



NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2017 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 30 June 2017 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 30 June 2017. 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.

2. Auditors’ Report

There was no qualification on the audited financial statements of the Group for the financial period ended 30 June 2017.

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 4,001,000 ordinary shares from the open market at an average price of RM1.90 per share. As at 30 September 2017, the number of treasury shares stood at 16,701,000.

Subsequently, in the month of October and up till 17 November 2017, the Company has repurchased a further 5,525,600 ordinary shares from the open market at an average price of RM1.93 per share, increasing the number of treasury shares to 22,226,600.

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



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
2017	Interim single tier dividend	28.07.2017	2.5 sen	16,686
	Final single tier dividend	18.12.2017	3.0 sen	19,738
	Total			311,599

^ Note that the dividend rate is based on 680.2 million shares (less treasury shares if any) 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

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 FYE JUNE 2017	Investment Holding RM'000	Manu-facturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External sales	751	146,128	164,777	364	-	312,020
Inter-segment sales	-	139,364	47,553	1,602	(188,519)	-
	<u>751</u>	<u>285,492</u>	<u>212,330</u>	<u>1,966</u>	<u>(188,519)</u>	<u>312,020</u>
Segmental results	14	58,035	(6,402)	2,500	-	54,147
Depreciation & Amortisation						(12,051)
Finance costs						(3,323)
Interest income						-
Share of profit in associated cos.						1,882
PBT						40,655
Tax expenses						(12,561)
PAT						<u>28,094</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 15 November 2017, the Group had capital commitments amounting to RM 25.9 million for the purchase of plant and equipment to be installed at its various factories.

11. Material Events Subsequent to the End of Period Reported

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

12. Changes in the Composition of the Group

There were no significant changes in the composition of the Group during the quarter ended 30 September 2017.

13. Contingent liabilities and contingent assets

The Group has no outstanding contingent liabilities and contingent assets as at 15 November 2017 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	1st Quarter ended 30.9.2017 RM '000	1st Quarter ended 30.9.2016 RM '000	Increase/(Decrease)	
			RM'000	%
Revenue	312,021	269,002	+43,019	16.0
EBITDA	56,029	37,320	+18,709	50.1
Profit Before Tax (PBT)	40,655	26,488	+14,167	53.5

The Group recorded total revenue of RM 312.0 million from global sales of its natural rubber and nitrile rubber gloves. In terms of profitability, the Group recorded EBITDA and PBT margins of 17.9% and 13.0% respectively.

Group revenue has risen on the back of higher output recorded from refurbishment work done, higher average selling prices in response to increased raw material prices as well as a stronger USD vs Ringgit.

Profitability has improved owing to efforts taken to improved efficiency and productivity, including the refurbishment of the older lines and streamlining of work processes.

2. Comparison with Preceding Quarter's Result

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

Description	1st Qtr ended 30.9.2017 RM '000	1 st Qtr ended 30.6.2017 RM '000	Increase/(Decrease)	
			RM'000	%
Revenue	312,021	312,585	(564)	(0.2)
EBITDA	56,029	49,446	6,583	+13.3
PBT	40,655	36,042	4,613	+12.8

On a preceding quarter basis, the Group's revenue was largely unchanged. However, the Group's EBITDA and PBT improved by 13.3% and 12.8% respectively mainly on account of lower raw material prices and continuing efficiency improvement measures taken.



3. Prospects

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 driving demand growth. These positive factors continue to augur well for the Company and the industry as a whole. The Chinese Government’s concerted efforts to clamp down on the vinyl glove industry in China has also proven to be a boon for the natural rubber and nitrile glove producers as demand has shifted to them. The clamp down is due to the highly polluting nature of vinyl glove plants which do not comply with China’s environmental regulations.

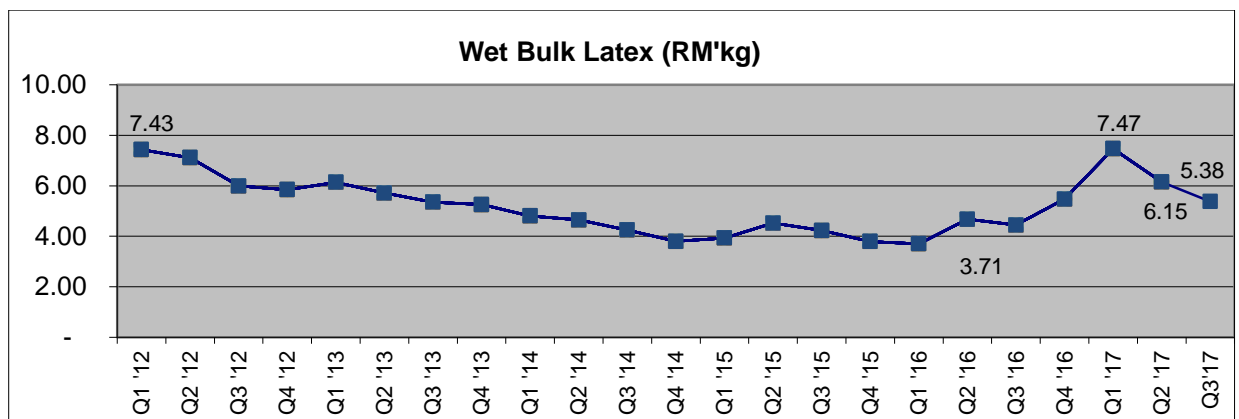
In line with our continuous improvement efforts, we are refurbishing, rebuilding and modernising our older manufacturing plants to gain maximum efficiency in our production capabilities.

Glove Division

1) Natural Rubber Latex

For the current calendar year to date, average monthly natural rubber latex prices had peaked in the first quarter of the year, recording a high of RM7.47 per kg wet. However, prices have subsequently retreated and averaged RM5.38 per kg/wet in the quarter ended 30 September 2017, a fall of 28% from the year high. Prices have continued to trend lower, falling further to an average of RM4.89 per kg wet in the month of October 2017 and RM4.70 as at 15 November 2017.

While this downward trend in the natural rubber latex prices may help offset the upward pressure from other costs such as labour and energy costs, market participants would soon price in the lower raw material costs into average selling prices after a lag period. As such, the Group will remain focused on improving overall operational efficiency and productivity.



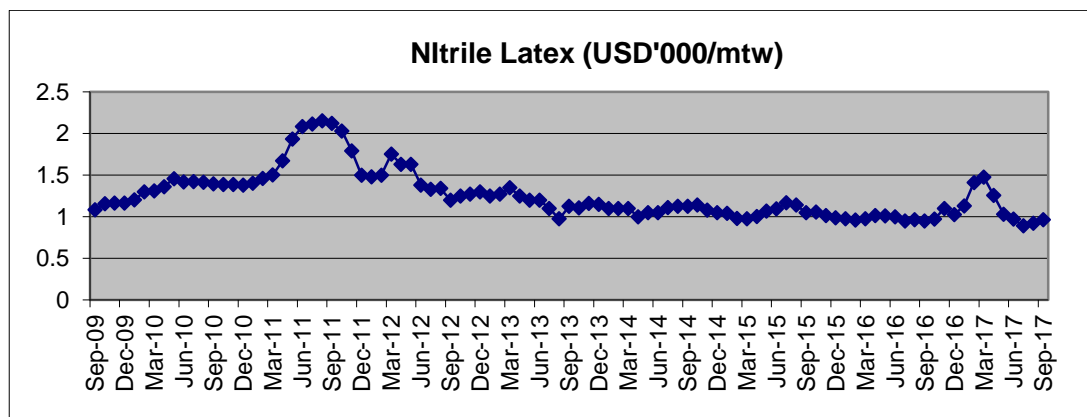


II) Synthetic Nitrile Latex

Synthetic nitrile latex prices have relatively lower price volatility as compared to natural rubber latex prices, with prices hovering around USD 1,000 per metric ton wet (mtw) level for the past four years.

However, shortage of global butadiene supply had sent nitrile latex prices soaring from the USD 1,000 per mtw to around USD 1,500 per mtw in the first quarter of 2017. Towards the quarter ended September 2017, however, nitrile latex prices had fallen back to below the USD 1,000 per mtw level. In the ensuing months of October and November 2017, average nitrile latex prices have risen gradually towards USD 1,100 per mtw level.

Going forward, the industry hopes to see stability in the price of nitrile latex returning for ease of planning and operations. Nevertheless, the Company has pricing mechanisms in place to mitigate the adverse impact to profit margins during times of price volatility.



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 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	YOY %
USD per kg/wet	1,097	1,267	1,682	1,420	1,263	+15.1
RM per kg/wet	4,444	5,473	7,470	6,150	5,380	+21.1
(USD:MYR)	4.05	4.32	4.44	4.33	4.26	+5.2
Synthetic Latex (Nitrile)	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	YOY %
USD per mtw	955	1,032	1,338	1,085	925	-3.1
RM per mtw	3,868	4,458	5,941	4,698	3,941	+1.9
(USD:MYR)	4.05	4.32	4.44	4.33	4.26	+5.2



Contact Lens Division

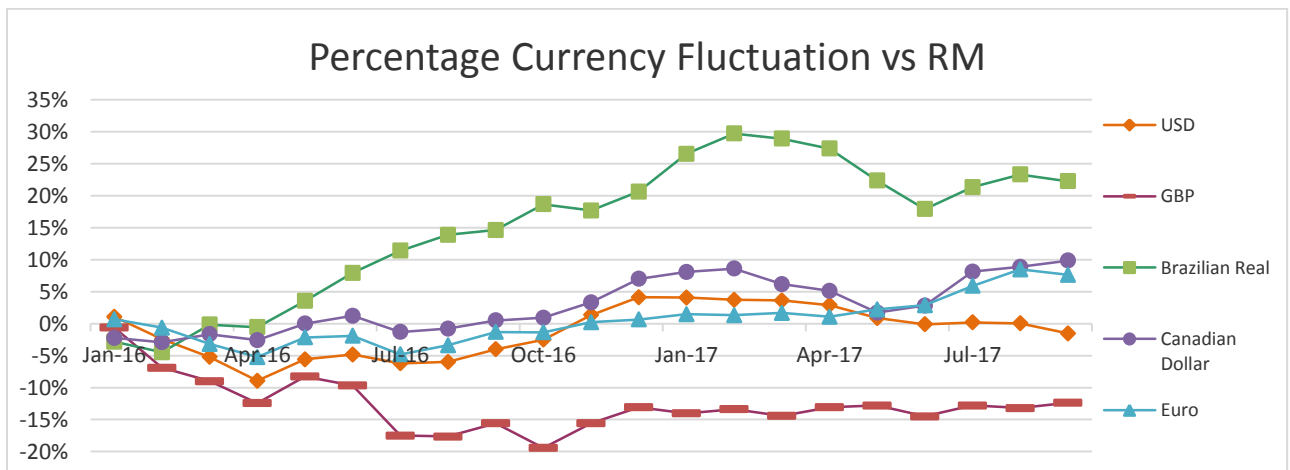
The Group is making good progress in developing its contact lens business. Not only has it successfully set up its production operations over the last few years, but it is also seeing its intensive efforts to procure the necessary certifications and approvals to produce and bring its products to market bear fruit.

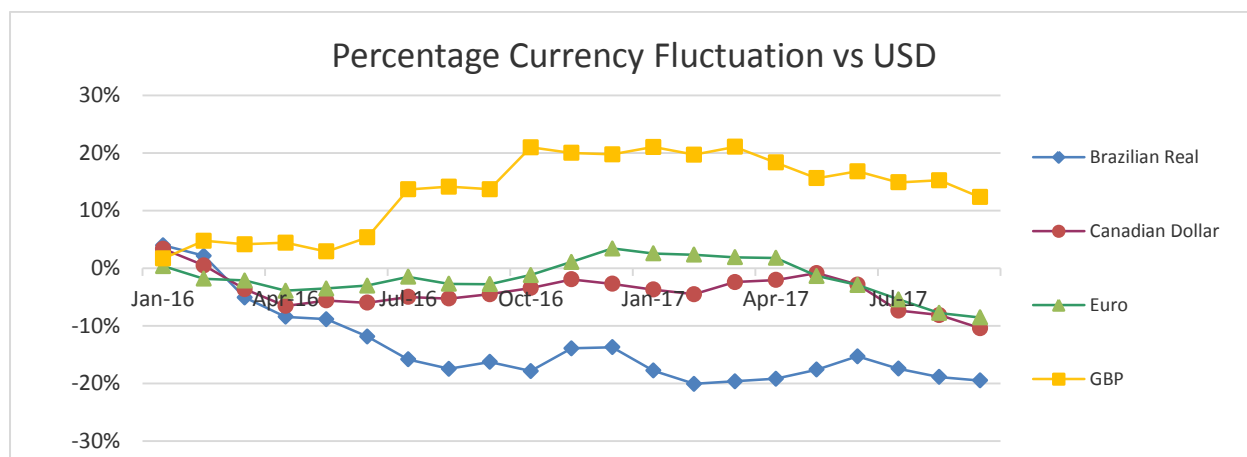
The certifications and approvals obtained todate include the US FDA 510K, the CE Mark and the Brazilian Anvisa license for the overseas markets; and the Medical Device Authority license for the Malaysian market. It is currently pursuing the approvals required to gain access to the Japanese market, the 2nd largest contact lens market after the USA. The Group will continue launching its products in the various overseas markets after obtaining the necessary approvals.

Foreign exchange rates

The post-US presidential elections period saw the USD:MYR currency pairing surge to almost USD1:MYR4.50 at the end of 2016, before easing back gradually to the USD1:MYR4.30 level in recent months. The Company has in place a pricing mechanism which factors in currency volatility and mitigates its impact.

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 Malaysian Ringgit and the US Dollar.





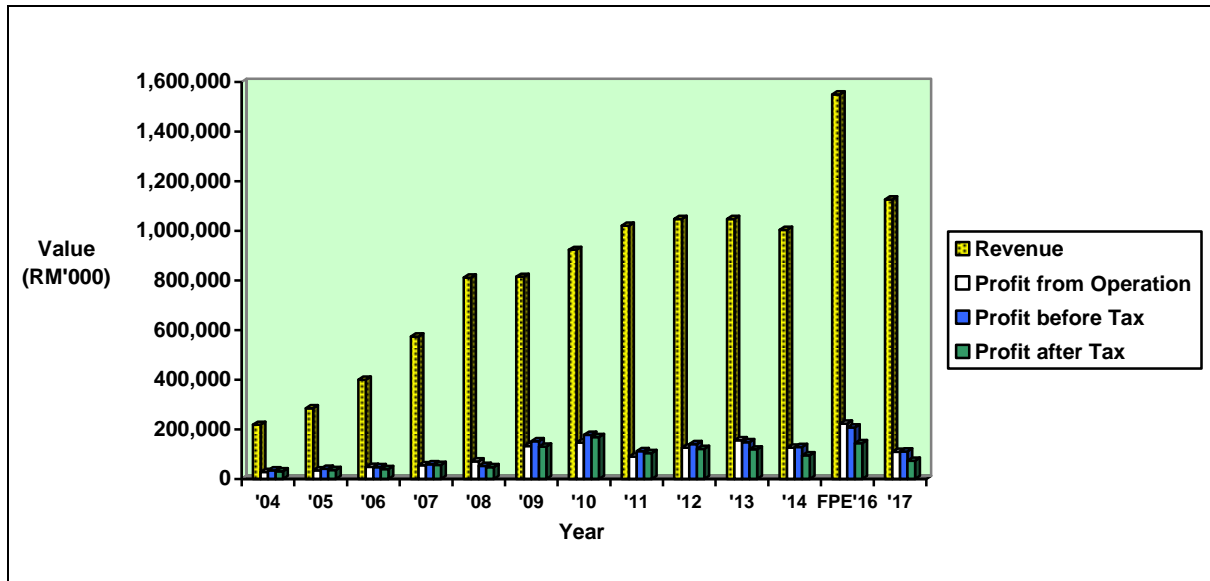
Historical & Current Financial Performance

The Group's historical and current financial performances are shown below:

Description	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)	Year 06/2017 (RM'000)
Revenue	1,021,358	997,374	1,048,151	1,004,384	1,549,529	1,126,550
Profit from operations	89,807	122,677	155,789	126,653	222,416	109,749
EBITDA	148,732	170,408	182,481	164,399	271,395	160,144
EBITDA Margin	14.6%	17.1%	17.4%	16.4%	17.5%	14.2%
Profit before Tax (PBT)	112,132	137,306	148,157	128,292	207,342	110,409
PBT Margin	11.0%	13.8%	14.1%	12.8%	13.4%	9.8%
Profit after Tax (PAT)	104,051	121,412	118,990	95,195	144,023	73,300
Core Profit after Tax (PAT)	108,051	121,412	118,990	95,195	144,023	73,300
Core PAT Margin	10.6%	12.2%	11.4%	9.5%	9.3%	6.5%
No. of Shares	340,077	680,154	680,154	680,154	680,154	680,154
Net Tangible Asset (NTA)	769,038	833,780	897,648	944,082	1,017,541	1,064,568
NTA per share (RM)	2.26	1.23	1.32	1.39	1.50	1.57
Core EPS (sen)	31.77	17.90	17.63	14.00	21.36	10.48
Return on Assets (ROA)	8.6%	9.7%	8.7%	6.5%	8.8%	4.1%
Return on Equity (ROE)	13.5%	14.6%	13.3%	10.1%	14.2%	6.9%

* Period ended 30.6.2016 is a transitional 18-month period following change of financial year-end from December to June

NM = Not meaningful



Note: The financial period ended 30 June 2016 is an 18-month transition period following the change in financial year-end from December to June.

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):

	1 st Quarter Ended 30.9.2017 RM'000	Year-to-date 30.9.2017 RM'000
Interest Expense	3,323	3,323
Depreciation & Amortisation	12,051	12,051
Staff costs:		
- Salaries, wages & bonus	26,322	26,322
- EPF	1,056	1,056
- Other related staff costs	1,815	1,815
Foreign Exchange		
- Realised Gain or Loss	1,878	1,878
- Unrealised Gain or Loss	7,006	7,006

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

	1st Quarter Ended 30.9.2017 RM '000	Year-to-date 30.9.2017 RM '000
Taxation	12,561	12,561

The Group's effective tax rate is higher than the statutory tax rate due to different tax rates in foreign jurisdictions.

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 15 November 2017 (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 2017 are as follows: -

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings	21,646	287,575	309,221
Long term borrowings	2,084	100,743	102,827
Total borrowings	23,730	388,318	412,048

90% of the short term borrowings comprise trade facilities amounting to RM 278.4 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 15 November 2017 (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 15 November 2017, being the latest practicable date.

13. Dividends Declared/Proposed

For the financial year ended 30 June 2017, the Board of Directors had proposed a final single tier dividend of 3.0 sen to be paid on 18 December 2017. It was approved by the shareholders at the Company's 20th Annual General Meeting held on 20 November 2017.

Prior to this, the Board of Directors had declared an interim single tier dividend of 2.5 sen which was paid on 28 July 2017.

14. Earnings per Share (EPS)

	Current Quarter Ended 30.9.2017	Year-to-date Ended 30.9.2017
Net profit / (loss) (RM'000) attributable to ordinary shareholders	27,901	27,901
Weighted average ('000) Number of ordinary shares in issue	665,165	665,165
Basic earnings per share (sen)	4.19	4.19

15. Realised and Unrealised Profits/Losses

	As at 30.9.2017 RM '000	As at 30.9.2016 RM '000
Total retained profits of the Company and its Subsidiaries:		
- Realised	596,006	588,378
- Unrealised	(32,554)	(50,108)
	563,452	538,270
Share of Retained Profits		
- Realised	285,763	283,881
	849,215	822,151
Consolidation adjustments	(29,643)	(29,643)
Total Group Retained Earnings as per consolidated accounts	819,571	792,508