



**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2019 PURSUANT TO FINANCIAL REPORTING STANDARD (FRS) 134**

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**1. Basis of Preparation**

The interim financial report is unaudited and has been prepared in accordance with the requirements of the Malaysian Financial Reporting Standard 134 (MFRS 134): Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 (Appendix 9B part A) of the Main Market Listing Requirements (“Listing Requirements”) of the Bursa Malaysia Securities Berhad (“Bursa Securities”) and should be read in conjunction with the Group’s audited financial statements for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to the unaudited consolidated financial statements.

The significant accounting policies and methods of computation adopted in the preparation of this interim financial report are consistent with those adopted in the audited financial statements of the Company for the financial year ended 30 June 2018. The adoption of the new MFRS, amendments/improvements to MFRSs and new IC Interpretations does not have any significant impact on the financial performance and financial position of the Group.

**2. Auditors’ Report**

There was no qualification on the audited financial statements of the Group for the financial year ended 30 June 2018.

**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 buyback transactions in the quarter under review. As at 31 March 2019, the number of treasury shares stood at 49,002,200 (increased by 24,501,100 shares after completion of 1:1 bonus issue on 8 January 2019).



## 7. Dividend Paid

Dividends paid in respect of Financial Year ended 30 June 2019 is as follows:

Financial Year	Description	Payment Date(s)	Dividend (%)	Value (RM'000)
2019	Interim single tier dividend	18.04.2019	1.5 sen*	19,670
	<b>Total</b>			<b>52,453</b>

\* Note that the dividend rate is based on 1,360.4 million shares (less treasury shares if any) following a 1-for-1 bonus issue exercise completed on 8 January 2019

## 8. Segmental Reporting

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

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

<b>THE GROUP CUMULATIVE 9 MONTHS</b>	Investment Holding RM'000	Manu- facturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<b>Revenue</b>						
External sales	-	595,393	514,480	3,479	-	1,113,352
Inter-segment sales	32,887	470,911	143,388	6,927	(654,113)	-
	<u>32,887</u>	<u>1,066,304</u>	<u>657,868</u>	<u>10,406</u>	<u>(654,113)</u>	<u>1,113,352</u>
Segmental results						198,427
Depreciation & Amortisation						(32,007)
Finance costs						(13,812)
Interest income						153
Share of profit in associated cos.						3,648
PBT						<u>156,409</u>
Tax expenses						(46,756)
PAT						<u><u>109,653</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 9 May 2019, the Group had capital commitments amounting to RM 70.3 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 31 March 2019.

**13. Contingent liabilities and contingent assets**

The Group has no outstanding contingent liabilities and contingent assets as at 9 May 2019 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	3 <sup>rd</sup> Quarter ended 31.3.2019 RM '000	3 <sup>rd</sup> Quarter ended 31.3.2018 RM '000	Increase/(Decrease)	
			RM'000	%
Revenue	361,199	327,069	+34,130	+10.4
EBITDA	64,296	58,737	+5,559	+9.5
Profit Before Tax (PBT)	49,416	45,454	+3,962	+8.7

The Group recorded total revenue of RM 361.2 million from global sales of its natural rubber and nitrile rubber gloves, an increase of 10.4% or RM34.1 million compared to the corresponding period a year ago. The increase was attributed to the commissioning of the new replacement lines within the Group.

EBITDA and PBT were higher by 9.5% and 8.7% respectively as a result of the higher output and greater efficiency achieved from the commissioning of the new replacement lines.

For the year-to-date 9 months ended 31.3.2019, Group Revenue of RM1.1 billion recorded was 14.2% or RM138.3 million higher compared to the corresponding period a year ago, while PBT of RM156.4 million and PAT of RM109.7 million were 8.8% (RM12.7 million) and 10.2% (RM10.2 million) higher respectively.

**2. Comparison with Preceding Quarter's Result**

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

Description	3 <sup>rd</sup> Qtr ended 31.3.2019 RM '000	2 <sup>nd</sup> Qtr ended 31.12.2018 RM '000	Increase/(Decrease)	
			RM'000	%
Revenue	361,199	385,101	(23,902)	(6.2)
EBITDA	64,296	70,225	(5,929)	(8.4)
PBT	49,416	54,317	(4,901)	(9.0)

On a preceding quarter basis, the Group's revenue was lower by 6.2% or RM23.9 million on account of a shorter working month during the quarter, i.e. February month and Lunar New Year break.

Meanwhile, EBITDA and PBT were lower by 8.4% and 9.0% respectively in tandem with the lower revenue.



### 3. Prospects

#### Glove Division

The global market for disposable gloves remains vibrant for both the natural rubber and nitrile variants. A slowdown in demand earlier in the year had raised concerns of an over-supply situation. However, the slowdown has not sustained as demand is again on the rise, driven by various factors including rising healthcare awareness and healthcare reforms mandating its use in the medical sectors as well rising consumption in other non-traditional sectors such as the beauty-related sectors and household-use. On a year-to-year basis, global demand continues to grow at a rate of 8 - 10%. These positive factors continue to augur well for the Company and the industry as a whole.

Construction of the Group's 12<sup>th</sup> plant continues to progress steadily and once completed and the production lines commissioned, the new capacity will provide a significant boost to the Group's total production capacity and lift both top-line and bottom-line performance.

#### Contact Lens Division

The Group continues to make progress in developing its contact lens business. The groundwork had been laid in the initial few years with the setting-up of a state-of-the-art clean room manufacturing facility, assembling a team of highly-skilled professionals and developing the capabilities to produce contact lenses of the highest quality. It has then worked fervently to procure the necessary licences and approvals which allows the Group access to various markets globally. With the licences in hand, the Group has gradually extended its global marketing footprint to more and more countries, including the US and Japan, which are the 2 largest markets in the world for contact lenses.

The process of securing licences continues not only to access the markets in other countries but also to obtain approval for its newly developed products to be distributed in both existing and new markets. The Group's toric lenses (for correction of astigmatism) have recently been approved for the US and Japanese markets. This is a testament to the Group's manufacturing capabilities as well as the quality of the lenses produced as these 2 countries impose very strict regulations and standards on medical devices.

Marketing efforts have also been stepped up as the Group's focus extends to market penetration. Various platforms have been employed from wholesale distribution, to mobile trucks to online B2C sales via websites launched in the US ([www.aveovision.com](http://www.aveovision.com)) and in Malaysia ([www.aveovision.my](http://www.aveovision.my)) thus far.

Going forward, the Group will continue to work on obtaining the licences and approvals for more of its products in more countries; further expanding its product range to include other types of lenses such as colour lenses and lenses made from newer and superior materials; and increasing market penetration for its products globally.



**Historical & Current Financial Performance**

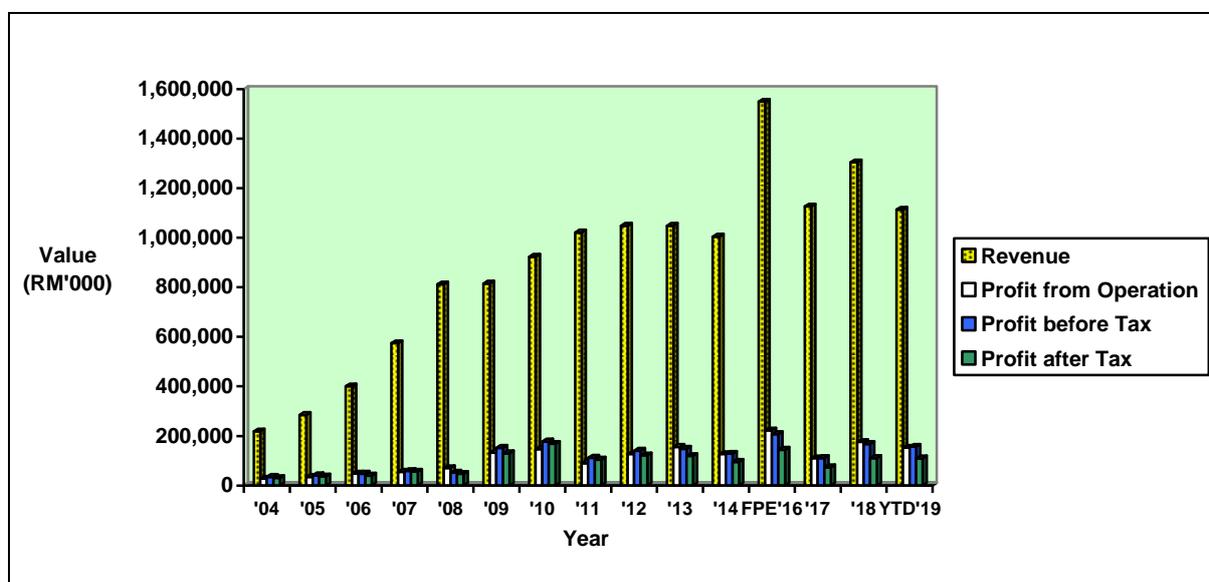
The Group’s historical and current financial performances are shown below:

Description	Year 12/2014 (RM'000)	*18 mths 06/2016 (RM'000)	Year 06/2017 (RM'000)	Year 06/2018 (RM'000)	9 months 06/2019 (RM'000)
Revenue	1,004,384	1,549,529	1,126,879	1,304,460	1,113,352
Profit from operations	126,653	222,416	107,731	175,633	166,574
EBITDA	164,399	271,395	160,304	221,925	202,228
EBITDA Margin	16.4%	17.5%	14.2%	17.0%	18.2%
Profit before Tax (PBT)	128,292	207,342	107,939	167,187	156,409
PBT Margin	12.8%	13.4%	9.6%	12.8%	14.0%
Profit after Tax (PAT)	95,195	144,023	70,295	110,971	109,653
Core Profit after Tax (PAT)	95,195	144,023	70,295	110,971	109,653
Core PAT Margin	9.5%	9.3%	6.2%	8.5%	9.8%
No. of Shares	680,154	680,154	680,154	680,154	1,360,308
Net Tangible Asset (NTA)	944,082	1,017,541	1,070,236	1,063,770	1,096,865
NTA per share (RM)	1.39	1.50	1.57	1.56	0.81#
EPS (sen)	14.00	21.36	10.03	16.24	8.29^#
Return on Assets (ROA)	6.5%	8.8%	3.9%	6.4%	
Return on Equity (ROE)	10.1%	14.2%	6.6%	10.4%	

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

^ EPS for 9M'FY2019 only

# Based on enlarged share capital of 1.36 billion shares following 1:1 bonus issue on 8 January 2019



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):

	<b>3<sup>rd</sup> Quarter Ended 31.3.2019 RM'000</b>	<b>Year-to-date 31.3.2019 RM'000</b>
Interest Expense	4,537	13,812
Depreciation & Amortisation	10,362	32,007
Staff costs:		
- Salaries, wages & bonus	28,523	85,262
- EPF	1,781	4,071
- Other related staff costs	1,421	4,774
Foreign Exchange		
- Realised (Gain) or Loss	(523)	(11,333)
- Unrealised (Gain) or Loss	(5,101)	4,184
Other Costs & Expenses	267,921	814,001
<b>Total Operating Expenses</b>	<b><u>308,921</u></b>	<b><u>946,778</u></b>

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

	<b>3<sup>rd</sup> Quarter Ended 31.3.2019 RM '000</b>	<b>Year-to-date 31.3.2019 RM '000</b>
Taxation	14,453	46,756

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

As at 9 May 2019, total income tax refundable to the Group from IRB amounted to RM 27.74 of which a total of RM 9.13 million is in respect of years of assessment prior to YA2018, while GST refundable to the Group amounted to RM 3.58 million.

**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**

The Company had on 29 August 2018 announced its proposal to undertake a bonus issue of up to 680,154,880 bonus shares on the basis of 1 bonus share for every 1 existing Supermax share held on the entitlement date. This proposal was approved by shareholders at the Extraordinary General Meeting held on 30 November 2018 and the exercise was completed on 8 January with the listing of 680,154,880 bonus shares on the stock exchange.

Except for the above completed corporate exercise, there are no other corporate proposals announced as at 9 May 2019 (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 31 March 2019 are as follows: -

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
Short term borrowings	868	348,363	349,231
Long term borrowings	1,620	49,948	51,568
Total borrowings	2,488	398,311	400,799

99.7% of the short term borrowings comprise trade facilities amounting to RM 348.4 million that are revolving in nature for working capital purposes. These facilities bear interest rates that are attractive and competitive ranging from 1.59% to 4.22% p.a.

**11. Financial Instruments with Off Balance Sheet Risks**

There were no financial instruments with off balance sheet risk as at 9 May 2019 (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 9 May 2019, being the latest practicable date.



**13. Dividends Declared/Proposed**

For the current financial year ending 30 June 2019, the Board of Directors has to-date declared an interim single tier dividend of 1.5 sen which was paid on 18 April 2019.

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

	<b>Current Quarter Ended 31.3.2019</b>	<b>Year-to-date Ended 31.3.2019</b>
Net profit / (loss) (RM'000) attributable to ordinary shareholders	34,617	108,695
Weighted average ('000) Number of ordinary shares in issue	1,311,308	1,311,308
Basic earnings per share (sen)	2.64*	8.29*

\* Based on enlarged weighted average number of ordinary shares in issue owing to a 1:1 bonus issue exercise completed on 8 January 2019