Total Group retained earnings as per consolidated accounts	783,259	672,031