



NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2019 PURSUANT TO FINANCIAL REPORTING STANDARD (FRS) 134

1. Basis of Preparation

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

During the quarter under review, the Company repurchased 4,810,000 ordinary shares from the open market at an average price of RM1.60 per share. As at 30 June 2019, the number of treasury shares stood at 53,812,200.



On 10 July 2019, the Company repurchased a further 190,000 shares from the open market at an average price RM1.60 per share. As at 26 August 2019, the number of treasury shares held by the Company stood at 54,002,200.

7. Dividend Paid

Dividends paid in respect of the current financial year ended 30 June 2019 and the preceding 3 financial years are as follows:

Financial Year	Description	Payment Date(s)	Dividend (%)	Value (RM'000)
2016#	1 st Interim single tier dividend	22.10.2015	4.0%^	13,425
	2 nd Interim single tier dividend	08.04.2016	4.0%^	13,425
	3 rd Interim single tier dividend	18.07.2016	4.0%^	13,425
	Final single tier dividend	19.12.2016	4.0%^	13,425
2017	Interim single tier dividend	28.07.2017	2.5 sen^	16,686
	Final single tier dividend	18.12.2017	3.0 sen^	19,738
2018	Interim single tier dividend	28.03.2018	3.0 sen^	19,670
	Interim single tier dividend	28.06.2018	3.0 sen^	19,670
	Final single tier dividend	18.12.2018	2.0 sen^	13,113
2019	Interim single tier dividend	18.04.2019	1.5 sen@	19,670

^ 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

@ 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 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

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	-	795,912	689,412	3,992	-	1,489,316
Inter-segment sales	55,887	631,030	186,202	10,688	(883,807)	-
	<u>55,887</u>	<u>1,426,942</u>	<u>875,614</u>	<u>14,680</u>	<u>(883,807)</u>	<u>1,489,316</u>



Segmental results	229,699
Depreciation & Amortisation	(43,628)
Finance costs	(19,721)
Interest income	853
Share of profit in associated cos.	5,404
PBT	172,607
Tax expenses	(48,950)
PAT	123,657

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 26 August 2019, the Group had capital commitments amounting to RM 59.6 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 30 June 2019, the Company's 70% owned subsidiary, Aime Supermax KK (ASKK) had on 28 June 2019 entered into a Share Sale Agreement with Fordham Precision Co. Ltd. to acquire the entire issued and paid up capital of Clayton Dynamics Co. Ltd. together with its wholly-owned subsidiary Plan A Co. Ltd. for total consideration of JPY 100,000,000.00.

The acquisition will give the Supermax Group strategic access to the cosmetic lens market in Japan, with Japan being one of the largest contact lens markets in the world. This will complement its existing business in Japan which is the wholesale of clear contact lenses to optical shops, specialist retailers and professionals.

13. Contingent liabilities and contingent assets

The Group has no outstanding contingent liabilities and contingent assets as at 26 August 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	4 th Quarter ended 30.6.2019 RM '000	4 th Quarter ended 30.6.2018 RM '000	Increase/(Decrease)	
			RM'000	%
Revenue	375,964	329,456	+46,508	+14.1
EBITDA	33,728	33,626	+102	+0.3
Profit Before Tax (PBT)	16,198	18,150	(1,952)	(10.7)

The Group recorded total revenue of RM 376.0 million from global sales of its natural rubber and nitrile rubber gloves, an increase of 14.1% or RM 46.5 million compared to the corresponding period a year ago. The increase was attributed to the commissioning of the new replacement lines within the Group and stronger USD vs MYR.

EBITDA was 0.3% higher and PBT 10.7% lower. This was mainly a result of an increase in production costs, including raw material costs.

Full Financial Year Performance

For the financial year ended 30.6.2019, the Group recorded revenue of RM 1.5 billion. This was 14.2% or RM 184.9 million higher compared to the last financial year ended 30.6.2018. The higher revenue was achieved on the back of increased production capacity from its rebuilt plants.

Despite the rising cost pressures during the year, efforts to drive production efficiency and better manage costs enabled the Group to achieve a 6.6% rise in PBT to RM172.6 million; and a 12.3% increase in PAT to RM123.7 million.

2. Comparison with Preceding Quarter's Result

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

Description	4 th Quarter ended 30.6.2019 RM '000	3 rd Quarter ended 31.3.2019 RM '000	Increase/(Decrease)	
			RM'000	%
Revenue	375,964	361,199	+14,765	+4.1
EBITDA	33,728	64,296	(30,568)	(47.5)
PBT	16,198	49,416	(33,218)	(67.2)



On a preceding quarter basis, the Group's revenue was higher by 4.1% or RM 14.8 million. This is partly due to contribution of the strengthening of the USD vs MYR.

EBITDA and PBT were lower by 47.5% and 67.2% respectively, mainly due to a sharp 23% rise in rubber latex prices & keen competition on certain markets.

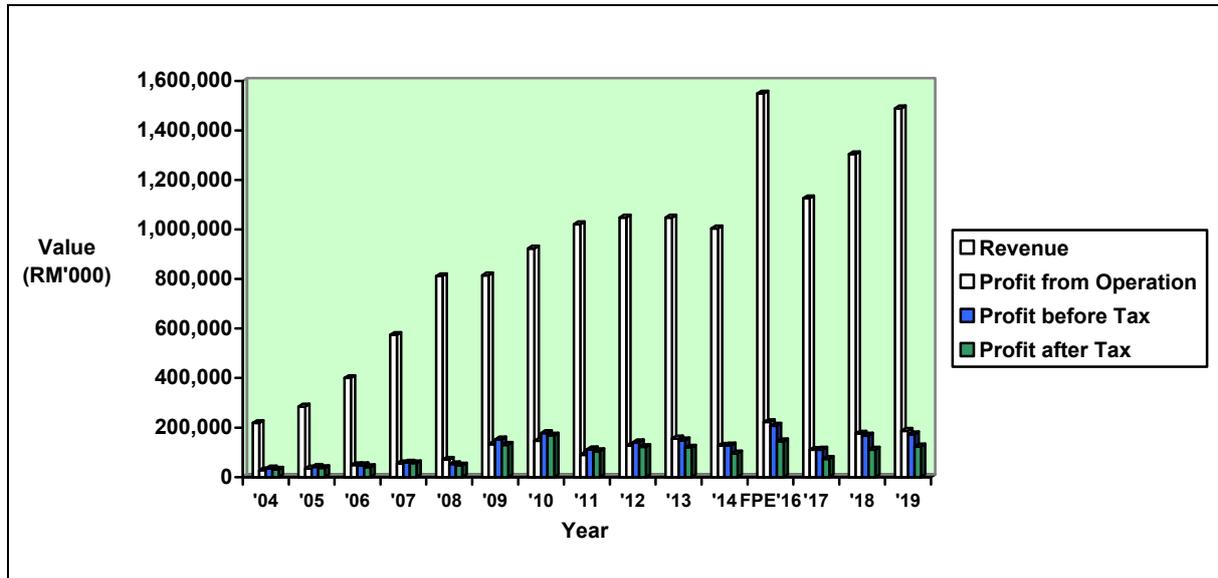
Historical & Current Financial Performance

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)	Year 06/2019 (RM'000)
Revenue	1,004,384	1,549,529	1,126,879	1,304,460	1,489,316
Profit from operations	126,653	222,416	107,731	169,879	186,924
EBITDA	164,399	271,395	160,304	217,720	235,956
EBITDA Margin	16.4%	17.5%	14.2%	16.7%	15.8%
Profit before Tax (PBT)	128,292	207,342	107,939	161,894	172,607
PBT Margin	12.8%	13.4%	9.6%	12.4%	11.6%
Profit after Tax (PAT)	95,195	144,023	70,295	110,142	123,657
Core Profit after Tax (PAT)	95,195	144,023	70,295	110,142	118,701
Core PAT Margin	9.5%	9.3%	6.2%	8.4%	8.0%
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	1,022,710	1,126,988
NTA per share (RM)#	0.70	0.75	0.78	0.75	0.83
EPS (sen)#	7.00	10.68	5.02	8.09	9.4
Return on Assets (ROA)	6.5%	8.8%	3.9%	6.4%	6.5%
Return on Equity (ROE)	10.1%	14.2%	6.6%	10.8%	10.5%

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

NTA per share and EPS for the current financial year ended 30.6.2019 are based on enlarged share capital of 1.36 billion shares following 1:1 bonus issue on 8 January 2019. For comparative purposes, the NTA per share and EPS in previous years' have also been adjusted to reflect the said bonus issue.



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.

3. Prospects

Glove Division

The first half of year 2019 has been a challenging period for the rubber glove industry. There was a period of time in the first quarter of the year when the business environment became increasingly competitive, sparking concerns of an over-supply situation. While such concerns have abated, global issues including the on-going US-China trade war and Brexit, continues to create uncertainties and de-stabilise global markets.

The industry has also had to contend with rising costs particularly from the rising natural rubber latex prices. Nevertheless, the Company will pass through the cost increases to the customers albeit after a lag period. The Group was able to bank on its strong branding, comprehensive global distribution network and large customer base to weather through the challenging period.

The global market place remains robust for disposable gloves, for both the natural rubber and nitrile variants, although challenges from global events and cost pressures will remain for now. The Group will continue to focus on driving efficiency through various initiatives including its replacement and rebuilding programme for its older plants as well as the on-going construction of its latest Plant #12. The Group is well positioned to capitalise on global demand that is expected to continue growing.

The Group is also looking beyond Plant #12 for its next phase of capacity growth and has acquired a piece of land in Meru, Klang on which it plans to build Plants #13, #14 and #15 that will see capacity grow over 60% to more than 44 billion pieces per annum over the next 5 years.

**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 been approved for the US and Japanese markets earlier this year. 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), in Malaysia (www.aveovision.my) and more recently also in the UK (www.aveovision.co.uk).

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 increasing market penetration for its products globally in order to fully utilise its capacity.

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):

	4th Quarter Ended 30.6.2019 RM'000	Year-to-date 30.6.2019 RM'000
Interest Expense	5,909	19,721
Depreciation & Amortisation	11,621	43,628
Staff costs:		
- Salaries, wages & bonus	29,205	114,467
- EPF	1,201	5,272
- Other related staff costs	1,837	6,612



Foreign Exchange		
- Realised (Gain) or Loss	(1,584)	(12,917)
- Unrealised (Gain) or Loss	(686)	3,499
Other Costs & Expenses	308,111	1,122,110
Total Operating Expenses	<u>355,614</u>	<u>1,302,392</u>

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

	4th Quarter Ended 30.6.2019 RM '000	Financial Year Ended 30.6.2019 RM '000
Taxation	2,194	48,950

The Group's effective tax rate for FYE 30.6.2019 is higher than the statutory tax rate mainly due to different tax rates in foreign jurisdictions.

As at 26 August 2019, total income tax refundable to the Group from IRB amounted to RM 27.42 million 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 3.40 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 2019 with the listing of 680,154,880 bonus shares on the stock exchange.

For the financial year ended 30 June 2019, except for the above completed corporate exercise, there are no other corporate proposals announced. As at 26 August 2019 (the latest practicable date that shall not be earlier than 7 days from the date of this quarterly report), there were no corporate proposals announced.



10. Group Borrowings and Debt Securities

Group borrowings as at 30 June 2019 are as follows: -

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings	860	349,013	349,873
Long term borrowings	1,585	40,447	42,032
Total borrowings	2,445	389,460	391,905

82% of the short term borrowings comprise trade facilities amounting to RM 286.5 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 26 August 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 26 August 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)

	Current Quarter Ended 30.6.2019	Year-to-date Ended 30.6.2019
Net profit / (loss) (RM'000) attributable to ordinary shareholders	15,059	123,754
Weighted average ('000) Number of ordinary shares in issue	1,310,710	1,310,710
Basic earnings per share (sen)	1.15*	9.44*

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