SUPERMAX
CORPORATION BERHAD
(420405-P)

since 1989

FOCUSED VISIONARY

Annual Report 2016

SUPERMAX
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(420405-P)
since 1989

CONTENTS

CORPORATE PROFILE

SUPERMAX
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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 has carried out extensive R&D activities in the UK and successfully commissioned its manufacturing facility in Malaysia in early 2016. It has exported dry contact lenses to the European markets and is making inroads into the Asian markets with its own brand of contact lenses for the consumer market.

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.

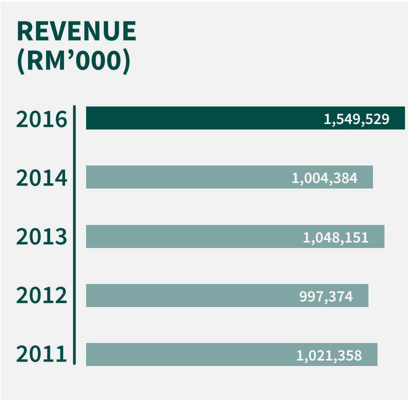
FINANCIAL HIGHLIGHTS

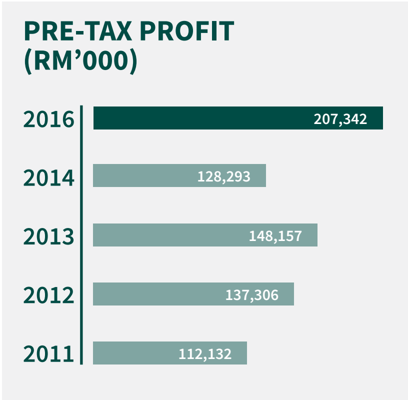
	2016 RM'000	2014 RM'000
Revenue	1,549,529	1,004,384
Pre-tax profit	207,342	128,293
After-tax profit	141,893	95,195
Net assets	1,017,541	944,082
Total assets	1,644,566	1,463,574
Paid-up capital	340,077	340,077
Shareholders' equity	1,018,607	944,082
Interim dividend	40,276	13,541
Final dividend *	13,425	20,312
Net assets per share (in RM)	1.51	1.39
Earnings per ordinary share of RM0.50 each (in Sen)	21.36	14.09

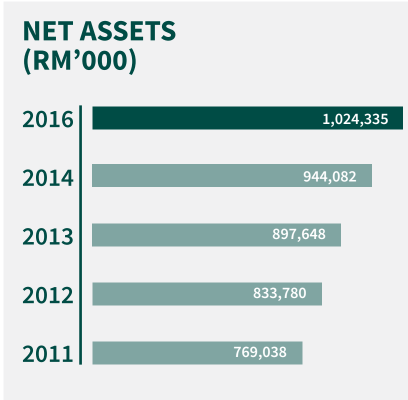
* *Subject to shareholders' approval at the 19th' Annual General Meeting*

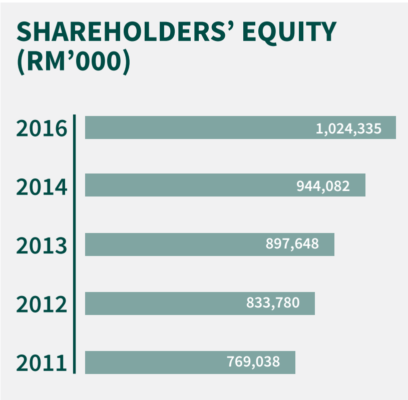
Note: As announced on 13 May 2015, the Company had changed its financial year-end from December to June. As such, the current financial period is an 18-month period ended 30 June 2016.

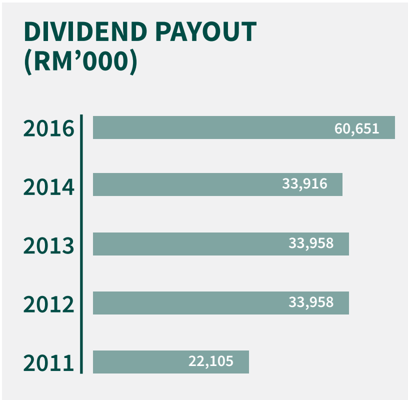
FIVE-YEARS FINANCIAL SUMMARY

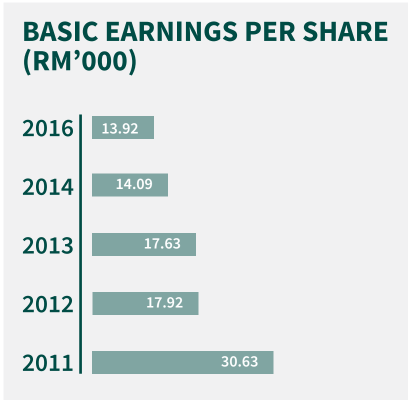












	2016 RM'000	2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000
Revenue	1,549,529	1,004,384	1,048,151	997,374	1,021,358
Pre-tax profit	207,342	128,293	148,157	137,306	112,132
Net assets	1,024,335	944,082	897,648	833,780	769,038
Shareholders' equity	1,024,335	944,082	897,648	833,780	769,038
Dividend payout	60,651	33,916	33,958	33,958	22,105
Basic earnings per share (sen)	13.92	14.09	17.63	17.92	30.63

* *Based on ordinary share of RM0.50 each.*

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**

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

Tricor Investor & Issuing House Services Sdn. Bhd. (11324–H)
Unit 32-01, Level 32, Tower A, Vertical Business Suite,
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur
Tel: 03-27839299 Fax: 03-27839222

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

TAN SRI RAFIDAH AZIZ

Chairman, Independent Non-Executive Director
Aged 73, 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).

DATO' SERI THAI KIM SIM, STANLEY

Group Managing Director
Aged 56, 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 sits on the Board of the Malaysian Rubber Export & Promotion Council (MREPC) since April 2010 and was appointed Trustee of the Malaysian Rubber Glove Manufacturers Association (MARGMA) in April 2013.

DATIN SERI TAN BEE GEOK, CHERYL

Group Executive Director
Aged 55, 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.

PROFILE OF DIRECTORS (CONTINUED)

DATO' TING HENG PENG

Independent Non-Executive Director
Aged 56, 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 as well as CSF Group PLC, a company listed on London Stock Exchange in Alternative Investment Market.

DATO' TAN GEOK SWEE @ TAN CHIN HUAT

Non-Executive Director
Aged 66, 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 65, 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
58, 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

None of the Directors of the Company has been convicted for offences within the past five (5) years other than traffic offences, if any.

Shareholdings in the Company and its subsidiaries

Details are set out on page 89 of the Annual Report.

CHAIRMAN'S STATEMENT

Economic Landscape

The Rubber Glove industry is one of the very few industries that Malaysia has gained and retained a leadership position in the global market. These past 2 years, Malaysia has managed to keep its global market share at more than 60%, well ahead of its closest competitors including Thailand and Indonesia, the 2 largest rubber producers in the world. Also, it is an industry where we proudly present our products as being 'Made in Malaysia', three words that signal confidence in the market, and we continue to strive to set global industry standards, be it quality of gloves or technological advancement in production processes.

As also the case in many other industries, rubber glove manufacturers have had to deal with volatility in exchange rates, and in raw material prices. Malaysian manufacturers have also had to manage rising labour and utility costs, which affect cost competitiveness.

However, with supportive government measures and incentives in place, the industry has, and will continue to invest heavily, in product and process innovation. These moves have enabled the local players to produce gloves more efficiently, and also competitively. One important development that bears mention, is that most, if not all of the major players in Malaysia, have flexible production lines, capable of switching between latex and nitrile glove production. This enables the manufacturers to seamlessly react to any changes to the product mix, in terms of global consumption and demand.

In the face of the many challenges, Supermax is constantly looking into (i) optimising product mix; (ii) revamping older production lines; and (iii) improving operational efficiency. Notably, Profit before Tax (PBT) margins have improved, from 12.8% in FY2014 to 14.3% currently. Additionally, Supermax continues to invest in automating its production process, not only to further improve efficiency, but also to reduce reliance on foreign workers.

Future Outlook

The Company's Management team will continue to strive to create and enhance value for stakeholders. For the next 5-10 years, our goal is to create a portfolio of medical devices, that can complement, and supplement each other, in terms of value proposition.

Supermax has achieved success in the rubber glove business, which has been built up over a period approaching 3 decades. It has proven to be a robust, resilient, sustainable and highly price-inelastic industry with no viable alternative to-date. According to MARGMA, global rubber glove consumption is expected to grow at a CAGR of 8-10% from 2016 to 2020, well-surpassing average global economic growth of 2%. To meet the growing demand, several capacity expansion projects are in the pipeline, including the Bukit Kapar land and Serendah Business Park projects. And certainly, the Company's core business will continue to be in the Rubber Gloves sector.

However, Supermax is also venturing into the contact lens business, having invested an initial RM65 million, in setting up a highly advanced and sophisticated manufacturing facility, and in the process becoming Malaysia's first home-grown contact lens manufacturer. The Management is confident of successfully tapping into this new sector, and forge the ability to leverage on the Group's existing distribution network.

Acknowledgement

As Chairman, I would like to record my deep appreciation to the Board of Directors of Supermax for their guidance in moving the Company towards higher levels of success. My appreciation also goes to the Management team, and the entire Supermax family at all levels, for their commitment and efforts, towards the achievement of all the Group's objectives.

Last but certainly not least, a heartfelt Thank You to all the Shareholders for placing trust and faith in the Company. We will dedicate ourselves to ensuring that Supermax will continue to justify that trust and faith.

Thank you.

Tan Sri Rafidah Aziz
Chairman
October 25, 2016
Kuala Lumpur, Malaysia

GROUP MANAGING DIRECTOR'S STATEMENT

On behalf of the board of Directors, it has been my great privilege and pleasure to present the financial performance of Supermax Group.

Performance

We have made steady progress, growing revenue and delivering profit growth despite the ongoing challenging market, economical conditions and the continuing pressure on expenditure.

Our strategy is built on the expertise in the industry, fundamental strength of our business, our great heritage, strong values, relentless focus to deliver our strategy, together with our focus on the quality of experience with our customers. This mean that we are well positioned to fulfill our purpose.

We continued to focus on understanding and meeting the changing needs of our customers around the world. We are investing for the future; increasing our sales and marketing capabilities, brand presence, increasing resources, developing products with a particular focus, and continuing to make strategic plans, innovation, upgrading to third generation automation and robotics for cost effectiveness, all of which make financial sense.

We are also investing in higher technology products and driving new product launches while taking proactive actions to streamline activities to enhance profitable growth.

We have ventured into contact lens business and have moved to expand and strengthen ownership of our business in Singapore and Hong Kong besides the many strategic and flourishing business centers around the world.

Our People

Supermax success is built on our peoples' passion, dedication, hardwork, commitment and their relentless focus on improving our products and customer's experience. This is core to our ability to deliver to our customers, investors and shareholders and fulfilling our purpose. We focus on leadership to ensure that Supermax's values are present in everything we do.

Dividends

The Board remains focus on building shareholder value and we are confident that by following our strategies, driving efficiencies and managing cost carefully, we will achieve this.

The Company has since paid out 3 interim dividends of 4 % single tier dividend for the 18 month period ended 30 june 2016. The Board had also proposed a further final 4 % single tier dividend subject to shareholders' approval at the upcoming Annual General Meeting towards the end of 2016. This would translate into a total dividend payout of 35 % or close to RM54 million paid out during this period.

Going Forward

The glove market will remain competitive although the industry has proven to be robust and resilient. Nonetheless, we have a business plan and strategies under constant review and, where necessary, adjusted to accommodate changing circumstances. This will allow our strategies to be well placed to navigate the tough trading climate and grow our business to accelerate revenue and profit growth, and continue to deliver attractive shareholders returns while further enhancing our brands, which are truly preferred.

On the contexts of our venture in the contact lens business, we are Malaysia's very first home grown manufacturer of soft contact lens and we aspire to be a leading global player in this industry.

Acknowledgment

Special thanks to Tan Sri Rafidah Aziz, who joined Supermax Group as Non-Executive Chairman in June 2015. I am truly grateful for Tan Sri being ever available and ever ready to provide her vision, guidance, and advice.

I also take this opportunity of thanking my fellow directors for their support and for the vision and intellect that they bring to the board.

I extend my sincere thank to my colleagues who have strive relentlessly at the heart of everything they do with passion, pride and dedication. I have the confidence and trust in them for delivering another successful year.

My thanks also go out to all our business associates for their continuous support.

Finally, I thank all the shareholders for their support and trust in Supermax and together we look forward to another successful year ahead.

Thank you.

Dato' Seri Stanley Thai
Founder, Group Managing Director
October 25, 2016
Kuala Lumpur, Malaysia

CORPORATE SOCIAL RESPONSIBILITY

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 some of its factories. The fuel used is basically the waste from the oil palm industry such as palm kernel shells and empty fruit bunch and from the wood-based industry (such as wood waste 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 greatly reduced.

The Group has spent close to RM22 million over the years to build up, upgrade and maintain its biomass facilities. A further RM5 million has been earmarked to build a new large scale biomass facility in Bukit Kapar for its 'Glove City' Project which will entail the setting up of 4 large factories over a 10 – 12 years period.

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 RM9 million on this project.

BEST PRACTICES IN THE WORKPLACE

Supermax places great emphasis on 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 showcase 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.

Ongoing initiatives include

- strict "No child labour" policy
- encouraging a healthy lifestyle and building camaraderie among staff by providing support for social and sporting activities
- equal employment opportunity in terms of gender and ethnicity across all levels of employment from the boardroom to the factory floor.

In 2013, we had also completed the setting up of our distribution headquarters in Chicago, Illinois. This 90,200 sq ft. 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 efficiency.

CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

BEST PRACTICES IN THE MARKETPLACE

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 all of Bursa Malaysia's listing requirements are duly complied with such as timely reporting of quarterly results and other announcements. 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 over the phone providing comprehensive updates.

BEST PRACTICES IN THE COMMUNITY

Supermax believes in giving back to the community and has over the years donated generously in times of need. They include the donation of gloves during the devastating Katrina and Indian Ocean Tsunami natural disasters, also on a smaller scale albeit more regular basis to dialysis centre and St John Ambulance as well as donations in cash and kind to various places of worship and animal shelter.

We also believe in helping our youths achieve their academic dreams and have, in collaboration with the Malaysian Rubber Export Promotion Council (MREPC) provided scholarships to needy students over the past 6 years.

With the knowledge that breast cancer is one of the leading causes of cancer death in women, Supermax had in 2015 also participated in the 'Wear it Pink 2015' breast cancer awareness campaign organized by Pantai Hostpital. The Company not only sent volunteers to the event but was also a major sponsor with donations in cash and gloves. The campaign objective was to remind, educate and implant the 'Prevention is better than cure' mindset into the society and to contribute towards creating a healthier Malaysia.

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;

(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.

AUDIT COMMITTEE REPORT (CONTINUED)

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

Eight (8) meetings were held during the 18-month financial period ended 30 June 2016. The record of attendance is as follows: -

Name	No. of Meetings Attended
Gong Wooi Teik, Felix	8/8
Rashid Bin Bakar	6/8
Dato' Ting Heng Peng	8/8

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. Considered the matters relating to corporate governance in compliance with the revamped Listing Requirement of Bursa Malaysia Securities Berhad and the Malaysian Code on Corporate Governance;

4. 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.

5. Reviewed and recommended the appointment of new external auditors to conduct the statutory audit of the Supermax Group.

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 18-month financial period ended 30 June 2016, 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 18-month financial period ended 30 June 2016 amounted to RM386,000 (2014: RM328,000).

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 ("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 that the Board recognises the value-add and positive insights a woman member can bring to the Board and represents steps taken by the Board towards achieving a more gender diversified Board.

Tan Sri's appointment is also in line with the recommendations of the Malaysian Code of Corporate Governance 2012 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.

- 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.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

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) 2012 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.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Board Meetings and Supply of Information to the Board

During the 18-month period ended 30 June 2016, seven (7) 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	4	4
2.	Dato' Seri Thai Kim Sim	7	7
3.	Datin Seri Tan Bee Geok	7	7
4.	Dato' Tan Geok Swee @ Tan Chin Huat	7	6
5.	Dato' Ting Heng Peng	7	7
6.	Mr Gong Wooi Teik, Felix	7	7
7.	Dr. Rashid Bin Bakar	7	6

Note: Tan Sri Rafidah Aziz was appointed to the Board of Directors following shareholders' approval at the 18th Annual General Meeting held on 16 June 2015

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.

During the current financial period, Tan Sri Rafidah Aziz was appointed to the Board as Independent Non-Executive Chairman. Tan Sri Rafidah Aziz, had been nominated by Supermax founder, Group Managing Director and substantial shareholder; Dato' Seri Stanley Thai. The Nomination Committee had then conducted 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 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)*

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

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 financial period, the Nomination Committee had met 2 times. The meetings were fully attended by all the members and matters considered included the appointment of Tan Sri Rafidah Aziz as Independent Non-Executive Chairman of the Board, the performance of the directors as a whole, as sub-committees, individually; and directors' training needs.

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 current financial period, 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	➢ Focus Group Series: Corporate Governance Disclosures; by Bursa Malaysia
Datin Seri Cheryl Tan	➢ Focus Group Series: Corporate Governance Disclosures; by Bursa Malaysia
Dato' Tan Geok Swee @ Tan Chin Huat	➢ Focus Group Series: Corporate Governance Disclosures; by Bursa Malaysia
Dato' Ting Heng Peng	➢ Adopting Risk Management System Frameworks for Company Directors and Senior Management; by Icon Learning & Development Sdn Bhd ➢ Implementing Business Plan Strategies for Company; by I-World Tech & Management Training ➢ Focus Group Series: Corporate Governance Disclosures; by Bursa Malaysia;
Mr Felix Gong Wooi Teik	➢ Merger, Acquisition & Affiliation Seminar & Exhibition; by Malaysian Institute of Accountants ➢ Independent Directors Programme: The Essence of Independence; by Bursa Malaysia & Iclif Leadership and Governance Centre ➢ CG Breakfast Series with Directors: Future of Auditor Reporting – The Game Changer for Boardroom; by Bursa Malaysia & The Malaysian Institute of Certified Public Accountants (MICPA) ➢ National Tax Seminar 2015; by Inland Revenue Board Malaysia ➢ National Tax Conference 2015; by Inland Revenue Board Malaysia & Chartered Tax Institute of Malaysia (CTIM) ➢ Audit Oversight Board Conversation with Audit Committees; by the Audit Oversight Board, Securities Commission Malaysia
Dr. Rashid Bin Bakar	➢ Focus Group Series: Corporate Governance Disclosures; by Bursa Malaysia

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Company Secretary

The Board of Directors is ably supported by the Company Secretaries appointed. The Company Secretaries, who are qualified under Section 139A of the Companies Act, 1965, 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 Secretaries include:

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 18-month financial period are as follows:

Category	Fees	Salaries & other emoluments	Benefit in kind
Executive Directors	423,000	27,244,475	4,801,989
Non-executive Directors	875,000	26,000	-

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

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

Executive Directors	
Remuneration	Number
RM 1,000,000 and above	2

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, 1965 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 judgements 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, 1965.

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 18-month period ended 30 June 2016, the Audit Committee had also met with the External Auditors without the presence of the Executive Board members on 2 occasions.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Internal Control

The Statement of Internal Control furnished on page 24 to 25 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

Share Buy-backs

During the 18-month financial period ended 30 June 2016, the Company bought back a total of 5,789,000 of its ordinary shares of RM0.50 each which are listed and quoted on the Main Market of Bursa Securities in the open market. The details of the shares bought back during the period are as follows:

Monthly Breakdown	No. of Shares Bought Back	Purchase Price per Share (RM)			Total Consideration Paid (RM)
		Lowest	Highest	Average	
April 2015	1,000	2.13	2.13	2.13	2,176.08
August 2015	1,000	2.17	2.17	2.17	2,216.10
September 2015	3,806,700	1.93	2.08	2.02	7,685,646.43
October 2015	1,979,300	2.02	2.07	2.06	4,075,651.97
March 2016	1,000	2.91	2.91	2.91	2,956.33
Total	**5,789,000**	**1.93**	**2.91**	**2.03**	**11,768,646.91**

As at 30 June 2016, the total number of shares repurchased and retained as treasury shares amounted to 8,889,000 shares. No treasury shares were resold or cancelled during the 18-month financial period ended 30 June 2016.

Imposition of Sanctions / Penalties

The Inland Revenue Board had assessed additional taxes on one of the Group's subsidiaries amounting to RM 7.7 million in relation to years of assessment 2007 and 2009 to 2011, which was paid in April 2016.

Save as disclosed above, there were no sanctions and/or penalties imposed on the Company or its subsidiaries, Directors or management by the relevant regulatory bodies during the financial period ended 30 June 2016.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Non-audit fees

There is no non-audit fee paid by the Company to the External Auditors for the financial period ended 30 June 2016.

Variation in results for Profit estimate, forecast or projection

The Company did not make any release on the profit estimate, forecast or projections for the financial year. The variance between the audited results (net profit after taxation) and the unaudited results announced to Bursa Securities is less than 10%.

Profit Guarantee

During the year, there were no profit guarantees given by the Company.

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 18-month financial period ended 30 June 2016 is set out on page 74 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

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

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, 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 18-month financial period ended 30 June 2016, 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 period ended 30 June 2016 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.

SUPERMAX
CORPORATION BERHAD
(420405-P)
since 1989

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 period from 1 January 2015 to 30 June 2016.

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 period.

CHANGE OF FINANCIAL YEAR END

The Company's financial year end has been changed from 31 December to 30 June on 13 May 2015.

FINANCIAL RESULTS

	Group RM	Company RM
Net profit for the financial year	144,023,424	53,723,627
Attributable to:-		
Owners of the parent	143,972,739	53,723,627
Non-controlling interests	50,685	-
	144,023,424	53,723,627

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 year ended 31 December 2014:-	
Final single-tier dividend of 6% per ordinary share of RM0.50, paid on 8 July 2015	20,311,616
In respect of the financial period from 1 January 2015 to 30 June 2016:	
Three (3) interim single-tier dividends of 4% per ordinary share of RM0.50:	
Paid on 22 October 2015	13,425,338
Paid on 8 April 2016	13,425,318
Paid on 18 July 2016	13,425,318
	60,587,590

The directors proposed a final single-tier dividend of 4% per ordinary share of RM0.50 amounting to RM13,425,318 in respect of the current financial period, subject to approval of shareholders at the forthcoming Annual General Meeting.

The financial statements for the current financial 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 2017.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period.

DIRECTORS' REPORT (CONTINUED)

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 period 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 period 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 period in which this report is made.

SHARES CAPITAL AND DEBENTURES

During the financial period, no new issue of shares or debentures was made by the Company.

TREASURY SHARES

During the financial period, the Company repurchased 5,789,000 of its issued ordinary shares from the open market at an average price of RM2.03 per ordinary share. The total consideration paid for the shares repurchased including transaction costs was RM11,768,647. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 in Malaysia.

As at 30 June 2016, the Company held a total of 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 RM18,424,000. 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 (Appointed w.e.f. 16.6.2015)
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 134 of the Companies Act, 1965 in Malaysia, the interests of the directors in office at the end of the financial period in the ordinary shares of the Company during the financial year are as follows:-

	Number of ordinary shares of RM0.50 each			
	At 1.1.2015	**Bought**	**Sold**	**At 30.6.2016**
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
Gong Wooi Teik	3,068,486	-	-	3 ,068,486
Dr. Rashid Bin Bakar	60,000	-	-	60,000

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS (CONT'D)

	Number of ordinary shares of RM0.50 each			
	At 1.1.2015	Bought	Sold	At 30.6.2016
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 6A(4) of the Companies Act, 1965 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 period, 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.

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 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 realize.

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 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 period 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 period.

DIRECTORS' REPORT (CONTINUED)

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: 29 September 2016

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT 1965

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 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Company as at 30 June 2016 and of the changes in equity, the results and statement of cash flows of the Company for the financial period ended on that date.

The supplementary information set out in the financial statements on page 86 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: 29 September 2016

STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT

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

DATIN SERI TAN BEE GEOK

Before me:

Commissioner for Oaths

Kuala Lumpur, Malaysia

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SUPERMAX CORPORATION BERHAD

Report on the Financial Statements

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 2016 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 34 to 86.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2016 and their financial performance and cash flows for the financial period then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act;

(b) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes.

(c) The auditors' reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under sub-section (3) of Section 174 of the Act.

(d) Other than those subsidiaries without the auditors' reports as disclosed in Note 7 to the financial statements, the auditors' reports on the financial statements of the remaining subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE MEMBERS OF SUPERMAX CORPORATION BERHAD

Other Reporting Responsibilities

The supplementary information set out on page 86 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad 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 Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 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)
1805/11/16 (J)
Partner

Kuala Lumpur, Malaysia

Date: 29 September 2016

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2016

		Group		Company	
	Note	2016 RM	2014 RM	2016 RM	2014 RM
Non-current assets					
Property, plant and equipment	4	808,238,930	663,129,683	-	-
Investment property	5	427,361	446,968	-	-
Prepaid land lease payments	6	4,326,428	4,423,590	-	-
Investment in subsidiaries	7	-	-	199,425,378	186,190,279
Investment in associates	8	217,722,387	210,548,700	18,994,696	18,994,696
Goodwill on consolidation	9	28,715,854	28,715,854	-	-
Deferred tax assets	10	1,589,840	2,015,910	-	-
		1,061,020,800	909,280,705	218,420,074	205,184,975
Current assets					
Inventories	11	161,886,638	151,446,237	-	-
Receivables	12	233,624,935	182,101,407	226,998	787,974
Tax assets		13,357,549	4,018,902	66,249	58,377
Amounts owing by subsidiaries	13	-	-	244,657,824	221,177,576
Amounts owing by associates	14	49,726,392	84,795,425	294,301	294,301
Cash and bank balances	15	124,949,417	131,931,737	498,163	304,096
		583,544,931	554,293,708	245,743,535	222,622,324
TOTAL ASSETS		1,644,565,731	1,463,574,413	464,163,609	427,807,299
Capital and reserves					
Share capital	16	340,077,440	340,077,440	340,077,440	340,077,440
Reserves	17	678,529,773	605,087,482	(11,881,093)	6,751,516
Equity attributable to owner of the parent		1,018,607,213	945,164,922	328,196,347	346,828,956
Non-controlling interest		(1,065,840)	(1,082,708)	-	-
		1,017,541,373	944,082,214	328,196,347	346,828,956
Non-current liabilities					
Loans and borrowings	18	128,140,842	146,098,131	37,495,345	20,970,000
Deferred tax liabilities	10	39,676,638	33,175,787	-	-
		167,817,480	179,273,918	37,495,345	20,970,000
Current liabilities					
Payables	21	176,487,550	118,752,003	322,957	25,850
Amounts owing to subsidiaries	13	-	-	73,882,988	7,996,395
Loans and borrowings	18	256,908,162	206,466,996	10,840,654	38,445,000
Dividend payable		13,425,318	13,541,098	13,425,318	13,541,098
Tax payables		12,385,848	1,458,184	-	-
Subtotal		459,206,878	340,218,281	98,471,917	60,008,343
TOTAL EQUITY AND LIABILITIES		1,644,565,731	1,463,574,413	464,163,609	427,807,299

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

		Group		Company	
		1.1.2015 to 30.6.2016	**1.1.2014 to 31.12.2014**	**1.1.2015 to 30.6.2016**	**1.1.2014 to 31.12.2014**
	Note	**RM**	**RM**	**RM**	**RM**
Revenue	22	1,549,528,912	1,004,383,726	62,550,000	33,963,000
Purchases		(934,382,093)	(653,088,882)	-	-
Other operating income		24,366,095	6,734,207	3,005,056	97,198
Share of profit of associates		16,097,265	9,807,918	-	-
Changes in inventories in finished goods and work in progress		(15,982,942)	(32,191,075)	-	-
Administrative cost					
Directors' remuneration	23	(32,947,464)	(11,798,079)	(1,331,000)	(453,000)
Staff costs		(136,042,589)	(80,740,662)	-	-
Depreciation of property, plant and equipment	4	(48,862,621)	(27,861,911)	-	-
Depreciation of investment property	5	(19,607)	(13,071)	-	-
Amortisation of prepaid lease payments	6	(97,164)	(64,127)	-	-
Other operating expenses		(199,242,077)	(78,707,483)	(7,539,830)	(2,879,036)
Total administrative cost		(417,211,522)	(199,185,333)	(8,870,830)	(3,332,036)
Profit from operation		222,415,715	136,460,561	56,684,226	30,728,162
Finance costs	25	(15,073,737)	(8,168,025)	(2,960,599)	-
Profit before tax	24	207,341,978	128,292,536	53,723,627	30,728,162
Tax expenses	26	(63,318,553)	(33,097,447)	-	(5,806)
Net profit for the financial period		144,023,425	95,195,089	53,723,627	30,722,356
Attibutable to:-					
Owner of the parent		143,972,740	95,641,903	53,723,627	30,722,356
Non-controlling interest		50,685	(446,814)	-	-
Profit for the financial period		144,023,425	95,195,089	53,723,627	30,722,356
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation		1,791,971	(10,233,953)	-	-
Total comprehensive income for the financial period/year		145,815,396	84,961,136	53,723,627	30,722,356
Total comprehensive income attributable to:-					
Owner of the parent		145,798,528	85,468,338	53,723,627	30,722,356
Non-controlling interest		16,868	(507,202)	-	-
Total comprehensive income for the financial period/year		145,815,396	84,961,136	53,723,627	30,722,356
Earning per ordinary share attributable to owner of the parent					
Basic and diluted (sen)	27	21.36	14.09	-	-

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

		Attributable to Owners of the Parent						
		Non-distributable			Distributable			
Group	Note	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 2014		340,077,440	(50,114,396)	(2,043,568)	610,730,171	898,649,647	(1,001,160)	897,648,487
Comprehensive income								
Net profit for the financial year		-	-	-	95,641,903	95,641,903	(446,814)	95,195,089
Other comprehensive income								
Foreign currency translation		-	(10,173,565)	-	-	(10,173,565)	(60,388)	(10,233,953)
Total comprehensive income for the financial period		-	(10,173,565)	-	95,641,903	85,468,338	(507,202)	84,961,136
Transactions with owners								
Dividends	28	-	-	-	(33,915,624)	(33,915,624)	-	(33,915,624)
Change in ownership interests in subsidiaries		-	-	-	(425,654)	(425,654)	425,654	-
Purchases of treasury shares		-	-	(4,611,785)	-	(4,611,785)	-	(4,611,785)
Total transactions with owners		-	-	(4,611,785)	(34,341,278)	(38,953,063)	425,654	(38,527,409)
Balance at 31 December 2014/ 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 year		-	-	-	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		340,077,440	(58,462,173)	(18,424,000)	755,415,947	1,018,607,214	(1,065,840)	1,017,541,374

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

Company	Note	Attributable to Owners of the Parent — Non-distributable: Issued Share Capital RM	Non-distributable: Treasury Shares RM	Distributable: Retained Earnings RM	Total Equity RM
Balance at 1 January 2014					
Comprehensive income		340,077,440	(2,043,568)	16,600,137	354,634,009
Net profit for the financial year		-	-	30,722,356	30,722,356
Total comprehensive income for the financial year		-	-	30,722,356	30,722,356
Transaction with owners					
Dividends	28	-	-	(33,915,624)	(33,915,624)
Purchases of treasury shares		-	(4,611,785)	-	(4,611,785)
Total transactions with owners		-	(4,611,785)	(33,915,624)	(38,527,409)
Balance at 31 December 2014/ 1 January 2015		340,077,440	(6,655,353)	13,406,869	346,828,956
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
Transactions 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		340,077,440	(18,424,000)	6,542,907	328,196,347

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

STATEMENTS OF CASH FLOW
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

	Group		Company	
	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM
Profit before tax	207,341,978	128,292,536	53,723,627	30,728,162
Cash flow generated from/(used in) operating activities				
Adjustments for :-				
Depreciation of investment property	19,607	13,071	-	-
Depreciation of property, plant and equipment	48,862,621	27,861,911	-	-
Amortisation of prepaid lease payments	97,162	64,127	-	-
Dividend income	-	-	(62,550,000)	(33,963,000)
Interest income	(288,935)	-	(3,005,055)	-
Interest expenses	15,073,738	8,168,025	2,960,599	-
Inventories written off	-	10,660	-	-
Net (gain)/loss on unrealised foreign exchange	40,621,530	(2,586,661)	(1,232,679)	2,426,004
Share of profit of associates	(16,097,265)	(9,807,918)	-	-
Operating profit/(loss) before working capital changes	295,630,436	152,015,751	(10,103,508)	(808,834)
Inventories	(10,474,213)	41,203,816	-	-
Receivables	(62,984,919)	(31,716,067)	560,976	(560,976)
Amount owing by associates	35,069,033	8,180,437	-	-
Payables	47,585,447	23,151,020	297,106	(25,290)
Cash generated from/(used in) operations	304,825,784	192,834,957	(9,245,426)	(1,395,100)
Tax paid	(54,802,615)	(35,122,343)	(7,872)	(27,283)
Tax refunded	740,336	-	-	-
Net cash from/(used in) operating activities	250,763,505	157,712,614	(9,253,298)	(1,422,383)
Cash flows from investing activities				
Repayment from subsidiaries	-	-	-	36,908,606
Advances to subsidiaries	-	-	(23,678,246)	-
Dividend received	-	-	62,550,000	33,963,000
Acqusition of additional interest in subsidiaries	-	(425,654)	-	-
Subscription of shares in subsidiaries	-	-	(13,235,100)	(2,296,215)
Purchase of property, plant and equipment	(193,971,188)	(177,562,331)	-	-
Net cash (used in)/from investing activities	(193,971,188)	(177,987,985)	25,636,654	68,575,391

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

STATEMENTS OF CASH FLOW (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

	Group		Company	
	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM
Cash flows from financing activities				
Dividends paid	(60,703,369)	(33,957,564)	(60,703,370)	(33,957,564)
Interest received	288,935	-	3,005,055	-
Interest paid	(15,073,738)	(8,168,025)	(2,960,599)	-
Advances from subsidiaries	-	-	66,084,592	519,354
Drawdown of finance lease payable, net	126,302	23,322	-	-
Repayment of industrial hire purchase, net	(10,827,245)	(7,670,175)	-	-
Drawndown/(Repayment) of term loans, net	(19,155,074)	58,397,619	(9,846,320)	(29,427,750)
(Repayment)/Drawdown of short term borrowings, net	42,588,839	(21,465,057)	-	-
Purchase of treasury shares	(11,768,647)	(4,611,785)	(11,768,647)	(4,611,785)
Net cash used in financing activities	(74,523,997)	(17,451,665)	(16,189,289)	(67,477,745)
Net change in cash and cash equivalents carried down	(17,731,680)	(37,727,036)	194,067	(324,737)
Effect of exchange rates changes on cash and cash equivalents	10,749,360	2,034,053	-	(12,314)
Cash and cash equivalents at beginning of financial period/year	131,931,737	167,129,834	304,096	641,147
Cash and cash equivalents at end of financial period/year	124,949,417	131,436,851	498,163	304,096
Analysis of cash and cash equivalents:-				
Cash and bank balances	124,949,417	131,931,737	498,163	304,096
Less : Bank overdraft	-	(494,886)	-	-
	124,949,417	131,436,851	498,163	304,096

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

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 in accordance with a resolution by the Board of Directors in accordance dated on 29 September 2016.

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 ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 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 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 period. 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 STANDARDS ISSUED BUT NOT YET EFFECTIVE

New standards, amendments to published standards and IC interpretations to existing standards that are applicable to the Group and the Company but not yet effective

The Group and the Company will apply the new standards, amendments to published standards and IC interpretations in the following financial period:

(i) Effective for the financial year beginning on/after 1 July 2016
- Amendments to MFRS 116 and MFRS 138 "Clarification of Acceptable Methods of Depreciation and Amortisation" (effective from 1 January 2016)
- Amendments to MFRS 127 "Separate Financial Statements - Equity Accounting in Separate Financial Statements" (effective from 1 January 2016)
- Amendments to MFRS 101 "Presentation of Financial Statements – Disclosure Initiative" (effective from 1 January 2016)
- Amendments to MFRS 10, 12 & 128 "Investment entities - Applying the Consolidation Exception" (effective from 1 January 2016)
- Annual Improvements to MFRSs 2012 - 2014 Cycle (Amendments to MFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", MFRS 7 "Financial Instruments: Disclosures" and MFRS 134 "Interim Financial Reporting") (effective from 1 January 2016)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

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

2.2 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

New standards, amendments to published standards and IC interpretations to existing standards that are applicable to the Group and the Company but not yet effective (cont'd)

(ii) Effective for the financal year beginning on/after 1 July 2017
- Amendments to MFRS 107 "Statement of Cash Flows" - Disclosure Initiative (effective from 1 January 2017)
- Amendments to MFRS 112 "Income Taxes" - Recognition of Deferred Tax Assets for Unrealised Losses (effective from 1 January 2017)

(iii) Effective for the financial year beginning on/after 1 July 2018
- MFRS 9 "Financial Instruments"
- MFRS 15 "Revenue from Contracts with Customers"

(iv) Effective for the financial year beginning on/after 1 July 2019
- MFRS 16 "Leases"

None of the standards listed above are expected to have a significant effect on the financial statements of the Group and of the Company upon initial application, except for the following:

- Amendments to MFRS 107 'Statement of Cash Flows – Disclosure Initiative' (effective from 1 January 2017) introduce an additional disclosure on changes in liabilities arising from financing activities.

- Amendments to MFRS 112 'Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses' (effective from 1 January 2017) clarify the requirements for recognising deferred tax assets on unrealised losses arising from deductible temporary difference on asset carried at fair value.

- Amendments to MFRS 127 'Seperate Financial Statements' (effective from 1 January 2016) allow the entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

  In addition, in evaluating whether an entity will have sufficient taxable profits in future periods against which deductible temporary differences can be utilised, the amendments require an entity to compare the deductible temporary differences with future taxable profits that excludes tax deductions resulting from the reversal of those temporary differences.

- MFRS 9 "Financial Instruments" (effective 1 January 2018) will replace MFRS 139 "Financial Instruments: Recognition and Measurement".

  MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with a irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

  For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in OCI rather than the profit or loss, unless this creates an accounting mismatch.

  MFRS 9 introduces an expected credit losses model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

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

2.2 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

New standards, amendments to published standards and IC interpretations to existing standards that are applicable to the Group and the Company but not yet effective (cont'd)

None of the standards listed above are expected to have a significant effect on the financial statements of the Group and of the Company upon initial application, except for the following:

- MFRS 15 'Revenue from contracts with customers' (effective from 1 January 2018) replaces MFRS 118 'Revenue' and MFRS 111 'Construction contracts' and related interpretations. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

  Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

- MFRS 16 'Leases' (effective from 1 January 2019) supersedes MFRS 117 'Leases' and the related interpretations.

  Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

  MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

  The right-of-use asset is depreciated in accordance with the principle in MFRS 116 'Property, Plant and Equipment' and the lease liability is accreted over time with interest expense recognised in the income statement.

  For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The Group and the Company are currently still in process of assessing the impact of the new standards upon initial application of these standards.

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 period. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

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

2.3 BASIS OF CONSOLIDATION AND SUBSIDIARIES (CONT'D)

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 period 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.

The Group has applied the revised MFRS 127 prospectively on 1 January 2011 in accordance with the transitional provisions. Accordingly, transactions with non-controlling interests prior to the respective effective date have not been restated to comply with the Standard.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

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 period 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 of the 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 recognised 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 period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised 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 4.8.

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 straight-line 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 period.

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 period 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%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

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 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 from 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 periods.

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 Impairment of Non-Financial Assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of fair value less cost to sell and the value in use, which is measured by reference to discounted future cash flows and is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recognised amount is determined for the cash-generating unit to which the asset belongs to. An impairment loss is recognised whenever the carrying amount of an item of asset exceeds its recoverable amount. An impairment loss is recognised as an expense in the profit or loss.

Any subsequent increase in recoverable amount due to a reversal of impairment loss is restricted to the carrying amount that would have been determined (net of accumulated depreciation, where applicable) had no impairment loss been recognised in prior financial years. The reversal of impairment loss is recognised as revenue in the profit or loss.

2.11 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.

2.12 Financial Assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include loans and receivables.

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases and sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Group and the Company committed to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

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

2.12 Financial Assets (cont'd)

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or where appropriate, a shorter period to the net carrying amount on initial recognition.

2.13 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.

2.14 Impairment of Financial Assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.15 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.

2.16 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 period in which they are declared.

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

2.17 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.

2.18 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.

2.19 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

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

2.20 Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.
Term loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.21 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 period 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.

2.22 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.

2.23 Revenue

(a) Sale 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Employee Benefits

(a) Short Term Employee Benefits

Wages, salaries, social security contribution, bonuses and non-monetary benefits are accrued in the period 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 period to which the related service is performed. Once the contributions have been paid, the Group and the Company has no further payment obligations.

2.25 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 period, 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 or 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 period.

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 period 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

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

2.26 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 period, 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.

2.27 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 non-occurrence 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:-

(i) 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.

(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 period 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.

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

(b) Key Sources of Estimation Uncertainty (cont'd)

(i) Useful Lives of Property, Plant and Equipment (cont'd)

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 period 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.

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 period. 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 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.

(iv) Impairment of Loans and Receivables

The Group assesses at the end of each reporting period 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 Realisable Values 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

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

(b) Key Sources of Estimation Uncertainty (cont'd)

(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 1.1.2015	135,065,769	163,686,677	32,862,369	483,100,330	84,650,423	23,160,430	16,654,730	9,890,713	26,592,014	7,967,340	279,288	983,910,083
Additions	9,747,334	12,292,605	11,100	46,944,774	97,516,921	3,531,499	7,861,933	2,179,050	8,890,290	740,276	-	189,715,782
Exchange differences	-	4,256,086	-	-	-	-	-	-	-	-	-	4,256,086
Reclassification	-	302,100	-	61,777,624	(73,339,113)	1,299,652	9,429,737	530,000	-	-	-	-
At 30.6.2016	144,813,103	180,537,468	32,873,469	591,822,728	108,828,231	27,991,581	33,946,400	12,599,763	35,482,304	8,707,616	279,288	1,177,881,951
Accumulated depreciation												
At 1.1.2015	-	28,348,952	-	255,435,792	-	8,270,608	9,206,300	8,039,025	4,747,659	6,659,372	72,692	320,780,400
Charge for the financial year	-	4,494,890	-	35,875,949	-	1,761,072	3,088,071	944,558	2,042,735	550,612	104,733	48,862,621
Exchange differences	-	-	-	-	-	-	-	-	-	-	-	-
At 30.6.2016	-	32,843,842	-	291,311,741	-	10,031,680	12,294,371	8,983,583	6,790,394	7,209,984	177,425	369,643,021
Net carrying amount	144,813,103	147,693,626	32,873,469	300,510,986	108,828,231	17,959,901	21,652,029	3,616,180	28,691,910	1,497,632	101,863	808,238,930
As at December 2014												
Cost	135,065,769	163,686,677	32,862,369	483,100,330	84,650,423	23,160,430	16,654,730	9,890,713	26,592,014	7,967,340	279,288	983,910,083
Accumulated Depreciation	-	(28,348,952)	-	(255,435,792)	-	(8,270,608)	(9,206,300)	(8,039,025)	(4,747,659)	(6,659,372)	(72,692)	(320,780,400)
Net carrying amount	135,065,769	135,337,725	32,862,369	227,664,538	84,650,423	14,889,822	7,448,430	1,851,688	21,844,355	1,307,968	206,596	663,129,683

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

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

(a) Included under property, plant and equipment are freehold land, buildings and certain plant and machinery which are charged as security for the long-term loans, overdraft and other credit facilities of the Group as disclosed in Note 18 to the financial statements.
(b) The net carrying amount of motor vehicles held under finance lease payables is RM417,458 (2014:RM100,833).
(c) The net carrying amount of plant, machinery and equipment under industrial hire purchase is RM33,689,733 (2014: RM35,537,363).
(d) 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	
	2016 RM	**2014 RM**
Cost		
At 1 January / 30 June / 31 December	551,537	551,537
Accumulated depreciation		
At 1 January	104,569	91,498
Change for the financial period / year	19,607	13,071
At 30 June / 31 December	124,176	104,569
Net carrying amount	427,361	446,968
Consists of:-		
Freehold office building	427,361	446,968

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

	2016 RM	2014 RM
Rental income	43,099	24,804
Direct operating expenses	(19,607)	(13,071)
	23,492	11,733

As at 30 June 2016 the fair values of the investment properties are RM630,000 (2014: 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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

6. PREPAID LAND LEASE PAYMENTS

	Group 2016 RM	Group 2014 RM
Cost		
At 1 January/30 June /31 December	5,283,684	5,283,684
Amortisation		
At 1 January	860,094	795,967
Amortisation for the financial year	97,162	64,127
At 30 June/31 December	957,256	860,094
Net carrying amount	4,326,428	4,423,590
Consists of:-		
Leasehold land with period of:-		
Less than 50 years	432,138	449,993
More than 50 years	3,894,290	3,973,597
	4,326,428	4,423,590

Prepaid land lease payments amounting to RM1,755,655 (2014: RM1,891,463)have been charged to credit facilities granted to the Group as disclosed in Note 18 to financial statements.

7. INVESTMENT IN SUBSIDIARIES

	Company 2016 RM	Company 2014 RM
Unquoted shares, at cost		
At 1 January	186,190,279	183,894,064
Addition	13,235,099	2,296,215
At 30 June/31 December	199,425,378	186,190,279

Details of the subsidiaries are as follows:-

Name of Companies	Country of Incorporation	Effective Equity Interest 2016	Effective Equity Interest 2014	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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name of Companies	Country of Incorporation	Effective Equity Interest 2016	Effective Equity Interest 2014	Principal Activities
Subsidiaries				
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%	-	Investment Holding
Supermax Business Park Sdn Bhd	Malaysia	100%	-	Pre-operating
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%	-	Marketing, importing and distribution of related healthcare products

* *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 period/year were not available. However, the financial statements of the subsidiaries used for consolidation purposes were reviewed by AFTAAS.*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) On 15 July 2015, the Company incorporated a 100% owned subsidiary, Supermax Group Investments Limited, a company incorporated in Hong Kong, China, comprising 25,000,000.00 issued and paid up capital of HKD1/-each at par for a cash consideration of HKD 25,000,000 (RM13,235,000).

(b) On 3rd November 2015, the Company incorporated a 100% owned subsidiary, Supermax Business Park Sdn Bhd, a company incorporated in Malaysia, comprising 100 issued and paid up capital of RM1/-each at par for a cash consideration of RM100.

(c) On 9 December 2015, Supermax Group Investments Limited, a wholly-owned subsidiary of the Company, incorporated a 100% owned subsidiary, Supermax Global (HK) Limited, a company incorporated in Hong Kong, China, comprising 10,000 issued and paid up capital of HKD1/-each at par for a cash consideration of HKD10,000 (RM5,500).

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

	2016 RM	2014 RM
Carrying amount of NCI	(1,065,840)	(1,082,708)
Profit/(Loss) allocated to NCI	50,685	(446,814)

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

	2016 RM	2014 RM
Assets and liabilities		
Non-current assets	50,703,975	887,356
Current assets	39,733,355	27,799,626
Current liabilities	(99,289,488)	(27,491,332)
Net assets	(8,852,158)	1,195,650
Results		
Revenue	55,529,510	21,112,063
Profit for the financial year	(9,856,227)	(1,710,423)
Total comprehensive income	(10,047,807)	(1,710,423)
Cash-flows		
Cash flows from operating activities	54,196,341	(17,052,761)
Cash flows from investing activities	(51,682,014)	(4,353)
Cash flows from financing activities	(1,718,720)	17,796,226
Effects of exchange rate changes on cash and cash equivalents	(102,477)	5,405
Net change in cash and cash equivalents	693,130	744,517

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

8. INVESTMENT IN ASSOCIATES

	2016 RM	2014 RM
Group		
Unquoted shares, outside Malaysia	20,218,962	20,218,962
Share of post-acquisition result, net of dividend received	274,198,942	258,101,677
Exchange differences	(75,104,797)	(66,181,219)
Less: Impairment	(1,590,720)	(1,590,720)
	217,722,387	210,548,700
Company		
Unquoted shares, outside Malaysia	19,829,489	19,829,489
Less: Impairment	(834,793)	(834,793)
	18,994,696	18,994,696

Details of the associates are as follows:-

Name of Companies	Country of Incorporation	Effective Equity Interest 2016	Effective Equity Interest 2014	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 professionalism of accountants other than Afrizan Tarmili Khairul Azhar (AFTAAS).

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

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

	2016 RM	2014 RM
Assets and liabilities		
Non-current assets	65,701,263	44,552,092
Current assets	412,258,788	457,264,446
Current liabilities	(42,515,279)	(80,719,140)
Net assets	435,444,772	421,097,398
Results		
Revenue	340,440,517	223,069,492
Profit for the financial period/year	32,194,529	19,615,836
Total comprehensive income	32,194,529	19,615,836

9. GOODWILL ON CONSOLIDATION

	Group	
	2016	2014
	RM	RM
At 1 January/30 June/31 December	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 start 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	
	2016	2014
	RM	RM
Deferred tax assets/(liabilities)		
At 1 January	(31,159,877)	(21,330,007)
Transfer to profit or loss (Note 26)	(6,926,921)	(9,817,916)
Translation differences	-	(11,954)
At 30 June/31 December	(38,086,798)	(31,159,877)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

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

Presented after appropriate offsetting as follows:

	Group	
	2016 RM	**2014 RM**
Deferred tax assets	1,589,840	2,015,910
Deferred tax liabilities	(39,676,638)	(33,175,787)
	(38,086,798)	(31,159,877)

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

	Group	
	2016 RM	**2014 RM**
Deferred tax assets		
Unrealised loss foreign exchange	7,694,213	1,894,200
Unrealised profit on inventories	1,244,608	1,244,608
Unutilised reinvestment allowances	4,208,879	7,649,450
Unutilised tax losses	6,540,608	771,302
	19,688,307	11,559,560
Deferred tax liabilities		
Differences between the carrying amounts of property, plant and equipment and their tax base	(56,708,049)	(39,620,747)
Unrealised gain on foreign exchange	(1,067,056)	(3,098,690)
	(57,775,105)	(42,719,437)

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

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

	Group	
	2016 RM	**2014 RM**
Unutilised tax losses	10,987,111	236,646

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

11. INVENTORIES

	Group	
	2016	2014
	RM	RM
At cost		
Raw materials	26,897,655	15,965,798
Consumables	4,413,090	4,277,348
Work-in-progress	12,183,640	65,562,931
Finished goods	118,392,253	65,640,160
	161,886,638	151,446,237

During the financial period / year, inventories of the Group recognised as cost of goods sold amounted to RM950,365,036 (2014: RM685,279,957).

There were no inventories of the Group written off and recognised as expenses during the financial period (2014: RM RM10,660).

12. RECEIVABLES

	Group		Company	
	2016	2014	2016	2014
	RM	RM	RM	RM
Trade receivables	189,088,901	146,201,820	-	-
Less: Allowance for impairment	(410,603)	(99,180)	-	-
Trade receivables, net of impairment	188,678,298	146,102,640	-	-
Other receivables and deposits	41,801,088	32,935,088	757,814	787,974
Prepayments	3,676,365	3,063,679	-	-
	45,477,453	35,998,767	757,814	787,974
Less: Allowance for impairment	(530,816)	-	(530,816)	-
Other receivables, deposits and prepayments, net of impairment	44,946,637	35,998,767	226,998	787,974
	233,624,935	182,101,407	226,998	787,974

Trade Receivables

The credit period granted on sales of goods ranging from 30 to 120 days (2014: 30 to 120 days).

Analysis of trade receivables by currency:-

	Group	
	2016	2014
	RM	RM
Canadian Dollar	3,977,407	2,584,008
Euro	1,262,561	1,236,382
Hong Kong Dollar	3,084,399	-
Ringgit Malaysia	576,961	324,468
Pound Sterling	9,069,966	3,192,398
United States Dollar	170,707,004	138,765,384
	188,678,298	146,102,640

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

12. RECEIVABLES (CONT'D)

Trade Receivables (Cont'd)

Ageing analysis of trade receivables:-

	Group	
	2016	**2014**
	RM	**RM**
Neither past due nor impaired	118,453,972	106,279,389
1 to 30 days past due not impaired	41,829,178	20,929,838
More than 30 days past due not impaired	28,395,148	18,893,413
Sub totals	70,224,326	39,823,251
Impaired	410,603	99,180
	189,088,901	146,201,820

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 period / year.

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.

Receivables that are impaired

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

	Group	
	2016	**2014**
	RM	**RM**
Individually impaired		
Trade receivables	410,603	99,180
Less: Allowance for impairment	(410,603)	(99,180)
	-	-

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

	Group	
	2016	**2014**
	RM	**RM**
At 1 January	99,180	99,180
Additional impairment during the period/year	311,423	-
At 30 June/31 December	410,603	99,180

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

13. AMOUNTS OWING BY/(TO) SUBSIDIARIES

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

14. AMOUNTS OWING BY ASSOCIATES

	2016 RM	2014 RM
Group and Company		
Amounts owing by associates	50,292,754	84,229,063
Less: Allowance for impairment	(566,362)	(566,362)
At 30 June/31 December	49,726,392	84,795,425

Included in amounts owing by associates of the Group and of the Company is an amount of RM414,329 (2014: 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 (2014: 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	
	2016 RM	2014 RM
Group		
Canadian Dollar	2,017,547	1,062,788
Euro	3,960,315	3,249,361
Pound Sterling	16,243,744	2,674,293
Ringgit Malaysia	10,730,928	12,744,694
United States Dollar	74,137,035	12,200,601
Hongkong Dollar	17,767,669	-
Singapore Dollar	92,179	-
	124,949,417	131,931,737
Company		
Ringgit Malaysia	476,752	19,587
United States Dollar	21,411	13,852
Euro	-	270,657
	498,163	304,096

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

16. SHARE CAPITAL

	Group and Company			
	2016		2014	
	Number of shares Unit	RM	Number of shares Unit	RM
Ordinary shares of RM0.50 each				
Authorised:-				
At the beginning/end of the financial period/year	1,000,000,000	500,000,000	1,000,000,000	500,000,000
Issued and fully paid:-				
At the beginning/end of the financial period/year	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.

17. RESERVES

	Note	2016 RM	2014 RM
Group			
Non-distributable reserves:-			
Translation reserve	(a)	(58,462,173)	(60,287,961)
Treasury shares	(c)	(18,424,000)	(6,655,353)
		(76,886,173)	(66,943,314)
Distributable reserve:-			
Retained earnings	(b)	755,415,947	672,030,796
		678,529,774	605,087,482
Company			
Non-distributable reserves:-			
Treasury shares	(c)	(18,424,000)	(6,655,353)
		(18,424,000)	(6,655,353)
Distributable reserve:-			
Retained earnings	(b)	6,542,907	13,406,869
		(11,881,093)	6,751,516

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

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 2016 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 16 June 2015, 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 period, the Company repurchased 5,789,000 (2014: 2,097,000) of its issued ordinary shares from the open market at an average price of RM2.03 (2014: RM2.19) per ordinary share. The total consideration paid for the shares repurchased including transaction costs was RM11,768,647 (2014: RM4,611,785).

As at 30 June 2016, the Company held a total of 8,889,000 (2014: 3,100,000) ordinary shares of its 680,154,880 issued ordinary shares as treasury shares. Such treasury shares are held at a carrying amount of RM18,424,000 (2014: RM6,655,353).

The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 in Malaysia.

18. LOANS AND BORROWINGS

	Group		Company	
	2016 RM	2014 RM	2016 RM	2014 RM
Current				
Secured:-				
Bankers' acceptance	182,954,201	124,182,261	-	-
Finance lease payables (Note 19)	249,279	174,496	-	-
Industrial hire purchase (Note 20)	2,100,102	8,119,644	-	-
Term loans	71,604,580	73,495,709	10,840,654	38,445,000
Bank overdraft	-	494,886	-	-
	256,908,162	206,466,996	10,840,654	38,445,000
Non-current				
Secured:-				
Finance lease payables (Note 19)	93,181	41,662	-	-
Industrial hire purchase (Note 20)	143,604	4,951,306	-	-
Term loans	127,904,057	141,105,163	37,495,345	20,970,000
	128,140,842	146,098,131	37,495,345	20,970,000
Total loans and borrowings	385,049,004	352,565,127	48,335,999	59,415,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

18. LOANS AND BORROWINGS (CONT'D)

The interest rates are as follows:-

	Group		Company	
	2016	2014	2016	2014
	%	%	%	%
Bankers' acceptance	1.15 - 3.75	1.15 - 3.75	-	-
Term loans	3.44 - 8.10	3.44 - 8.10	3.44 - 8.10	3.44 - 8.10
Bank overdraft	7.85	7.85	-	-

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

(i) legal charges over land and buildings of subsidiaries;
(ii) debentures creating fixed and floating charges over all the present and future assets of the Company;
(iii) negative pledge; and
(iv) corporate guarantee by the Company.

Analysis of borrowings by currency:-

	2016	2014
	RM	RM
Group		
Euro	126,390	142,160
Ringgit Malaysia	8,041,235	98,818,206
United States Dollar	376,881,381	253,604,761
	385,049,006	352,565,127
Company		
United States Dollar	48,336,000	59,415,000

19. FINANCE LEASE PAYABLES

	Group	
	2016	2014
	RM	RM
Minimum hire purchase payments:-		
- not later than one year	258,650	178,496
- later than one year but not later than five years	99,937	44,412
	358,587	222,908
Less: Future finance charges	(16,127)	(6,750)
	342,460	216,158
Analysis of present value of finance lease payables:-		
Current		
- not later than one year	249,279	174,496
Non-current		
- later than one year but not later than five years	93,181	41,662
	342,460	216,158

Interest rates on the finance lease payables for the financial period / year ranging from 3.00% to 4.72% (2014: 3.00% to 4.72%) per annum

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

20. INDUSTRIAL HIRE PURCHASE

	Group	
	2016 RM	2014 RM
Minimum hire purchase payments:-		
- not later than one year	2,155,374	8,674,707
- later than one year but not later than five years	144,455	5,118,272
	2,299,829	13,792,979
Less: Future finance charges	(56,123)	(722,029)
	2,243,705	13,070,950
Analysis of present value of industrial hire purchases:-		
Current		
- not later than one year	2,100,102	8,119,644
Non-current		
- later than one year but not later than five years	143,603	4,951,306
	2,243,705	13,070,950

Interest rate on the industrial hire purchase for the financial period / year ranging from 2.78% to 6.45% (2014: 2.78 to 6.45%) per annum.

21. PAYABLES

	Group		Company	
	2016 RM	2014 RM	2016 RM	2014 RM
Trade payables	109,827,519	74,875,566	-	-
Other payables:-				
Other payables	33,404,937	17,231,903	-	-
Deposits received from customers	26,668,408	17,029,228	-	-
Accruals	6,586,686	9,615,306	322,956	25,850
	176,487,550	118,752,003	322,956	25,850

(a) Trade Payables

The credit period granted to the Group for trade purchases ranging from 30 to 60 days (2014: 30 to 60 days).

Analysis of trade payables by currency:-

	Group	
	2016 RM	2014 RM
Ringgit Malaysia	69,580,833	41,489,955
United States Dollar	40,246,686	33,385,611
	109,827,519	74,875,566

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

21. PAYABLES (CONT'D)

(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	
	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM
Sale of gloves and other healthcare products	1,549,528,912	1,004,383,726	-	-
Dividend income received from subsidiaries	-	-	62,550,000	33,963,000
	1,549,528,912	1,004,383,726	62,550,000	33,963,000

23. DIRECTORS' REMUNERATION

	Group		Company	
	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM
Executive directors of the Company:-				
- fees	423,000	129,500	423,000	129,500
- other emoluments	31,623,464	11,350,079	7,000	5,000
	32,046,464	11,479,579	430,000	134,500
Non-executive directors of the Company:-				
- fees	875,000	300,000	875,000	300,000
- other emoluments	26,000	18,500	26,000	18,500
	901,000	318,500	901,000	318,500
Total	32,947,464	11,798,079	1,331,000	453,000

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 RM1,103,160 (2014: RM332,360).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

24. PROFIT BEFORE TAX

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

	Group		Company	
	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM
Auditors' remuneration				
- current year	172,045	184,000	35,000	28,000
- prior year	-	2,000	-	-
- other	-	10,000	-	-
Depreciation of property, plant and equipment	48,862,621	27,861,911	-	-
Depreciation of investment property	19,607	13,071	-	-
Amortisation of prepaid land lease payments	97,162	64,127	-	-
Inventories written off	-	10,660	-	-
Allowance for impairment	530,816	-	530,816	-
Net gain on foreign exchange				
realised	(21,572,287)	(1,239,569)	-	(1,769,518)
unrealised	-	(2,586,661)	6,135,353	(3,166,325)
Net loss on foreign exchange				
unrealised	40,621,530	-	-	-
Rental of investment property	(43,099)	(24,804)	-	-
Rental of office equipment	8,802	216,136	-	-
Rental of plant and machinery	3,620	1,800	-	-
Staff costs				
- salaries, wages and bonuses	130,299,340	75,814,980	-	-
- Employees' Provident Fund	2,953,856	2,019,022	-	-
- other related staff costs	2,789,393	2,906,660	-	-

25. FINANCE COSTS

	Group	
	1.1.2015 to 30.6.2016	1.1.2014 to 31.12.2014
Interest expenses on:-		
- bankers' acceptance	2,883,480	670,220
- hire purchases	13,860	3,979
- industrial hire purchases	664,634	710,586
- term loans	10,032,284	5,894,898
- others	1,479,480	888,342

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

26. TAX EXPENSE

	Group		Company	
	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM
Income tax				
- current period/year	56,391,632	21,527,731	-	-
- under provision in prior financial years	-	1,751,800	-	5,806
	23,279,531	27,167,785	5,806	-
Deferred tax (Note 10)				
- current period/year	(14,919,202)	10,201,330	-	-
- relating to changes in tax rate	-	(890,134)	-	-
- under/(over) provision in prior financial years	21,846,122	506,720	-	-
	6,926,921	9,817,916	-	-
	63,318,553	33,097,447	-	5,806

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2014: 25%) on the estimated assessable profit for the financial period/year.

Tax expense for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Group has unutilised tax losses of RM 6,540,607(2014: RM 771,302) available for set-off against future taxable profits.

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	
	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM
Profit before tax	207,341,977	128,292,536	53,723,627	30,728,162
Taxation at applicable tax rate of 24% (2014:25%)	49,762,074	32,073,134	12,893,670	7,682,041
Tax effects arising from:-				
- changes in tax rates on opening balance of deferred tax	-	(890,134)	-	-
- deferred tax recognised at different tax rates	(426,070)	(218,486)	-	-
- different tax rates in foreign jurisdictions	(15,608,206)	(28,104)	-	-
- income not subject to tax	(376,582)	(28,933)	(15,022,670)	(8,515,050)
- share of profits of associates	(3,863,344)	(2,451,980)	-	-
- expenses not deductible for tax purposes	1,800,592	2,356,196	2,129,000	833,009
- double deduction	(60,846)	(29,561)	-	-
- deferred tax assets not recognised during the financial year	2,580,112	56,795	-	-
Under/(Over) provision in prior years:-				
- income tax	7,664,701	1,751,800	-	5,806
- deferred tax	21,846,122	506,720	-	-
Tax expense for the financial period/year	63,318,553	33,097,447	-	5,806

27. EARNINGS PER ORDINARY SHARE

(a) Basic Earnings Per Share

	Group	
	1.1.2015 to 30.6.2016	**1.1.2014 to 31.12.2014**
Net profit attributable to owners of the parent	143,972,740	95,641,903
Number of shares in issue as of 1 January	680,154,880	680,154,880
Effect of treasury shares held	(6,021,326)	(1,121,315)
Weighted average number of ordinary shares in issue	674,133,554	679,033,565
Basic earnings per ordinary share of RM0.50 (sen)	21.36	14.09

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 period / year.

(b) Diluted Earnings Per Share

The diluted earnings per ordinary share of the Group for the financial period / year ended 30 June 2016 and 31 December 2014 are same as the basic earnings per ordinary share of the Group as the Group has no dilutive potential ordinary shares.

28. DIVIDENDS

	Group and Company	
	1.1.2015 to 30.6.2016	**1.1.2014 to 31.12.2014**
Recognised during the financial period/year:-		
In respect of financial year ended 31 December 2013		
- Final single-tier dividend of 6% per ordinary share of RM0.50	-	20,374,526
In respect of financial year ended 31 December 2014		
- Interim single-tier dividend of 4% per ordinary share of RM0.50	-	13,541,098
- Final single-tier dividend of 6% per ordinary share of RM0.50	20,311,616	-
In respect of financial period ended 30 June 2016		
- Three (3) Interim single-tier dividends of 4% per ordinary share of RM0.50	40,275,973	-
	60,587,589	33,915,624

The directors proposed a final single-tier dividend of 4% per ordinary share of RM0.50 amounting to RM13,425,318 in respect of the current financial period, subject to approval of shareholders at the forthcoming Annual General Meeting.

The financial statements for the current financial period 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 2017.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

29. FINANCIAL GUARANTEES

(a) As of 30 June 2016, the Company is contingently liable in respect of guarantees given mainly for credit facilities totaling RM254,900,000 (2014: RM274,176,000) 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 2016, the Company is contingently liable to the extent of RM35,048,230 (2014: RM19,866,967) 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	
	2016 RM	2014 RM
Approved and contracted for but not provided in the financial statements		
- purchases of property, plant and equipment	68,750,007	39,128,940

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.

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.

(b) Significant Related Party Transactions

During the financial period/year, the significant related party transactions are as follows:-

	Group		Company	
	2016 RM	2014 RM	2016 RM	2014 RM
Dividend received/ receivable from subsidiaries				
- Maxwell Glove Manufacturing Berhad	-	-	62,550,000	20,378,000
- Supermax Latex Products Sdn. Bhd.	-	-	-	13,585,000
Sales of gloves to associates	149,350,768	148,726,665	-	-

Information regarding outstanding balance with related parties at each reporting date are disclosed in Noted 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 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 profit or loss is profit earned or loss incurred by each segment without allocation of depreciation and amortisation, finance cost, share of profit 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 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)	(1,455,540)	-		(48,979,391)
Finance costs	-	(10,390,299)	(10,819)	(2,406,838)	-		(12,807,956)
Tax expense	-	(47,261,427)	(16,455,463)	(1,732,910)	-		(63,318,553)
Share of profits of associates							16,097,265
Net profit for the financial period							144,023,425
Assets							
Segment assets	440,278,813	1,534,657,344	533,802,057	214,214,949	(1,297,699,659)	(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	135,932,162	991,084,526	356,562,475	205,617,933	(1,101,849,376)	(c)	587,347,720
Deferred tax liabilities	-	-	-	-	-		39,676,638
Consolidated total liabilities							627,024,358

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

32. SEGMENT REPORTING (CONT'D)

Group 2014	Investment Holding RM	Manufacturing RM	Trading RM	Others RM	Eliminations RM	Note	Consolidated RM
Revenue							
External sales	-	174,519,646	829,864,080	-	-		1,004,383,726
Inter-segment sales	36,318,552	861,622,590	102,312,022	5,058,940	(1,005,312,104)	(a)	-
Total revenue	36,318,552	1,036,142,236	932,176,102	5,058,940	(1,005,312,104)		1,004,383,726
Results							
Segment results	33,121,861	126,554,306	27,818,635	48,598	(32,951,648)	(a)	154,591,752
Depreciation and amortisation	(313,279)	(26,046,598)	(1,112,934)	(466,298)	-		(27,939,109))
Finance costs	(118,340)	(8,047,118)	(2,567)	-	-		(8,168,025)
Tax expense	(32,679)	(27,668,034)	(4,482,347)	49,892	(964,279)	(a)	(33,097,447)
Share of profits of associates							9,807,918
Net profit for the financial year							95,195,089
Assets							
Segment assets	454,460,469	1,336,173,021	550,645,576	63,952,458	(1,144,678,071)	(b)	1,260,553,453
Deferred tax assets							2,015,910
Investment in associates							210,548,700
Consolidated total assets							1,463,574,413
Other information							
Addition to property, plant and equipment	-	176,876,923	622,808	22,600	-		177,522,331
Liabilities							
Segment liabilities	124,260,989	801,378,412	465,680,309	53,975,273	(958,978,571)	(c)	486,316,412
Deferred tax liabilities	-	-	-	-	-		33,175,787
Consolidated total liabilities							519,492,199

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

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: -

	2016 RM	2014 RM
America and Canada	33,355,754	38,145,771
Europe	9,536,151	168,381
Asia	765,347,025	624,815,531
	808,238,930	663,129,683

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:-

	2016 RM	2014 RM
America	796,126,417	492,148,026
Europe	437,045,615	321,402,792
Asia/Australia	250,057,032	150,657,559
Africa	66,299,848	40,175,349
	1,549,528,912	1,004,383,726

33. FINANCIAL INSTRUMENTS

(a) Categories of Financial Instruments

	2016 RM	2014 RM
Group		
Financial assets		
Loans and receivables		
- Receivables, net of prepayments	229,948,570	179,037,728
- Amounts owing by associates	49,726,392	84,795,425
- Cash and cash equivalents	124,949,417	131,931,737
	404,624,379	395,764,890

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

33. FINANCIAL INSTRUMENTS

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

	2016 RM	2014 RM
Group		
Financial liabilities		
Other financial liabilities		
- Payables	176,487,550	118,752,003
- Banker's acceptance	182,954,201	124,182,261
- Finance lease payables	342,460	216,158
- Industrial hire purchase	2,243,706	13,070,950
- Term loans	199,508,637	214,600,872
- Bank overdraft	-	494,886
- Dividend payable	13,425,318	13,541,098
	574,961,872	484,858,228
Company		
Financial assets		
Loans and receivables		
- Other receivables	226,998	787,974
- Amounts owing by subsidiaries	244,657,824	221,177,576
- Amounts owing by associates	294,301	294,301
- Cash and cash equivalents	498,163	304,096
	245,677,286	222,563,947
Financial liabilities		
Other financial liabilities		
- Payables	322,957	25,850
- Term loans	48,335,999	59,415,000
- Amount owing to subsidiaries	73,882,988	7,996,395
- Dividend payable	13,425,318	13,541,098
	135,967,262	80,978,343

(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 period/year approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

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 potion 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 2016 and 31 December 2014, 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
2016					
Group					
Financial liabilities					
Other financial liabilities					
- Finance lease payables	-	-	342,460	342,460	342,460
- Industrial hire purchase payables	-	-	2,243,705	2,243,705	2,243,705
- Term loans	-	-	199,508,637	199,508,637	199,508,637
	-	-	202,094,802	202,094,802	202,094,802
2014					
Financial liabilities					
Other financial liabilities					
- Finance lease payables	-	-	216,158	216,158	216,158
- Industrial hire purchase payables	-	-	13,070,950	13,070,950	13,070,950
- Term loans	-	-	214,600,872	214,600,872	214,600,872
	-	-	227,887,980	227,887,980	227,887,980

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					
Company					
Financial liabilities					
Other financial liabilities					
- Term loans	-	-	48,335,999	48,335,999	48,335,999
2014					
Company					
Financial liabilities					
Other financial liabilities					
- Term loans	-	-	59,415,000	59,415,000	59,415,000

During the financial period / year ended 30 June 2016 and 31 December 2014, there was no transfer between fair value measurement hierarchy.

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 period, there was no indication that any subsidiary would default on repayment.

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 period.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

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

(a) Credit Risk (Cont'd)

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				
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
2014				
Financial liabilities				
Trade and other payables	118,752,003	118,752,003	118,752,003	-
Loans and borrowings	352,565,127	353,293,096	207,026,059	146,267,847
Dividend payable	13,541,098	13,541,098	13,541,098	-
	484,858,228	485,586,197	339,319,160	146,267,847

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

(b) Liquidity Risk (Cont'd)

	Carrying amounts RM	Contractual undiscounted cash flows RM	On Demand or within 1 Year RM	1 to 5 Years RM
Company				
2016				
Financial liabilities				
Other payables	322,957	322,957	322,957	-
Amounts owing to subsidiaries	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
2014				
Financial liabilities				
Other payables	25,850	25,850	25,850	-
Amount owing to a subsidiary	7,996,395	7,996,395	7,996,395	-
Loans and borrowings	59,415,000	59,415,000	38,445,000	20,970,000
Dividend payable	13,541,098	13,541,098	13,541,098	-
	80,978,343	80,978,343	60,008,343	20,970,000

(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.

Sensitivity analysis for interest rate

At the end of the reporting period, 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 RM3,850,490 (2014: RM3,252,662) and RM483,360 (2014: RM894,150) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2015 TO 30 JUNE 2016

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

(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"), Hong Kong Dollars ("HKD") and Singapore Dollars ("SGD").

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, HKD, and SGD against the functional currency of the Company, with all other variables held constant.

		Group	
		2016 RM Profit/(loss) for the year	**2014 RM Profit/(loss) for the year**
CND/RM	- strengthened 3% (2014: 3%)	96,227	82,053
	- weakened 3% (2014: 3%)	(96,227)	(82,053)
EUR/RM	- strengthened 3% (2014: 3%)	158,955	84,792
	- weakened 3% (2014: 3%)	(158,955)	(84,792)
GBP/RM	- strengthened 3% (2014: 3%)	806,021	144,940
	- weakened 3% (2014: 3%)	(806,021)	(144,940)
USD/RM	- strengthened 3% (2014: 3%)	(5,416,610)	1,101,492
	- weakened 3% (2014: 3%)	5,416,610	(1,101,492)
HKD/RM	- strengthened 3%	1,001,042	-
	- weakened 3%	(1,001,042)	-
SGD/RM	- strengthened 3%	2,765	-
	- weakened 3%	(2,765)	-

(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 period/year ended 30 June 2016 and 31 December 2014.

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	2016 RM	2014 RM
Group			
Payables	21	176,487,550	118,752,003
Loans and borrowings	18	385,049,004	352,565,127
Total debts		561,536,554	471,317,130
Equity attributable to owners of the parent		1,018,607,213	945,164,924
Capital and total debts		1,580,143,767	1,416,482,054
Gearing ratio		35.5%	33.3%
Company			
Payables	21	322,957	25,850
Amounts owing to subsidiaries	13	73,882,988	7,996,395
Loans and borrowings	18	48,335,999	59,415,000
Total debts		122,541,944	67,437,245
Equity attributable to owners of the parent		328,196,347	346,828,958
Capital and total debts		450,738,291	414,266,203
Gearing ratio		27.2%	16.3%

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 2016 and 31 December 2014 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	
	2016 RM	2014 RM	2016 RM	2014 RM
Total retained profits of the Company and its subsidiaries				
- realised	537,467,917	510,309,621	12,678,260	10,980,865
- unrealised	2,534,732	(33,746,538)	(6,135,353)	2,426,004
	540,002,649	415,793,842	6,542,907	16,600,137
Add:				
Share of retained profits of associates				
- realised	272,608,222	265,788,641	-	-
	812,610,871	742,351,724	6,542,907	13,406,869
Consolidation adjustments	(57,194,924)	(70,320,924)	-	-
Total retained profits	755,415,947	672,030,800	6,542,907	13,406,869
Total retained profits as per statements of financial position	755,415,947	672,030,800	6,542,907	13,406,869

LIST OF PROPERTIES
HELD BY THE GROUP AS AT 30TH JUNE 2016

	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	18 years	1.5 acres/ (36,600sq ft)	Freehold	7,164,766
2.	Lot 6070, Mukim of Kapar, District of Kelang, Selangor Darul Ehsan.	Land and Factory cum Office Building	15 years	5.0063 acres/ (127,861sq ft)	Freehold	25,378,970
3.	Lot 38, Jalan BRP9/2B, Putra Industrial Park, Bukit Rahman Putra, Sungai Buloh, Selangor Darul Ehsan.	Land, Factory cum Office Building	11 years	5.6337 acres	Freehold	23,908,846
4.	Lot No. 5128, Mukim of Kapar, District of Kelang, Selangor Darul Ehsan.	Land and Building	12 years	4.6875 acres	Freehold	9,869,262
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)	673,676
6.	Suite No. 708, 6th Floor (Level 7), Menara Atlas, (Tower A), Plaza Pantai, Off Jalan Pantai Baru, Kuala Lumpur.	Stratified office lot	14 years	1,235 sq ft	Freehold	428,083
7.	Lot 6068, Mukim of Kapar, District of Kelang, Selangor Darul Ehsan.	Land and Building	10 years	5.00625 acres	Freehold	17,276,744
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)	4,060,517
9.	Lot 72706 Jalan Lahat, Kawasan Perindustrian Bukit Merah, 31500 Lahat, Perak Darul Ridzuan.	Industrial Land		26,688sq m	Leasehold - 60 years (Exp:13.1.2037)	258,159
	HS(D)KA 70399 Lot 72706, Mukim Hulu Kinta, District Kinta, Perak Darul Ridzuan.	Single storey factory with annexed two-storey office buildings	23 years	18,534sq m		8,966,946
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 (CONTINUED)
HELD BY THE GROUP AS AT 30TH JUNE 2016

	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)	805,432
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)	871,458
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)	13,590,688
17.	Lot 6069, Mukim Kapar, Daerah Klang, Negeri Selangor.	Land and office cum factory warehouse	15 years	20,260sq m	Freehold	14,867,111
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)	2,160,787
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 Hulu Kinta, District Kinta, Perak Darul Ridzuan.	Industrial Land & Building		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	8,920,493
25.	Geran No. 45719 Lot No. 6058, Mukim Kapar, Daerah Klang Negeri Selangor.	Land and Building		20,209sq m	Freehold	8,587,835
26.	Geran No. 28698 Lot No. 1858, Mukim Serendah, Daerah Ulu Selangor, Negeri Selangor.	Land		404,685sq m	Freehold	80,809,480

ANALYSIS OF SHAREHOLDINGS
AS AT 5 OCTOBER 2016

Authorised Share Capital	:	RM 500,000,000.00
Issued and Fully Paid-up	:	RM 340,077,440.00
Class of Shares	:	Ordinary Shares of RM 0.50 each
Voting Rights	:	1 vote per Ordinary Share

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	314	2.300	9,251	0.001
100 - 1,000	2,146	15.719	1,626,121	0.242
1,001 - 10,000	8,156	59.742	38,135,551	5.681
10,001 - 100,000	2,646	19.381	78,521,386	11.697
100,001 - 33,563,293 (*)	388	2.842	344,022,243	51.249
33,563,294 and above (**)	2	0.014	208,951,328	31.127
Total	13,652	100.000	671,265,880	100.000

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

LIST OF TOP 30 HOLDERS AS AT 5 OCTOBER 2016

No.	Name	Holdings	%
1	THAI KIM SIM	139,035,444	20.712
2	TAN BEE GEOK	69,915,884	10.415
3	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TAN BEE GEOK (PBCL-0G0071)	33,000,000	4.916
4	CARTABAN NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR FIDELITY LOW-PRICED STOCK FUND (PRIN ALLSEC SUB)	24,000,000	3.575
5	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB BANK BERHAD (EDP 2)	14,809,250	2.206
6	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM NASIONAL	9,799,600	1.459
7	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	9,623,900	1.433
8	CARTABAN NOMINEES (ASING) SDN BHD BBH (LUX) SCA FOR FIDELITY FUNDS ASEAN	9,476,100	1.411
9	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE BANK OF NEW YORK MELLON (MELLON ACCT)	6,604,000	0.983
10	EAST POINT VENTURES SDN. BHD.	6,250,004	0.931
11	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND F9EX FOR FIDELITY NORTHSTAR FUND	6,000,000	0.893
12	TAN GEOK SWEE @ TAN CHIN HUAT	6,000,000	0.893
13	TAN GEOK SWEE @ TAN CHIN HUAT	5,578,120	0.830
14	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.S.A.)	5,388,400	0.802
15	HO HAN SENG	4,500,000	0.670
16	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR RBC INVESTOR SERVICES TRUST (CLIENTS ACCOUNT)	4,434,800	0.660
17	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT TREASURES FUND	4,248,300	0.632
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (I-VCAP)	3,529,700	0.525
19	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	3,497,445	0.521

ANALYSIS OF SHAREHOLDINGS (CONTINUED)
AS AT 5 OCTOBER 2016

No.	Name	Holdings	%
20	HSBC NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	3,416,500	0.508
21	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	3,392,650	0.505
22	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (PHEIM)	3,195,000	0.475
23	GONG WOOI TEIK	3,068,486	0.457
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA INSURANCE BERHAD (GROWTH FUND)	3,000,000	0.446
25	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC TREASURES GROWTH FUND	2,963,900	0.441
26	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	2,949,200	0.439
27	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR RHB SMART TREASURE FUND	2,924,400	0.435
28	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM GEMILANG FOR AMANAH SAHAM KESIHATAN	2,832,300	0.421
29	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	2,831,549	0.421
30	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	2,772,450	0.413

INFORMATION ON DIRECTORS HOLDINGS AS AT 5 OCTOBER 2016

No.	Name	Holdings	%
1	RASHID BIN BAKAR	60,000	0.008
2	TAN GEOK SWEE @ TAN CHIN HUAT	11,578,120	1.724
3	TAN BEE GEOK	69,915,884	10.415
4	THAI KIM SIM	139,035,444	20.712
5	GONG WOOI TEIK	3,068,486	0.457
6	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TAN BEE GEOK (PBCL-0G0071)	33,000,000	4.916
7	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TING HENG PENG	1,325,000	0.197
8	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TING HENG PENG	521,000	0.077
9	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TING HENG PENG(14570MZ0406)	2,376,000	0.353

INFORMATION ON SUBSTANTIAL HOLDERS' HOLDINGS AS AT 5 OCTOBER 2016

No.	Name	Holdings	%
1	THAI KIM SIM	139,035,444	20.712
2	TAN BEE GEOK	69,915,884	10.415

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Nineteenth Annual General Meeting of the Company will be held at the Nusantara Ballroom, Level 2, Sheraton Imperial Kuala Lumpur Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur on Monday, 21 November 2016 at 10.00 a.m., for the following purposes:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial period ended 30 June 2016 together with the Reports of Directors and Auditors thereon. **(Please see Note 2)**

2. To approve payment of a final single-tier dividend of 4.0% per share in respect of the financial period ended 30 June 2016. **(Resolution 1)**

3. To approve payment of Directors' Fees for the financial period ended 30 June 2016. **(Resolution 2)**

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

   i) Datin Seri Tan Bee Geok **(Resolution 3)**
   ii) Dato' Tan Geok Swee @ Tan Chin Huat **(Resolution 4)**
   iii) Dr Rashid Bin Bakar **(Please see Note 3)** **(Resolution 5)**

5. 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 6)**

SPECIAL BUSINESS

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

6. **ORDINARY RESOLUTION I**
   AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 **[Please see Note 4(a)]** **(Resolution 7)**

   "THAT subject always to the Companies Act 1965, 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 Section 132D of the Companies Act 1965, to issue 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 nominal value of the issued and paid-up share capital (excluding treasury 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."

7. **ORDINARY RESOLUTION II**
   PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES **[Please see Note 4(b)]** **(Resolution 8)**

   "THAT, subject to the Companies Act, 1965, the Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the Main Market ("LR") and the approval of such relevant government and/or regulatory authorities where necessary, the Company be and is hereby authorised to purchase its own ordinary shares of RM0.50 each ("Shares") on the Main Market of Bursa Securities ("Proposed Share Buy-Back") at any time, upon such terms and conditions as the Directors shall in their discretion deem fit and expedient in the best interest of the Company provided that:-

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

(a) The aggregate number of Shares in the Company which may be purchased and/or held by the Company shall not exceed ten per centum (10%) of the prevailing issued and paid-up share capital of the Company at the time of purchase subject to any amount as may be determined by Bursa Securities from time to time and compliance with the public shareholding spread requirements as stipulated in Paragraph 8.02(1) of the LR;

(b) The maximum funds to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the Company's latest audited retained profits and/or share premium accounts;

(c) The authority conferred by this resolution will be effective immediately from the passing of this ordinary resolution until:-

(i) the conclusion of the next Annual General Meeting ("AGM") at which time shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM after that date is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first; and

(d) Upon the purchase by the Company of its own Shares, the Board of Directors of the Company ("Board") be and is hereby authorised to:-

(i) cancel all or part of the Shares purchased pursuant to the Proposed Share Buy-Back ("Purchased Shares"); and/or

(ii) retain all or part of the Purchased Shares as treasury shares; and/or

(iii) distribute the treasury shares as share dividends to the Company's shareholders for the time being; and/or

(iv) resell the treasury shares on Bursa Securities.

AND THAT authority be and is hereby given to the Board to take all such steps as are necessary or expedient to implement, finalise and give full effect to and to implement the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be required or imposed by the relevant authorities from time to time and to do all such acts and things as the Board may deem fit and expedient in the best interest of the Company."

8. **ORDINARY RESOLUTION III**
CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS **[Please see Note 4(c)]**

8.1 "THAT 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 9)**

8.2 "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 10)**

8.3 "THAT, subject to the passing of Resolution 5, 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 11)**

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING (CONTINUED)

9. **ORDINARY RESOLUTION IV**
   APPOINTMENT OF DIRECTOR PURSUANT TO SECTION 129(6) OF THE COMPANIES ACT, 1965
   [Please see Note 4(d)] (Resolution 12)

   "THAT Tan Sri Rafidah Aziz who is over the age of seventy years and retiring in accordance with Section 129 of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company."

10. **SPECIAL RESOLUTION**
    PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION ("PROPOSED AMENDMENTS")
    [Please see Note 4(e)] (Resolution 13)

    "THAT the amendments to the Articles of Association of the Company as set out in the Appendix 1 ("Proposed Amendments") on page 97 of the 2016 Annual Report be and are hereby approved.

    AND THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Amendments with full powers to assent to any condition, modifications and/or amendments as may be required by the relevant authorities."

11. 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 Nineteenth Annual General Meeting to be held on 21 November 2016, a final single-tier dividend of 4% per share in respect of the financial period ended 30 June 2016, will be paid on 19 December 2016.

The entitlement date for the dividend is 28 November 2016.

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 28 November 2016 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: 28 October 2016

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING (CONTINUED)

Notes:

1. APPOINTMENT OF PROXY

a) Only depositor whose name appears on the Record of Depositors as at 15 November 2016 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. The proxy need not be a member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply. A member may appoint up to 2 proxies. Where a member appoints 2 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 Registered Office of the Company situated at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur at least forty-eight (48) hours before the time set for holding the meeting, i.e. on or before 10.00 a.m., Saturday, 19 November 2016, otherwise the person so named shall not be entitled to vote in respect thereof.

2. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

The Audited Financial Statements is meant for discussion only as an approval from shareholders is not required pursuant to the provision of Section 169(1) of the Companies Act, 1965. Hence, this item on the Agenda is not put forward for voting by shareholders of the Company.

3. RE-ELECTION OF DIRECTOR

The Nomination Committee and the Board of Directors had conducted the annual assessment on the independence of Dr Rashid Bin Bakar who is seeking for re-election pursuant to the Articles of Association of the Company at the forthcoming Nineteenth Annual General Meeting. The above assessment had been disclosed in the Corporate Governance Statement of the Company's 2016 Annual Report.

4. EXPLANATORY NOTES TO SPECIAL BUSINESS

(a) AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

The proposed Resolution 7 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 7, 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 issued and paid-up share capital 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.

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING (CONTINUED)

(b) PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES

The proposed Resolution 8, if passed, will empower the Company to purchase up to ten per centum (10%) of the issued and paid-up ordinary share capital of the Company through Bursa Malaysia Securities Berhad.

For further information, please refer to the Statement to Shareholders dated 28 October 2016.

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

Pursuant to the Malaysian Code on Corporate Governance 2012, 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 9, 10 and 11, 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.

(d) APPOINTMENT OF DIRECTOR PURSUANT TO SECTION 129(6) OF THE COMPANIES ACT, 1965

The proposed Resolution 12 is to seek shareholders' approval for the re-appointment of Tan Sri Rafidah Aziz who is over the age of seventy years and retiring in accordance with Section 129 of the Companies Act, 1965. If passed, it will enable the Director to hold office until the next Annual General Meeting of the Company.

(e) PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

The Special Resolution proposed under Resolution 13, if passed, will authorise the Directors to amend the Company's Articles of Association. The Proposed Amendments will bring the Articles of Association of the Company in line with the amendments to the Listing Requirements of Bursa Malaysia Securities Berhad and to facilitate some administrative matters.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING
(PURSUANT TO PARAGRAPH 8.27(2) OF BURSA SECURITIES MAIN MARKET LISTING REQUIREMENTS)

Director who is standing for re-appointment at the Nineteenth Annual General Meeting is Tan Sri Rafidah Aziz.

The profile of the above Director is set out in the section entitled “Profile of Directors” on page 7 of the 2016 Annual Report.

Appendix 1

Supermax Corporation Berhad – Proposed Amendments to the Articles of Association

The details of the Proposed Amendments to the Articles of Association are as follows:-

Article No.	Existing Provision	Amended Provision
To amend Article 63	The instrument appointing a proxy together with the power of the attorney (if any) shall be left at the office at least forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote; otherwise the person so named shall not be entitled to vote in respect thereof.	The instrument appointing a proxy together with the power of the attorney (if any) shall be left at the office, or at such other place within Malaysia as specified for that purpose in the notice convening the meeting at least forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote; otherwise the person so named shall not be entitled to vote in respect thereof.
To amend Article 122	A copy of every balance sheet and profit and loss account which is to be laid before the Company in general meeting (including every document required by law to be annexed thereto) together with a copy of the Auditors' report relating thereto and of the Directors' report shall not more than six (6) months after the close of the financial year and not less than twenty-one (21) days before the date of the meeting be sent to every Member of, and every holder of debenture of the Company and to every other person who is entitled to receive notices from the Company under the provisions of the Act or of these Articles. The interval between the close of the financial year of the Company and the issue of the annual audited account, the directors' and auditors' report shall not exceed four months.	A copy of every balance sheet and profit and loss account which is to be laid before the Company in general meeting (including every document required by law to be annexed thereto) together with a copy of the Auditors' report relating thereto and of the Directors' report shall not less than twenty-one (21) days before the date of the meeting (or such shorter period as may be agreed in any year of the receipt of notice of the meeting pursuant to Article 45), be sent to every member of the Company under the provisions of the Act or of these Articles. Nothing in this Article shall require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy, free of charge on application at the Company's Office. For avoidance of doubt, the Company shall be entitled to send the copy of every balance sheet, profit and loss account (including every document required by law to be annexed thereto) and the auditors' report to the members via CD-ROM or other electronic means.

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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 Nineteenth Annual General Meeting of the Company to be held at the Nusantara Ballroom, Level 2, Sheraton Imperial Kuala Lumpur Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur on Monday, 21 November 2016 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.	To approve payment of a final single-tier dividend of 4.0% per share in respect of the financial period ended 30 June 2016.		
2.	To approve payment of Directors' Fees for the financial period ended 30 June 2016.		
3.	To re-elect Datin Seri Tan Bee Geok who retires by rotation as a Director of the Company pursuant to Article 88 of the Company's Articles of Association.		
4.	To re-elect Dato' Tan Geok Swee @ Tan Chin Huat who retires by rotation as a Director of the Company pursuant to Article 88 of the Company's Articles of Association.		
5.	To re-elect Dr Rashid Bin Bakar who retires by rotation as a Director of the Company pursuant to Article 88 of the Company's Articles of Association		
6.	To re-appoint Messrs Afrizan Tarmili Khairul Azhar as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.		
7.	To grant authority to allot and issue shares in general pursuant to Section 132D of the Companies Act, 1965.		
8.	To approve the Proposed Renewal of Authority for the Company to purchase its own ordinary shares on Bursa Malaysia Securities Berhad up to 10% of the Issued and Paid up Share Capital.		
9.	To approve Dato' Ting Heng Peng to continue to act as an Independent Non-Executive Director.		
10.	To approve Mr Gong Wooi Teik to continue to act as an Independent Non-Executive Director.		
11.	To approve Dr Rashid Bin Bakar to continue to act as an Independent Non-Executive Director.		
12.	To approve the re-appointment of Tan Sri Rafidah Aziz as Chairman, Independent Non-Executive Director of the Company.		
13.	Proposed Amendments to the Articles of Association		

Signed this ___________ day of _____________ 2016

Number of shares held	

____
Signature Shareholder or Common Seal

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 if not applicable*

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Notes:

i. Only depositor whose name appears on the Record of Depositors as at 15 November 2016 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. The proxy need not be a member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply. 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 the Registered Office of the Company situated at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur at least forty-eight (48) hours before the time appointed for holding the meeting, i.e. on or before 10.00 a.m., Saturday, 19 November 2016, otherwise the person so named shall not be entitled to vote in respect thereof.

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AFFIX STAMP

SUPERMAX CORPORATION BERHAD
UNIT 30-01, LEVEL 30, TOWER A,
VERTICAL BUSINESS SUITE, AVENUE 3,
BANGSAR SOUTH, NO.8, JALAN KERINCHI
59200 KUALA LUMPUR

Then fold here

SUPERMAX

CORPORATION BERHAD

(420405-P)

since 1989

Lot 38, Putra Industrial Park, Bukit Rahman Putra,
47000 Sungai Buloh, Selangor Darul Ehsan, Malaysia.

Tel : 603-6145 2328
Fax : 603-6156 2191
Email : Info@supermax.com.my

www.supermax.com.my

Zenergies Art by Lunzen