



NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2017 PURSUANT TO FINANCIAL REPORTING STANDARD (FRS) 134

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of the Malaysian Financial Reporting Standard 134 (MFRS 134): Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 (Appendix 9B part A) of the Main Market Listing Requirements (“Listing Requirements”) of the Bursa Malaysia Securities Berhad (“Bursa Securities”) and should be read in conjunction with the Group’s audited financial statements for the financial period ended 30 June 2016 and the accompanying explanatory notes attached to the unaudited consolidated financial statements.

The significant accounting policies and methods of computation adopted in the preparation of this interim financial report are consistent with those adopted in the audited financial statements of the Company for the financial period ended 30 June 2016. The adoption of the new MFRS, amendments/improvements to MFRSs and new IC Interpretations does not have any significant impact on the financial performance and financial position of the Group.

As announced on 13 May 2015, the Company had changed its financial year-end from December to June. As such, the last financial period is an 18-month financial period ended 30 June 2016. The current quarter ended 30 June 2017 is the fourth and final quarter of the financial year ended 30 June 2017.

2. Auditors’ Report

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

3. Seasonal and Cyclical Factors

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

4. Exceptional and Extraordinary Items

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

5. Changes in Accounting Estimates

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



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

Share Buyback

There were no share buy-back transactions during the current quarter under review and the number of treasury shares as at 30 June 2017 stood at 12,700,000.

Subsequently, in the month of July, the Company repurchased 2,500,000 ordinary shares from the open market at an average price of RM1.93 per share, increasing the number of treasury shares to 15,200,000.

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



7. Dividend Paid (cont'd)

Financial Year	Description	Payment Date	Dividend (%)	Value (RM'000)
2014	Interim single tier dividend	28.01.2015	4.0% ^	13,541
	Final single tier dividend	08.07.2015	6.0% ^	20,311
2016#	1 st Interim single tier dividend	22.10.2015	4.0% ^	13,425
	2 nd Interim single tier dividend	08.04.2016	4.0% ^	13,425
	3 rd Interim single tier dividend	18.07.2016	4.0% ^	13,425
	Final single tier dividend	19.12.2016	4.0% ^	13,425
2017	Interim single tier dividend	28.07.2017	2.5 sen	16,686
	Total			291,861

^ Note that the dividend rate is based on 680.2 million shares (less treasury shares if any) following a 1-for-1 bonus issue completed on 31 January 2012

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

8. Segmental Reporting

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

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

THE GROUP CUMULATIVE FYE JUNE 2017	Investment Holding RM'000	Manu- facturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External sales	-	660,503	465,228	819	-	1,126,550
Inter-segment sales	37,817	414,464	109,656	7,373	(569,310)	-
	<u>37,817</u>	<u>1,074,967</u>	<u>574,884</u>	<u>8,192</u>	<u>(569,310)</u>	<u>1,126,550</u>
Segmental results	37,894	164,390	(23,512)	(5,533)	(24,723)	148,516
Depreciation & Amortisation						(38,767)
Finance costs						(10,968)
Interest income						-
Share of profit in associated companies						11,628
PBT						110,409
Tax expenses						(37,109)
PAT						<u>73,300</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 August 2017, the Group had capital commitments amounting to RM 24.1 million for the purchase of plant and equipment to be installed at its various factories.

11. Material Events Subsequent to the End of Period Reported

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

12. Changes in the Composition of the Group

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

13. Contingent liabilities and contingent assets

The Group has no outstanding contingent liabilities and contingent assets as at 23 August 2017 which might materially and adversely affect the position or business of the Group.



Additional information required by Bursa Malaysia Securities Bhd Listing Requirements

1. Review of the Performance of the Company and Its Principal Subsidiaries

The Supermax Group's performance for the quarter under review is tabled below:

Description	4 th Quarter ended 30.6.2017 RM '000
Revenue	312,585
EBITDA	49,446
Profit Before Tax (PBT)	36,042

The Group recorded total revenue of RM 312.6 million from global sales of its natural rubber and nitrile rubber gloves. In terms of profitability, the Group recorded EBITDA and PBT margins of 15.8% and 11.5% respectively.

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

However, there was some margin squeeze owing to sharply-rising raw material prices, pre-operating costs incurred on new start-ups overseas as well as advertising & promotional costs incurred as we launch our new contact lens products overseas. Additional expenses will be incurred in the next 12 months to gain a greater share of the global contact lens market. Nevertheless, efforts are being made to improve the profit margins and efficiency levels.

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

2. Comparison with Preceding Quarter's Result

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

Description	Qtr ended 30.6.2017 RM '000	Qtr ended 31.3.2017 RM '000	Increase/(Decrease)	
			RM'000	%
Revenue	312,585	308,226	4,359	+1.4
EBITDA	49,446	35,397	14,049	+39.7
PBT	36,042	20,894	15,148	+72.5

On a preceding quarter basis, the Group's revenue rose by 1.4% (RM4.4 million) on the back of increased output from some refurbishment works carried out. However, the Group's EBITDA and PBT rose by 39.7% and 72.5% respectively mainly due to lower raw material prices and an insurance payment received.



3. Prospects

The global demand for both natural rubber and nitrile gloves remains strong with healthcare awareness continuing to rise, increasing regulation of the healthcare sector and ever higher healthcare spending in both the public and private sectors driving demand growth. These positive factors augur well for the Company and the industry as a whole.

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

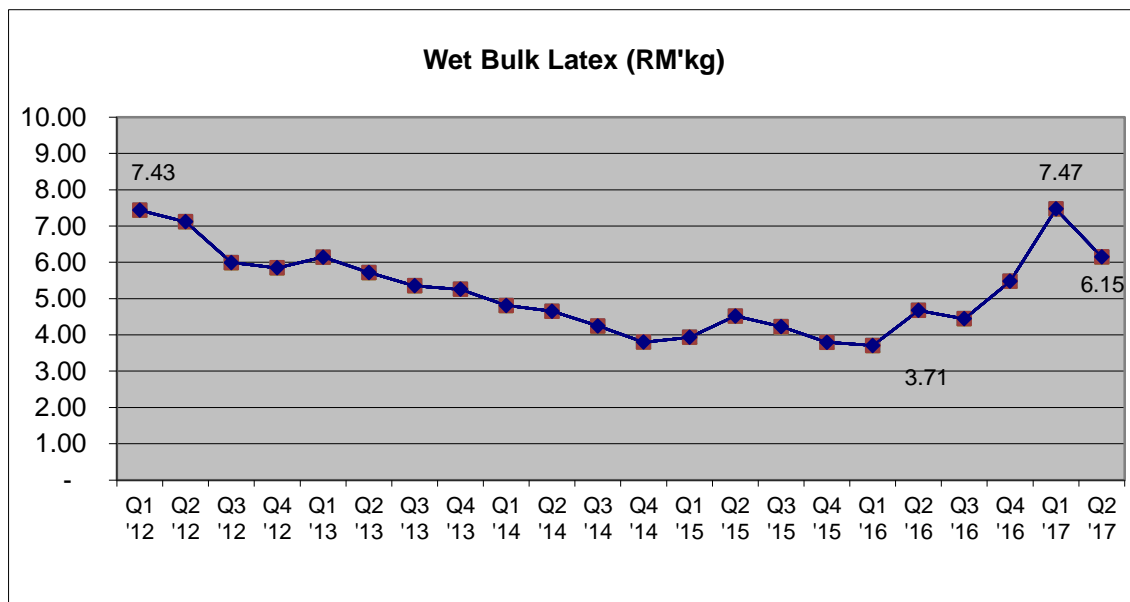
Glove Division

I) Natural Rubber Latex

Natural rubber latex prices had been rising since the 4th quarter of 2016 and through the 1st quarter of 2017. Average monthly natural latex price peaked at RM7.98/kg in February 2017, the highest level since March 2012 (RM7.83/kg). Supply and demand imbalance in the natural rubber latex market is the main reason causing the spike in prices.

After averaging RM7.47/kg in Q1 2017, the price of latex has since retreated to an average of RM6.15/kg in Q2 2017. While this might ease short term upward cost pressures on the bottom line, market participants will soon price in the ‘lag’ effect on the top line in the longer term. Thus, the Group remains focussed on improving overall operational efficiency to enhance shareholders value.

Natural rubber latex prices have continued to slide, closing the month of July 2017 at an average price of RM5.18/kg wet. The Group is cautiously optimistic that rubber latex prices will remain at current levels if not ease further in the short to medium term.



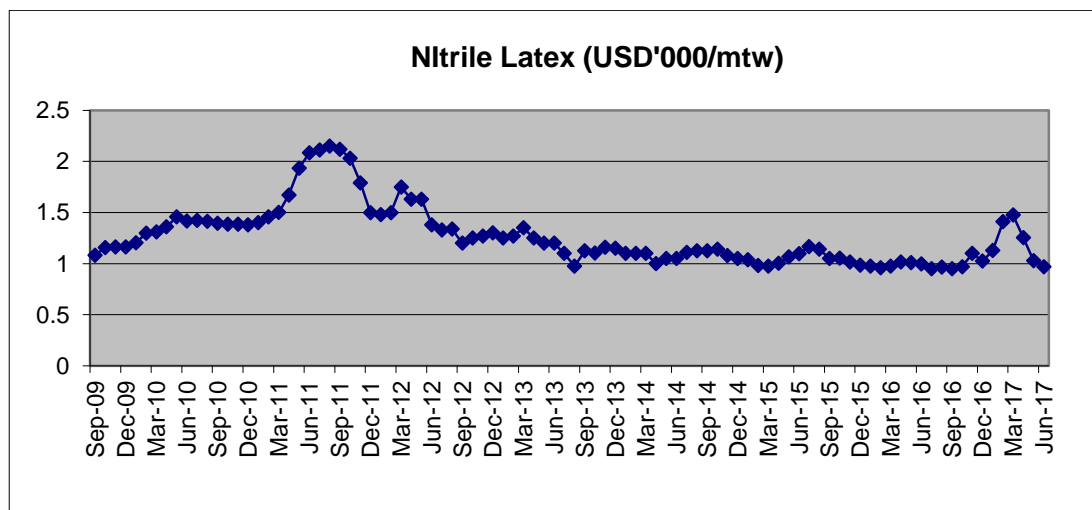


II) Synthetic Nitrile Latex

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

However, shortage of global butadiene supply has sent nitrile latex prices soaring from USD 1,000/mtw to around USD 1,500/mtw in the first quarter of 2017. Towards the end of Q2 2017, we observed that nitrile latex prices had fallen back to its historical mean reversion level of around USD 1,000/mtw. Average nitrile latex prices for Q2 2017 stood at USD 1,085/mtw, 28% lower compared to Q1 2017.

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



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

NR & Nitrile Latex Prices and MYR/USD Exchange Rates

Natural Rubber Latex	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	YOY %
USD per kg/wet	1,165	1,097	1,267	1,682	1,420	+21.9
RM per kg/wet	4,673	4,444	5,473	7,470	6,150	+31.6
(USD:MYR)	4.01	4.05	4.32	4.44	4.33	+8.0
Synthetic Latex (Nitrile)	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	YOY %
USD per mtw	1,007	955	1,032	1,338	970	-3.7
RM per mtw	4,038	3,868	4,458	5,941	4,200	+4.0
(USD:MYR)	4.01	4.05	4.32	4.44	4.33	+8.0



Contact Lens Division

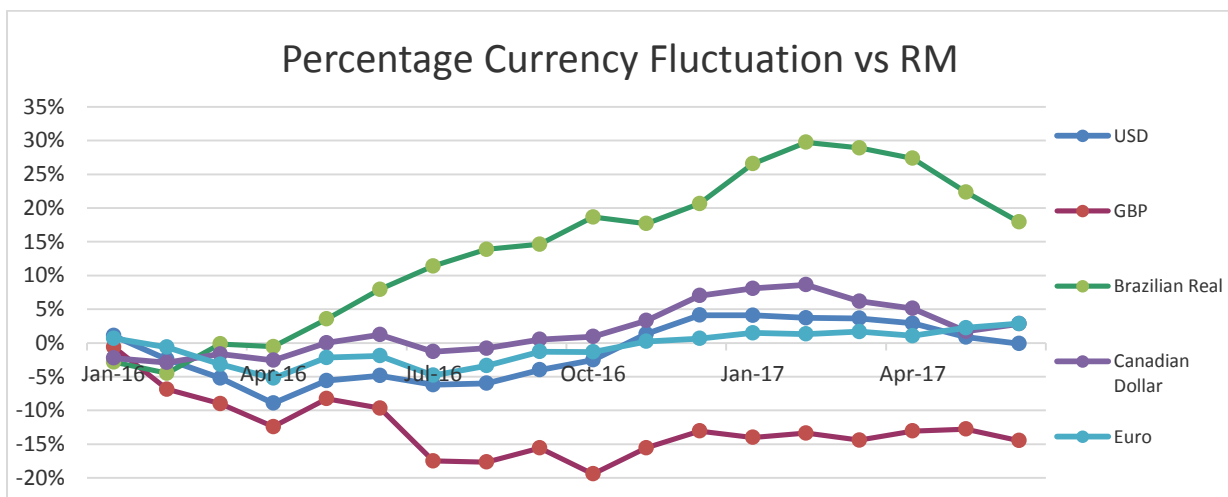
The Group is making good progress in developing its contact lens business. Not only has it successfully set up its production operations over the last few years, but it is also seeing its intensive efforts to procure the necessary certifications and approvals to produce and bring its products to market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

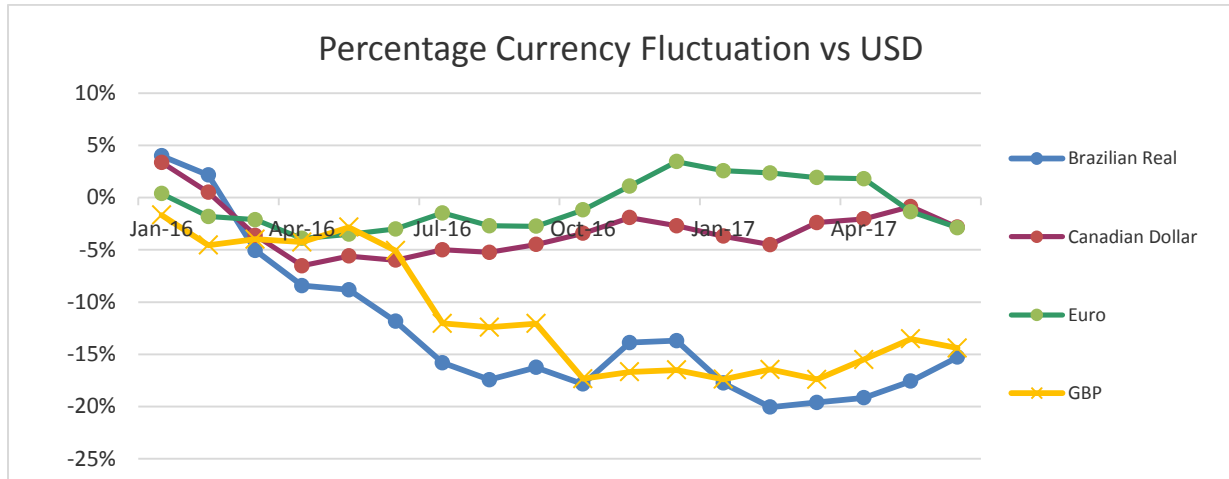
The certifications and approvals obtained todate include the US FDA 510K, the CE Mark and the Brazilian Anvisa license for the oversea markets; and the Medical Device Authority license for the Malaysian market. It is currently pursuing the approvals required to gain access to the Japanese market, the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

Foreign exchange rates

The Trump-win at the US presidential elections saw the USD:MYR currency pairing surge to almost USD1:MYR4.50 at the end of 2016, before easing back gradually to the USD1:MYR4.30 level in recent months. Going forward, Malaysia’s strong set of 1H2017 macroeconomic figures and lower oil price volatility is sending positive signals on the Ringgit’s valuation. In fact, several Research houses have made bold predictions, expecting the Ringgit to gradually march towards the USD1:MYR4 level in 2H2017. Nevertheless, whichever way the Ringgit moves against the US Dollar, the Company has in place a pricing mechanism which mitigates the impact of the currency volatility.

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





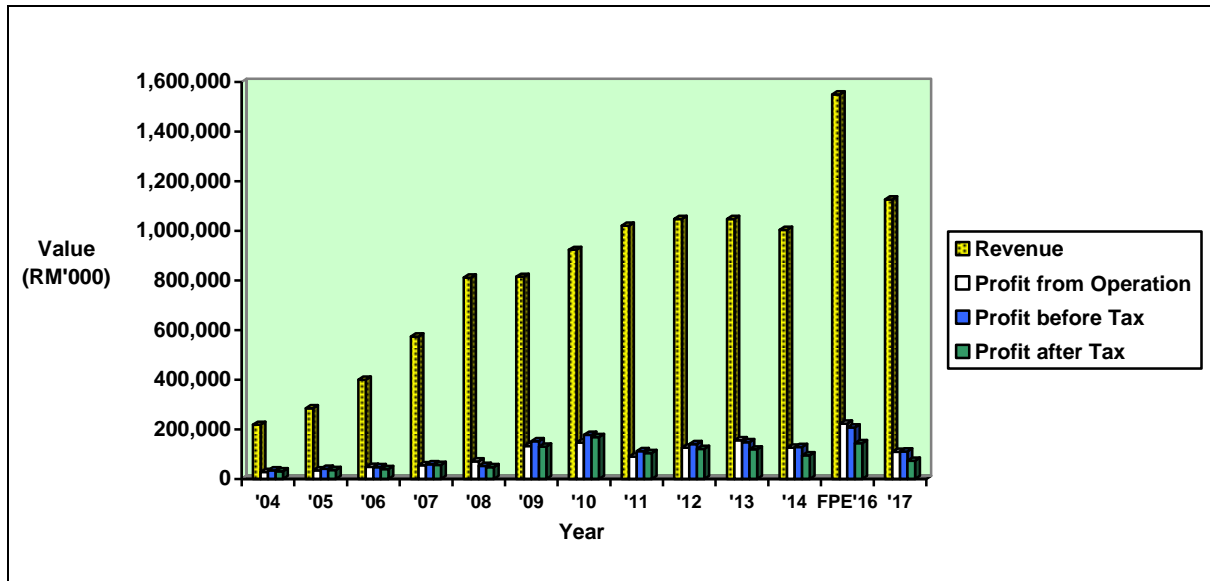
Historical & Current Financial Performance

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

Description	Year 12/2011 (RM'000)	Year 12/2012 (RM'000)	Year 12/2013 (RM'000)	Year 12/2014 (RM'000)	*18 mths 06/2016 (RM'000)	Year 06/2017 (RM'000)
Revenue	1,021,358	997,374	1,048,151	1,004,384	1,549,529	1,126,550
Profit from operations	89,807	122,677	155,789	126,653	222,416	109,749
EBITDA	148,732	170,408	182,481	164,399	271,395	160,144
EBITDA Margin	14.6%	17.1%	17.4%	16.4%	17.5%	14.2%
Profit before Tax (PBT)	112,132	137,306	148,157	128,292	207,342	110,409
PBT Margin	11.0%	13.8%	14.1%	12.8%	13.4%	9.8%
Profit after Tax (PAT)	104,051	121,412	118,990	95,195	144,023	73,300
Core Profit after Tax (PAT)	108,051	121,412	118,990	95,195	144,023	73,300
Core PAT Margin	10.6%	12.2%	11.4%	9.5%	9.3%	6.5%
No. of Shares	340,077	680,154	680,154	680,154	680,154	680,154
Net Tangible Asset (NTA)	769,038	833,780	897,648	944,082	1,017,541	1,064,568
NTA per share (RM)	2.26	1.23	1.32	1.39	1.50	1.57
Core EPS (sen)	31.77	17.90	17.63	14.00	21.36	10.48
Return on Assets (ROA)	8.6%	9.7%	8.7%	6.5%	8.8%	4.1%
Return on Equity (ROE)	13.5%	14.6%	13.3%	10.1%	14.2%	6.9%

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

NM = Not meaningful



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

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

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

5. Profit Before Tax

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

	Quarter Ended 30.6.2017 RM'000	Year-to-date 30.6.2017 RM'000
Interest Expense	3,606	10,968
Depreciation & Amortisation	9,798	38,767
Staff costs:		
- Salaries, wages & bonus	26,644	110,524
- EPF	939	3,829
- Other related staff costs	2,085	6,200
Foreign Exchange		
- Realised Gain or Loss	2,442	11,438
- Unrealised Gain or Loss	(2,182)	(10,342)

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

	Quarter Ended 30.6.2017 RM '000	Financial Year Ended 30.6.2017 RM '000
Taxation	23,966	37,109

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

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

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

8. Quoted Investment

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

9. Status of Corporate Proposals Announced

There were no corporate proposals announced as at 23 August 2017 (the latest practicable date that shall not be earlier than 7 days from the date of this quarterly report).

10. Group Borrowings and Debt Securities

Group borrowings as at 30 June 2017 are as follows: -

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings	26,836	317,167	344,003
Long term borrowings	243	106,296	106,539
Total borrowings	27,079	423,463	450,542

89% of the short term borrowings comprise trade facilities amounting to RM 306.2 million that are revolving in nature for working capital purposes. These facilities bear interest rates that are attractive and competitive ranging from 1.0% to 3.6% p.a.

11. Financial Instruments with Off Balance Sheet Risks

There were no financial instruments with off balance sheet risk as at 23 August 2017 (the latest practicable date which shall not be earlier than 7 days from the date of this quarterly report).



12. Pending Material Litigation

The Group has no outstanding material litigation which might materially and adversely affect the position or business of the Group as at 23 August 2017, being the latest practicable date.

13. Dividends Declared/Proposed

For the current financial year ended 30 June 2017, the Board of Directors has thus far declared a 2.5 sen single tier interim dividend which was paid on 28 July 2017.

14. Earnings per Share (EPS)

	Current Quarter Ended 30.6.2017	Financial Year-to-date Ended 30.6.2017
Net profit / (loss) (RM'000) attributable to ordinary shareholders	8,345	70,206
Weighted average ('000) Number of ordinary shares in issue	670,104	670,104
Basic earnings per share (sen)	1.25	10.48

15. Realised and Unrealised Profits/Losses

	As at 30.6.2017 RM '000	As at 30.6.2016 RM '000
Total retained profits of the Company and its Subsidiaries:		
- Realised	777,123	810,076
- Unrealised	(29,512)	2,535
	747,610	812,611
Consolidation adjustments	47,849	(57,195)
Total Group retained earnings as per consolidated accounts	795,459	755,416