



NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 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 period ended 30 June 2016 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 period ended 30 June 2016. 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 last financial period is an 18-month financial period ended 30 June 2016. This current quarter ended 30 September 2016 is the first quarter of the financial year ending 30 June 2017.

2. Auditors’ Report

There was no qualification on the audited financial statements of the Group for the financial period ended 30 June 2016.

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 RM2.19 per share.

As at 30 September 2016, the number of treasury shares stood at 8,890,000.

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	09.01.2006	3.0%	2,695
	Final tax exempt dividend	18.07.2006	3.5%	3,960
2006	1st & final tax exempt dividend	18.06.2007	6.5%	7,357
2007	Interim tax exempt dividend	28.01.2008	3.0%	3,979
	Final tax exempt dividend	28.06.2008	3.5%	4,626
2008	Interim tax exempt dividend	08.01.2009	3.0%	3,922
	Final tax exempt dividend	08.07.2009	3.5%	4,545
2009	Interim tax exempt dividend	18.11.2009	5.0%	6,567
	Special tax exempt dividend	20.04.2010	9.0%	12,213
	Final tax exempt dividend	28.06.2010	8.0%	10,856
2010	1 st interim tax exempt dividend	01.10.2010	5.0%	8,486
	2 nd interim tax exempt dividend	18.03.2011	5.0%	8,502
	Final tax exempt dividend	28.07.2011	5.0%	8,502
2011	Interim tax exempt dividend	08.12.2011	6.0%	10,202
	Final tax exempt dividend	28.06.2012	3.5% [^]	11,903
2012	Interim tax exempt dividend	18.01.2013	4.0% [^]	13,583
	Final tax exempt dividend	18.06.2013	6.0% [^]	20,404
2013	Interim tax exempt dividend	21.01.2014	4.0% [^]	13,583
	Final tax exempt dividend	30.06.2014	6.0% [^]	20,374



7. Dividend Paid (cont'd)

Financial Year	Description	Payment Date	Dividend (%)	Value (RM'000)
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 st Interim single tier dividend	22.10.2015	4.0%^	13,425
	2 nd Interim single tier dividend	08.04.2016	4.0%^	13,425
	3 rd Interim single tier dividend	18.07.2016	4.0%^	13,425
	Final single tier dividend*	19.12.2016*	4.0%^	13,425*
	Total			275,175

^ 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 ended 30.6.2016 due to change in financial year-end from December to June

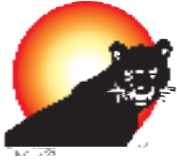
* Proposed by Board of Directors and approved by shareholders' at Annual General Meeting on 21 November 2016

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 3 MONTHS	Investment Holding RM'000	Manu-facturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External sales	-	191,778	77,224	-	-	269,002
Inter-segment sales	-	62,834	316	2,108	(65,258)	-
		<u>254,612</u>	<u>77,539</u>	<u>2,108</u>	<u>(65,258)</u>	<u>269,002</u>
Segmental results	(1,419)	42,152	(7,372)	776	-	34,138
Depreciation & Amortisation						(8,450)
Finance costs						(2,382)
Interest income						-
Share of profit in associated companies						3,182
PBT						26,488
Tax expenses						(6,675)
PAT						<u>19,813</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 25 November 2016, the Group had capital commitments amounting to RM 42.2 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

During the current quarter, the Group had on 30 September 2016 incorporated a wholly-owned subsidiary in Singapore known as Aveo Vision Pte Ltd. Aveo Vision was incorporated as a private company limited by shares in Singapore with an initial issued and paid up share capital of SGD 1,000.00.

13. Contingent liabilities and contingent assets

The Group has no outstanding contingent liabilities and contingent assets as at 25 November 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 is tabled below:

Description	1 st Quarter ended 30.9.2016 RM '000
Revenue	269,002
EBITDA	37,320
Profit Before Tax (PBT)	26,488

The Group recorded total revenue of RM 269.0 million from continued good market demand for both natural rubber and nitrile rubber gloves. In terms of profitability, the Group recorded EBITDA and PBT margins of 13.9% and 9.8% respectively.

Profitability was impacted by external factors such as increased minimum wages and further rationalisation of natural gas subsidy. The Group has also incurred additional costs for its contact lens division particularly in terms of advertising and promotion expenses.

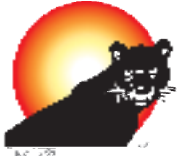
Note: A corresponding quarter (as well as corresponding year-to-date comparison) is not relevant at this time as the current financial period ending 30 June 2017 is a 12-month period as opposed to an 18-month period previously.

2. Comparison with Preceding Quarter's Result

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

Description	Qtr ended 30.9.2016 RM '000	Qtr ended 30.6.2016 RM '000	Increase/(Decrease)	
			RM'000	%
Revenue	269,002	266,539	+2,463	+0.9
EBITDA	37,320	50,923	(13,603)	(26.7)
PBT	26,488	34,783	(8,295)	(23.8)

On a preceding quarter basis, the Group's revenue increased marginally by 1% (RM2.5 million). However, profitability was lower with EBITDA and PBT falling by RM13.6 million and RM8.3 million respectively.



3. Prospects

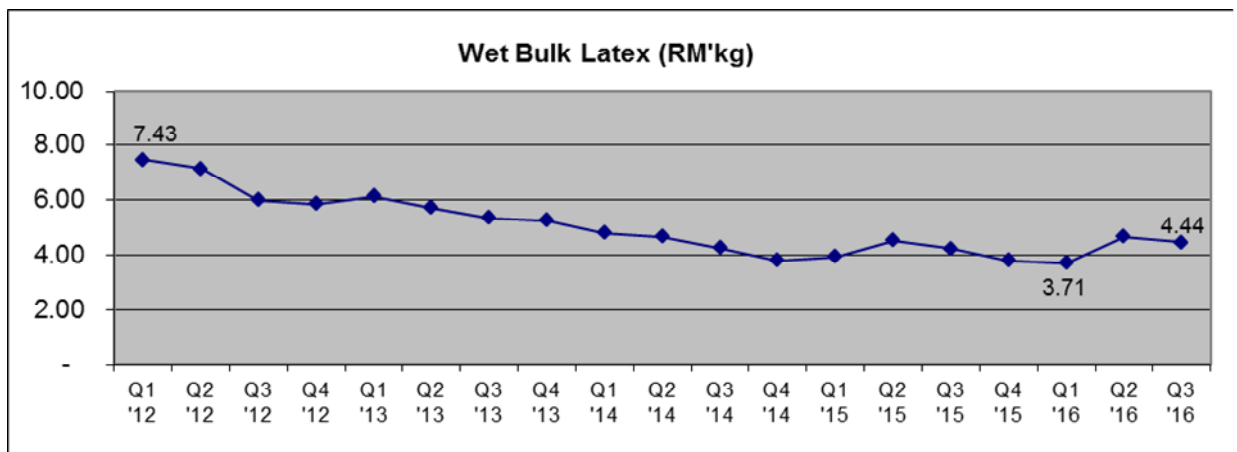
The global demand for both natural rubber and nitrile gloves remains strong with healthcare awareness continuing to rise, increasing regulation of the healthcare sector and ever higher healthcare spending in both the public and private sectors.

Raw Material Prices

I) Natural Rubber Latex

Natural rubber latex prices have been on a downward trend over the longer term but had risen sharply in March and April this year to as high as RM5.12 per kg/wet due to the wintering season and output restriction efforts by the Tripartite of rubber producing nations before tapering off below the RM5.00 level in the ensuing months. More recently, however, prices have been on the rise again, generally in tandem with the stronger USD. As at 25 November 2016, prices had risen to RM5.78 per kg/wet.

Rubber latex prices are expected to trend higher correspondingly to the expected strengthening of the USD for the immediate to medium term.

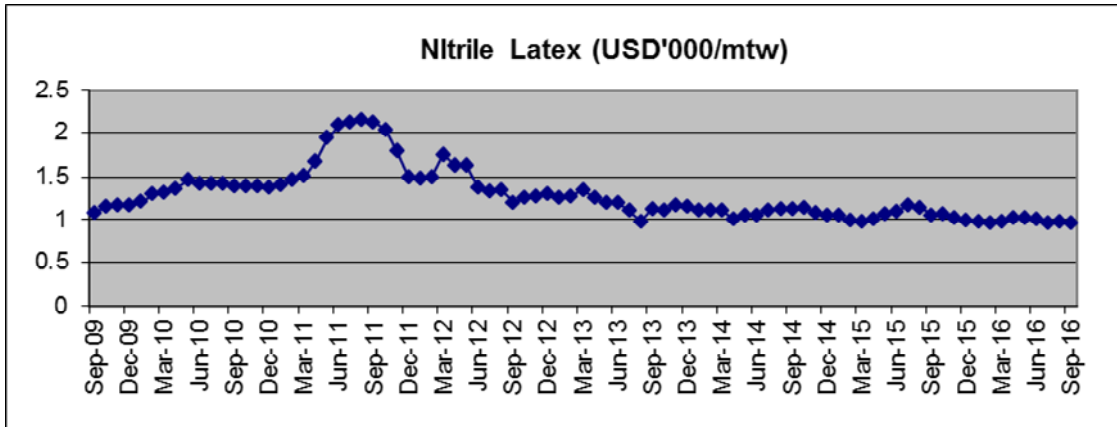


II) Synthetic Nitrile Latex

Synthetic nitrile latex prices have continued to be relatively stable during the quarter under review, with prices seldom moving far from the USD1,000 per metric ton wet level.

However, prices have started to edge up in recent weeks. For the November 2016 month-to-date, prices have averaged USD 1,070 compared to the average of USD 980 over the last one year.

The industry prefers prices for nitrile latex to be stable especially when compared to the more volatile nature of natural rubber prices.

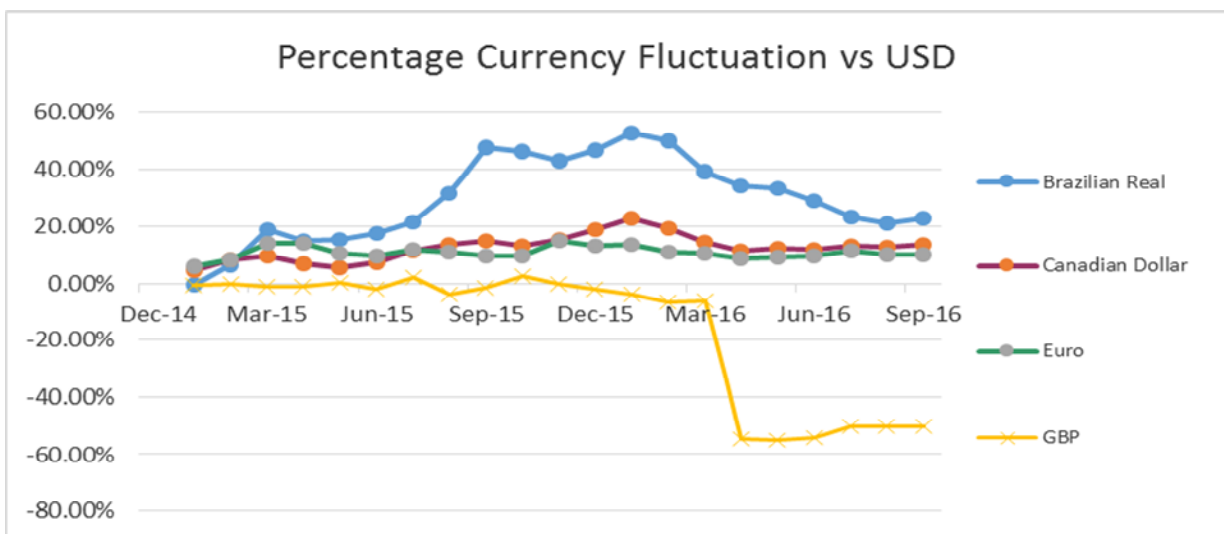


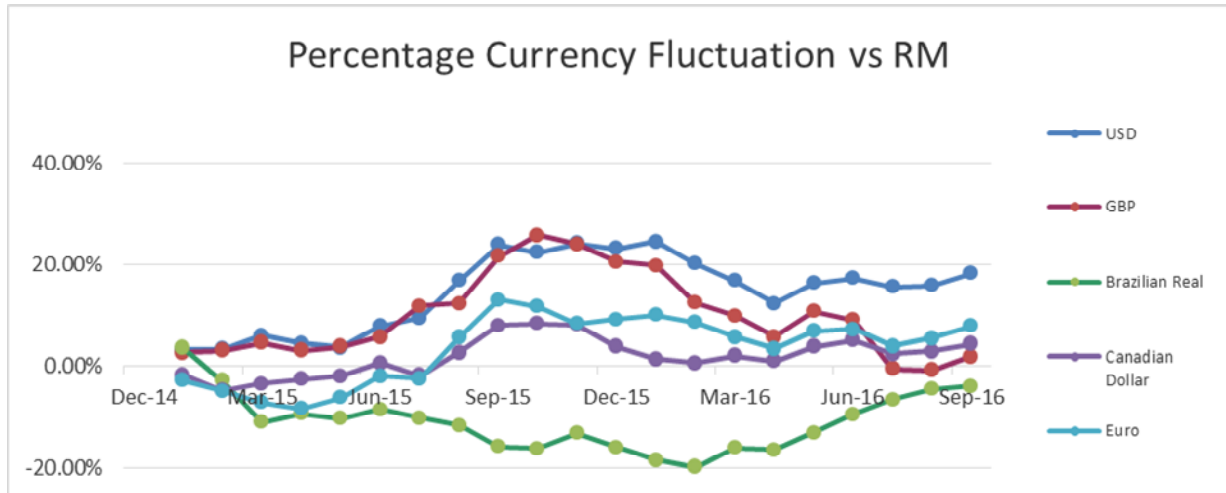
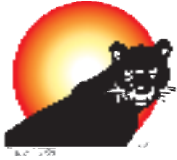
III) Foreign exchange rates

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 to the RM4.00 level. After the Trump-win at the recent US presidential elections, however, the currency pairing has surged higher. As at 25 November 2016, the exchange rate had risen sharply to RM4.46. The USD is expected to remain strong against the RM in the short to medium term.

However, should the RM strengthen back 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 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:

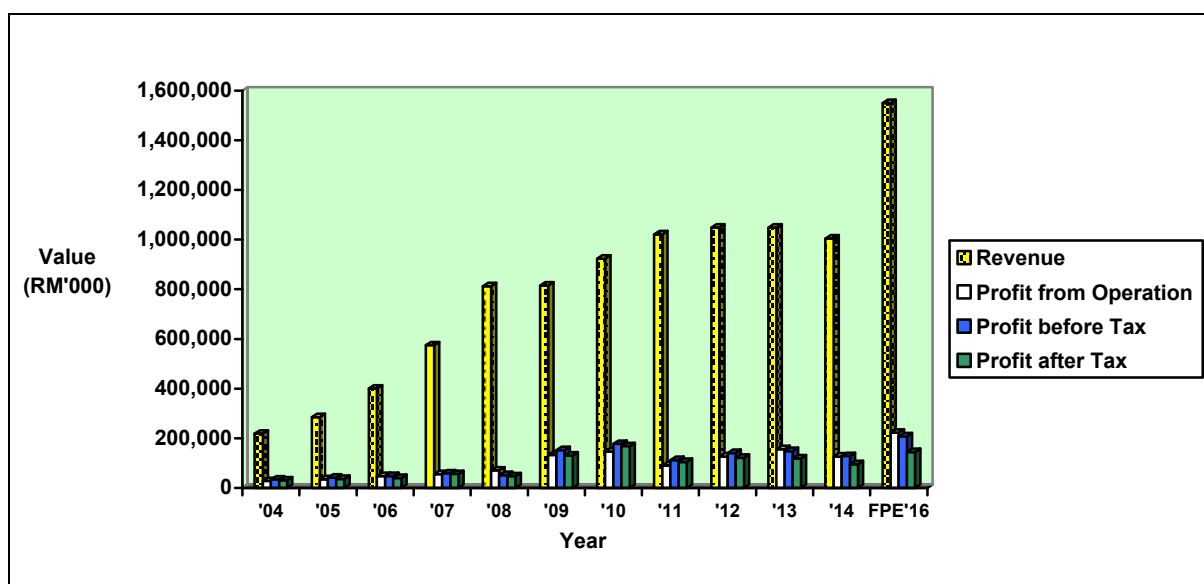
NR & Nitrile Latex Prices and MYR/USD Exchange Rates

Natural Rubber Latex	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	YOY %
USD per kg/wet	1,044	886	884	1,165	1,097	+5.1
RM per kg/wet	4,228	3,793	3,705	4,673	4,444	+5.1
(USD:MYR)	4.05	4.28	4.19	4.01	4.05	Unchanged
Synthetic Latex (Nitrile)	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	YOY %
USD per mtw	1,102	1,018	970	1,007	955	(13.3)
RM per mtw	4,463	4,357	4,064	4,038	3,868	(13.3)
(USD:MYR)	4.05	4.28	4.19	4.01	4.05	Unchanged



The Group's yearly performances are shown below:

Description	Year 12/2010 (RM'000)	Year 12/2011 (RM'000)	Year 12/2012 (RM'000)	Year 12/2013 (RM'000)	Year 12/2014 (RM'000)	18 mths 06/2016 (RM'000)
Revenue	977,281	1,021,358	997,374	1,048,151	1,004,384	1,549,529
Profit from operations	155,458	89,807	122,677	155,789	126,653	222,416
EBITDA	223,373	148,732	170,408	182,481	164,399	271,585
EBITDA Margin	22.9%	14.6%	17.1%	17.4%	16.4%	17.5%
Profit before Tax (PBT)	183,835	112,132	137,306	148,157	128,292	207,342
PBT Margin	18.8%	11.0%	13.8%	14.1%	12.8%	13.4%
Profit after Tax (PAT)	158,955	104,051	121,412	118,990	95,195	144,023
Core Profit after Tax (PAT)	158,955	108,051	121,412	118,990	95,195	144,023
Core PAT Margin	16.3%	10.6%	12.2%	11.4%	9.5%	9.3%
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	1,017,541
NTA per share (RM)	2.03	2.26	1.23	1.32	1.39	1.5
Core EPS (sen)	46.74	31.77	17.90	17.63	14.00	21.36
Return on Assets (ROA)	14.9%	8.6%	9.7%	8.7%	6.5%	8.8%
Return on Equity (ROE)	23.0%	13.5%	14.6%	13.3%	10.1%	14.2%



Note: The financial period ended 30 June 2016 is an 18-month period.

**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. Profit Before Tax

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

	Quarter Ended 30.9.2016 RM'000	Year-to-date 30.9.2016 RM'000
Interest Expense	2,382	2,382
Depreciation & Amortisation	8,450	8,450
Staff costs:		
- Salaries, wages & bonus	25,048	25,048
- EPF	807	807
- Other related staff costs	1,332	1,332
Foreign Exchange		
- Realised Gain or Loss	718	718
- Unrealised Gain or Loss	(1,507)	(1,507)

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

	Quarter Ended 30.9.2016 RM '000	Year-to-date 30.9.2016 RM '000
Taxation	6,675	6,675

7. 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.

8. Quoted Investment

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

9. Status of Corporate Proposals Announced

There were no corporate proposals announced as at 25 November 2016 (the latest practicable date that shall not be earlier than 7 days from the date of this quarterly report).



10. Group Borrowings and Debt Securities

Group borrowings as at 30 September 2016 are as follows: -

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings	13,935	254,049	267,984
Long term borrowings	5,897	137,923	143,820
Total borrowings	19,832	391,972	411,804

91% of the short term borrowings comprise trade facilities amounting to RM 243.9 million that are revolving in nature for working capital purposes. These facilities bear interest rates that are attractive and competitive ranging from 1.0% to 3.6% p.a.

11. Financial Instruments with Off Balance Sheet Risks

There were no financial instruments with off balance sheet risk as at 25 November 2016 (the latest practicable date which shall not be earlier than 7 days from the date of this quarterly report).

12. 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 25 November 2016, being the latest practicable date.

13. Dividends Declared/Proposed

The Board of Directors had proposed a final single tier dividend of 4% for the previous 18-month period ended 30 June 2016. It was approved by the shareholders at the recent Annual General Meeting held on 21 November 2016 and will be paid on 19 December 2016.

Prior to the final dividend, the Board of Directors had declared 3 interim single tier dividend payments of 4% each during the previous financial period. Details are as follows:

- 1st interim single tier dividend of 4% of RM13.5 million paid on 22 October 2015
- 2nd interim single tier dividend of 4% of RM13.4 million paid on 8 April 2016
- 3rd interim single tier dividend of 4% of RM13.4 million paid on 18 July 2016

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

	Current Quarter Ended 30.9.2016	Year-to-date Ended 30.9.2016
Net profit / (loss) (RM'000) attributable to ordinary shareholders	19,537	19,537
Weighted average ('000) Number of ordinary shares in issue	677,055	677,055
Basic earnings per share (sen)	2.89	2.89

15. Realised and Unrealised Profits/Losses

	As at 30.9.2016 RM '000	As at 30.6.2016 RM '000
Total retained profits of the Company and its Subsidiaries:		
- Realised	565,097	810,076
- Unrealised	(33,297)	2,535
	531,800	812,611
Less: Consolidation adjustments	243,153	(57,195)
Total Group retained earnings as per consolidated accounts	774,952	755,416