

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2015
PURSUANT TO FINANCIAL REPORTING STANDARD (FRS) 134**

1. Basis of Preparation

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

The significant accounting policies and methods of computation adopted in the preparation of this interim financial report are consistent with those adopted in the audited financial statements of the Company for the financial year ended 31 December 2014. The adoption of the new MFRS, amendments/improvements to MFRSs and new IC Interpretations does not have any significant impact on the financial performance and financial position of the Group.

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

2. Auditors’ Report

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

3. Seasonal and Cyclical Factors

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

4. Exceptional and Extraordinary Items

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

5. Changes in Accounting Estimates

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

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

Share Buyback

During the current quarter under review, the Company repurchased 1,979,300 ordinary shares from the open market at a minimum price of RM2.02 per share and maximum price of RM2.07



per share. All the shares acquired were retained as treasury shares. As at 31 December 2015, the number of treasury shares stood at 8,888,000.

7. Dividend Paid

Dividends paid to-date are tabulated below:

| Financial Year | Description | Payment Date | Dividend (%) | Value (RM'000) |
|----------------|---|--|----------------------|---------------------------|
| 2001 | 1st & final tax exempt dividend | 28.08.2002 | 3.6% | 1,440 |
| 2002 | 1st & final tax exempt dividend | 27.08.2003 | 4.5% | 1,800 |
| 2003 | 1st & final tax exempt dividend | 27.08.2004 | 4.5% | 3,638 |
| 2004 | 1st & final tax exempt dividend | 18.07.2005 | 5.0% | 4,486 |
| 2005 | Interim tax exempt dividend Final tax exempt dividend | 09.01.2006 18.07.2006 | 3.0% 3.5% | 2,695 3,960 |
| 2006 | 1st & final tax exempt dividend | 18.06.2007 | 6.5% | 7,357 |
| 2007 | Interim tax exempt dividend Final tax exempt dividend | 28.01.2008 28.06.2008 | 3.0% 3.5% | 3,979 4,626 |
| 2008 | Interim tax exempt dividend Final tax exempt dividend | 08.01.2009 08.07.2009 | 3.0% 3.5% | 3,922 4,545 |
| 2009 | Interim tax exempt dividend Special tax exempt dividend Final tax exempt dividend | 18.11.2009 20.04.2010 28.06.2010 | 5.0% 9.0% 8.0% | 6,567 12,213 10,856 |
| 2010 | 1 st interim tax exempt dividend 2 nd interim tax exempt dividend Final tax exempt dividend | 01.10.2010 18.03.2011 28.07.2011 | 5.0% 5.0% 5.0% | 8,486 8,502 8,502 |
| 2011 | Interim tax exempt dividend Final tax exempt dividend | 08.12.2011 28.06.2012 | 6.0% 3.5%^ | 10,202 11,903 |
| 2012 | Interim tax exempt dividend Final tax exempt dividend | 18.01.2013 18.06.2013 | 4.0%^ 6.0%^ | 13,583 20,404 |
| 2013 | Interim tax exempt dividend Final tax exempt dividend | 21.01.2014 30.06.2014 | 4.0%^ 6.0%^ | 13,583 20,374 |
| 2014 | Interim single tier dividend Final single tier dividend | 28.01.2015 08.07.2015 | 4.0%^ 6.0%^ | 13,541 20,311 |
| 2016# | 1 st Interim single tier dividend 2 nd Interim single tier dividend* | 22.10.2015 08.04.2016 | 4.0%^ 4.0%^ | 13,425 13,425 |
| | Total | | | 248,325 |

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

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

* Declared by Board of Directors



8. Segmental Reporting

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

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

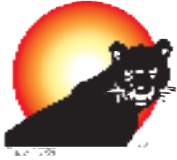
| THE GROUP CUMULATIVE 12 MONTHS | Investment Holding RM'000 | Manu- facturing RM'000 | Trading RM'000 | Others RM'000 | Elimination RM'000 | Consolidated RM'000 |
|---|--|---------------------------------------|---------------------------|--------------------------|-------------------------------|--------------------------------|
| Revenue | | | | | | |
| External sales | - | 623,570 | 427,786 | 1,839 | - | 1,053,195 |
| Inter-segment sales | 42,550 | 877,593 | 30,968 | 5,359 | (956,470) | - |
| | <u>42,550</u> | <u>1,501,162</u> | <u>458,755</u> | <u>7,198</u> | <u>(956,470)</u> | <u>1,053,195</u> |
| Segmental results | 29,139 | 76,625 | 3,580 | (6,944) | 72,538 | 174,937 |
| Depreciation & Amortisation | | | | | | (28,211) |
| Finance costs | | | | | | (7,349) |
| Interest income | | | | | | - |
| Share of profit in associated companies | | | | | | 12,978 |
| PBT | | | | | | <u>152,355</u> |
| Tax expenses | | | | | | (26,012) |
| PAT | | | | | | <u><u>126,344</u></u> |

9. Valuation of property, plant and equipment

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

10. Capital Commitments

As at 23 February 2016, the Group had capital commitments amounting to RM 58.0 million for the purchase of plant and equipment to be installed at its various factories.



11. Material Events Subsequent to the End of Period Reported

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

12. Changes in the Composition of the Group

During the quarter ended 31 December 2015, the Group had on 3 November 2015 incorporated a wholly owned subsidiary in Malaysia, Supermax Business Park Sdn Bhd, with an authorised share capital of RM5 million and initial issued share capital of RM100.

13. Contingent liabilities and contingent assets

The Group has no outstanding contingent liabilities and contingent assets as at 23 February 2016 which might materially and adversely affect the position or business of the Group.

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

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

| Description | Qtr ended 31.12.2015 RM '000 | Qtr ended 31.12.2014 RM '000 | Increase/(Decrease) | |
|-------------|------------------------------------|------------------------------------|---------------------|-------|
| | | | RM'000 | % |
| Revenue | 290,737 | 255,628 | +35,109 | +13.7 |
| EBITDA | 54,062 | 41,315 | +12,747 | +30.8 |
| PBT | 46,263 | 31,513 | +14,750 | +46.8 |

The Group's revenue rose by 13.7% or RM 35.1 million compared to the previous year's corresponding quarter while EBITDA and PBT also improved significantly by 30.8% (RM12.7 million) and 46.8% (RM14.8 million) respectively.

The Group has continued to record stronger performances this year compared to last year, benefitting from efficiency-boosting measures put in place coupled with the strong USD which had appreciated by 27% during the period.

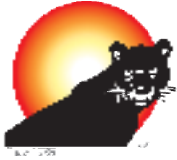
2. Comparison with Preceding Quarter's Result

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

| Description | Qtr ended 31.12.2015 RM '000 | Qtr ended 30.9.2015 RM '000 | Increase/(Decrease) | |
|-------------|------------------------------------|-----------------------------------|---------------------|-------|
| | | | RM'000 | % |
| Revenue | 290,737 | 309,868 | (19,131) | (6.2) |
| EBITDA | 54,062 | 57,867 | (3,805) | (6.5) |
| PBT | 46,263 | 48,327 | (2,064) | (4.3) |

On a preceding quarter basis, the Group's revenue fell by 6.2%, with EBITDA and PBT falling marginally by 6.5% and 4.3% respectively.

This was largely due to lower average selling prices by between 5% and 15% across its range of products amid an increasingly competitive market for rubber gloves.



3. Prospects

The Supermax Group has continued to show improved performance compared to a year ago, both at the top and bottom lines. Extensive efforts on improving operational efficiency and realising capacity growth, is bearing fruit and will sustain the Group's long-term growth. Work on installing the remaining 10 high efficiency high capacity production lines at Plants #10 & #11 are on-going and expected to be completed by mid-2016. We have to-date installed total of 20 high-capacity lines of which 8 have been commissioned.

As global demand for rubber gloves continues to be robust and sustainable, estimated at 8% to 10% p.a., the Group's initiatives and ability to leverage on an extensive and growing overseas distribution network augurs well for its business and financial prospects going forward.

Another positive development is Malaysia's participation in the Trans-Pacific Partnership Agreement (TPPA) which is scheduled to take effect in 2018. It will have the effect of reducing or removing entry barriers to the TPPA nations and this bodes well for Supermax Malaysia. Two of Supermax's biggest markets, USA and Canada, are TPPA nations where the Supermax Group operates and Supermax in Canada shall be the biggest beneficiary where the elimination of import duty of 15.5% on Malaysian made gloves give us an advantage over gloves made in non-TPPA countries such as Thailand and Indonesia.

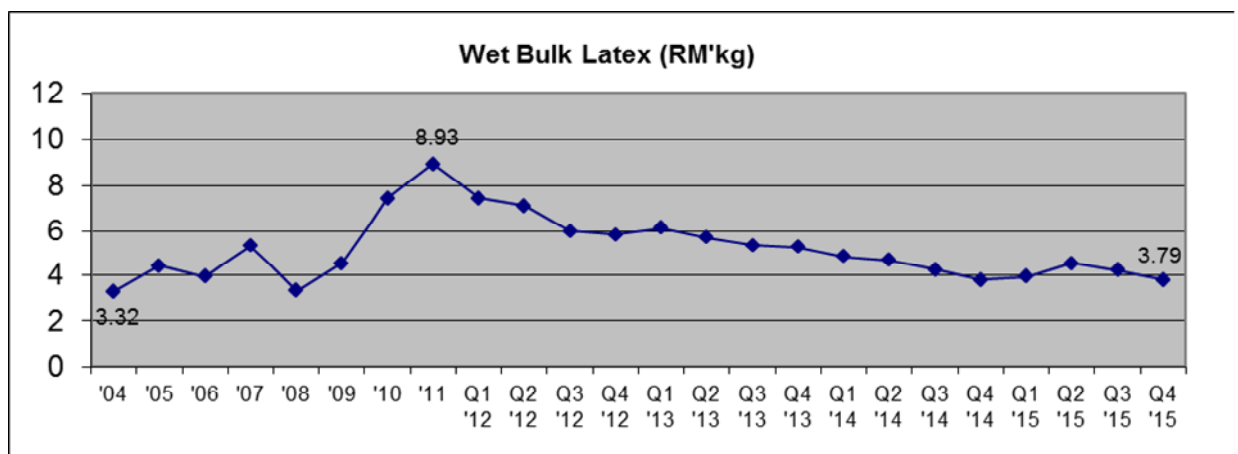
External factors such as low and/or stable raw material prices as well as favourable exchange rates are also providing a boost to the Group's performance. While not reliant on such factors, the Group would nevertheless take measures to take advantage of any and all favourable conditions as far as possible.

Raw Material Prices

1) Natural Rubber Latex

Natural rubber latex prices continued its longer term downward trend, falling to an average price of RM3.79 per kg wet in the current quarter in tandem with the broader fall in commodity prices globally. Prices have since fallen further to average RM3.47 per kg wet in the month of January 2016 but has crept up to RM3.52 in the current month to date (February 2016) as the wintering season sets in and the rubber yield starts to decline.

Natural rubber latex forms a significant percentage of the cost of manufacturing a rubber glove and the continuing low prices augur well for the industry.

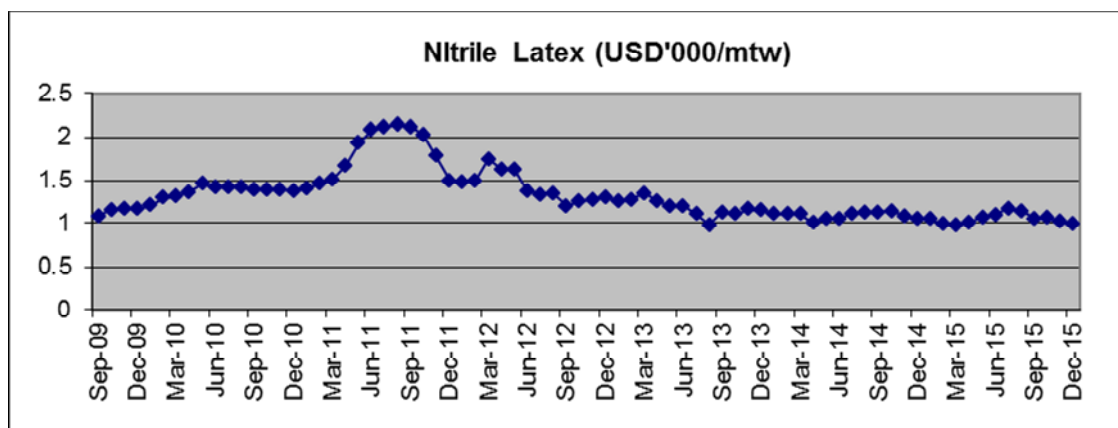




II) Synthetic Nitrile Latex

Meanwhile, synthetic nitrile latex prices remain relatively stable, with prices seldom moving far from the USD1,000 per metric ton wet level

The low volatility in nitrile latex prices is a welcome trend for the rubber glove industry who has to contend with the more volatile nature of natural rubber prices. This trend is expected to continue at least in the short to medium term.



III) Foreign exchange rates

In 2014, the USD:RM pairing had traded in a relatively narrow band and averaged USD1:RM3.26 for the year. Going into the 1st quarter of 2015, however, the USD has strengthened considerably against the RM, rising to an average of RM3.62 for the quarter before edging higher to RM3.66 in the 2nd quarter. It resumed its strong uptrend in the 3rd quarter, breaking through the USD1:RM4.00 psychological barrier convincingly to average USD1:RM4.05 for the quarter and strengthened further to RM4.28 in the 4th quarter.

After surging higher for most of 2015, it maintained its momentum going into January 2016, peaking at RM4.40 before tapering off but remaining at elevated levels. As at 22 February 2016, the currency pairing stood at RM4.19. The USD is expected to remain strong against the RM in the short to medium term.

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



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

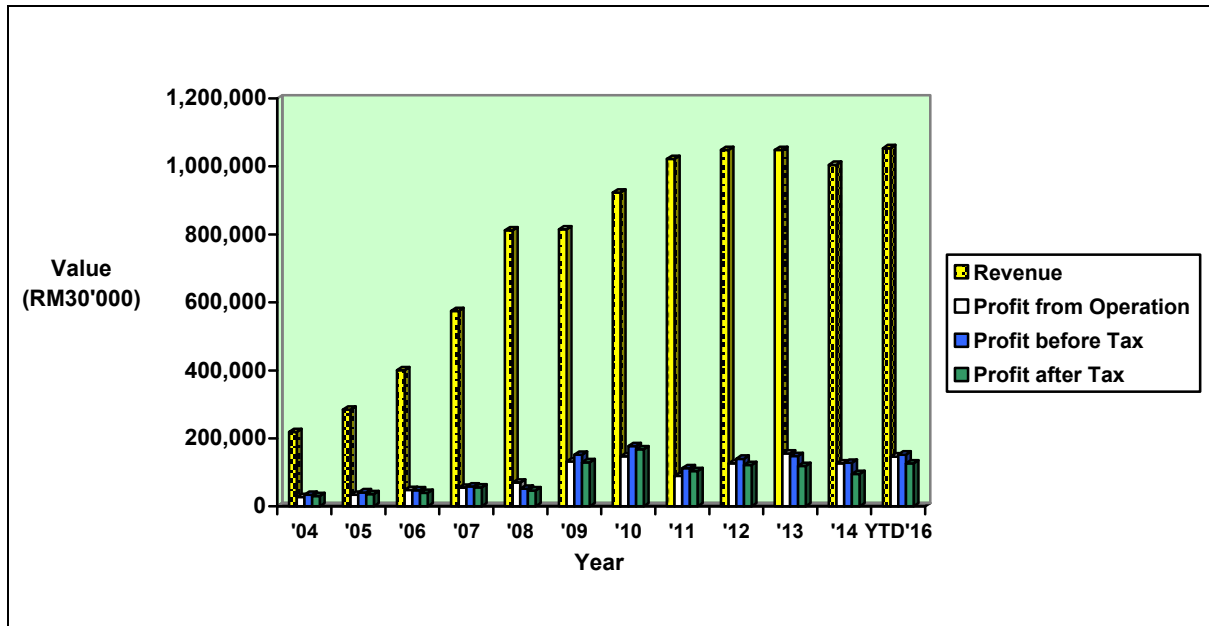
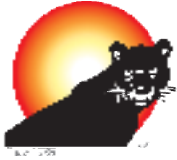
NR & Nitrile Latex Prices (per mtw) and MYR/USD Exchange Rates

| Natural Rubber Latex | Q4 2014 | Q1 2015 | Q2 2014 | Q3 2015 | Q4 2015 | YOY % |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|--------------|
| USD | 1,131 | 1,086 | 1,234 | 1,044 | 886 | (21.7) |
| RM | 3,800 | 3,934 | 4,518 | 4,228 | 3,793 | (0.2) |
| (USD:MYR) | 3.36 | 3.62 | 3.66 | 4.05 | 4.28 | +27.4 |
| Synthetic Latex (Nitrile) | Q4 2014 | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 | YOY % |
| USD | 1,090 | 998 | 1,055 | 1,102 | 1,018 | (6.6) |
| RM | 3,662 | 3,613 | 3,861 | 4,463 | 4,357 | +19.0 |
| (USD:MYR) | 3.36 | 3.62 | 3.66 | 4.05 | 4.28 | +27.4 |

The Group's yearly performances are shown below:

| Description | Year 12/2010 (RM '000) | Year 12/2011 (RM '000) | Year 12/2012 (RM '000) | Year 12/2013 (RM '000) | Year 12/2014 (RM '000) | Fin YTD 06/2016 (RM '000) |
|-----------------------------|---|---|---|---|---|--|
| Revenue | 977,281 | 1,021,358 | 997,374 | 1,048,151 | 1,004,384 | 1,053,195 |
| Profit from operations | 155,458 | 89,807 | 122,677 | 155,789 | 126,653 | 146,726 |
| EBITDA | 223,373 | 148,732 | 170,408 | 182,481 | 154,592 | 187,915 |
| EBITDA Margin | 22.9% | 14.6% | 17.1% | 17.4% | 15.4% | 17.8% |
| Profit before Tax (PBT) | 183,835 | 112,132 | 137,306 | 148,157 | 128,292 | 152,355 |
| PBT Margin | 18.8% | 11.0% | 13.8% | 14.1% | 12.8% | 14.5% |
| Profit after Tax (PAT) | 158,955 | 104,051 | 121,412 | 118,990 | 95,195 | 126,344 |
| Core Profit after Tax (PAT) | 158,955 | 108,051 | 121,412 | 118,990 | 95,195 | 126,344 |
| Core PAT Margin | 16.3% | 10.6% | 12.2% | 11.4% | 9.5% | 12.0% |
| No. of Shares | 340,077 | 340,077 | 680,154 | 680,154 | 680,154 | 680,154 |
| Net Tangible Asset (NTA) | 691,468 | 769,038 | 833,780 | 897,648 | 944,082 | 1,035,703 |
| NTA per share (RM) | 2.03 | 2.26 | 1.23 | 1.32 | 1.39 | 1.52 |
| Core EPS (sen) | 46.74 | 31.77 | 17.90 | 17.63 | 14.00 | 18.67 |
| Return on Assets (ROA) | 14.9% | 8.6% | 9.7% | 8.7% | 6.5% | 7.7% |
| Return on Equity (ROE) | 23.0% | 13.5% | 14.6% | 13.3% | 10.1% | 12.2% |

NM= Not meaningful



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

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

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

| | Quarter Ended 31.12.2015 RM '000 | Year-to-Date Ended 31.12.2015 RM '000 |
|----------|--|---|
| Taxation | 7,978 | 26,012 |

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

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

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

7. Quoted Investment

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

**8. Status of Corporate Proposals Announced**

There were no corporate proposals announced as at 23 February 2016 (the latest practicable date that shall not be earlier than 7 days from the date of this quarterly report).

9. Group Borrowings and Debt Securities

Group borrowings as at 31 December 2015 are as follows: -

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|-----------------------|---------------------------|-----------------------------|-------------------------|
| Short term borrowings | 13,257 | 320,664 | 333,921 |
| Long term borrowings | 6,307 | 93,169 | 99,476 |
| Total borrowings | 19,564 | 413,833 | 433,397 |

88% of the short term borrowings comprise trade facilities amounting to RM 293.8 million that are revolving in nature for working capital purposes. These facilities bear interest rates that are attractive and competitive ranging from 1.0% to 3.6% p.a.

10. Financial Instruments with Off Balance Sheet Risks

There were no financial instruments with off balance sheet risk as at 23 February 2016 (the latest practicable date which shall not be earlier than 7 days from the date of this quarterly report).

11. Pending Material Litigation

The Group has no outstanding material litigation which might materially and adversely affect the position or business of the Group as at 23 February 2016, being the latest practicable date.

12. Dividends Declared/Proposed

For the current 18-month financial period ending 30 June 2016, the Board of Directors declared a 2nd interim single tier dividend of 4% amounting to RM13.4 million payable on 8 April 2016.

A 1st interim single tier dividend of 4% amounting to RM13.5 million had been paid on 22 October 2016.



13. Earnings per Share (EPS)

Basic earnings per share

| | 2015 Current Quarter Ended 31.12.2015 | 2015 Year-to-date Ended 31.12.2015 |
|--|--|---|
| Net profit / (loss) (RM'000) attributable to ordinary shareholders | 38,820 | 126,965 |
| Weighted average ('000) Number of ordinary shares in issue | 680,154 | 680,154 |
| Basic earnings per share (sen) | 5.71 | 18.67 |

14. Realised and Unrealised Profits/Losses

| | As at 31.12.2015 RM '000 | As at 31.12.2014 RM '000 |
|---|---|---|
| Total retained profits of the Company and its Subsidiaries: | | |
| - Realised | 530,296 | 455,237 |
| - Unrealised | (58,120) | 11,518 |
| | 472,176 | 466,755 |
| Less: Consolidation adjustments | 291,413 | 205,276 |
| Total Group retained earnings as per consolidated accounts | 763,589 | 672,031 |