



NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2018 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 2017 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 2017. 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 2017.

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 1,000 ordinary shares from the open market at an average price of RM2.50 per share. As at 31 March 2018, the number of treasury shares stood at 24,501,100.

7. Dividend Paid

Dividends paid to-date are tabulated below:

Financial Year	Description	Payment Date(s)	Dividend (%)	Value (RM'000)
2001-2012	Tax exempt dividends	28.8.2002 – 18.6.2013	3.0% - 9.0%	153,666 (accumulated)
2013	Interim tax exempt dividend	21.01.2014	4.0% ^	13,583
	Final tax exempt dividend	30.06.2014	6.0% ^	20,374
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
	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
	Total			331,269

^ 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 9 MONTHS	Investment Holding RM'000	Manu- facturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External sales	1,444	495,741	476,546	1,273	-	975,004
Inter-segment sales	40,062	409,222	149,432	3,856	(602,572)	-
	<u>41,506</u>	<u>904,963</u>	<u>625,978</u>	<u>5,129</u>	<u>(602,572)</u>	<u>975,004</u>
Segmental results						180,349
Depreciation & Amortisation						(30,366)
Finance costs						(9,967)
Interest income						-
Share of profit in associated cos.						3,728
PBT						<u>143,743</u>
Tax expenses						(44,259)
PAT						<u><u>99,484</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 22 May 2018, the Group had capital commitments amounting to RM 33.6 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

There were no significant changes in the composition of the Group during the quarter ended 31 March 2018.

13. Contingent liabilities and contingent assets

The Group has no outstanding contingent liabilities and contingent assets as at 22 May 2018 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 rd Quarter ended 31.3.2018 RM '000	3 rd Quarter ended 31.3.2017 RM '000	Increase/(Decrease)	
			RM'000	%
Revenue	327,069	308,226	+18,843	+6.1
EBITDA	58,737	35,397	+23,340	+65.9
Profit Before Tax (PBT)	45,454	20,894	+24,560	+117.5

The Group recorded total revenue of RM 327.1 million from global sales of its natural rubber and nitrile rubber gloves. This was an increase of 6.1% or RM18.8 million compared to the corresponding quarter a year ago. In terms of profitability, the Group recorded EBITDA and PBT margins of 18.0% and 13.9% respectively.

Despite the weaker USD vs MYR, the Group managed to increase its sales revenue on the back of strong demand for gloves and higher output recorded.

Profitability has improved in line with the higher revenue recorded, higher production capacity and also improved operational efficiency.

2. Comparison with Preceding Quarter's Result

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

Description	3 rd Qtr ended 31.3.2018 RM '000	2 nd Qtr ended 31.12.2017 RM '000	Increase/(Decrease)	
			RM'000	%
Revenue	327,069	335,914	(8,845)	(2.6)
EBITDA	58,737	69,310	(10,573)	(15.2)
PBT	45,454	57,634	(12,180)	(21.1)

On a preceding quarter basis, the Group's revenue fell slightly by 2.6% or RM8.8 million. Higher energy costs during the current quarter resulting from a 22.9% increase in gas tariffs had impacted profitability to an extent with EBITDA and PBT falling by 15.2% and 21.1% respectively. The rise in costs has since been passed through to the customers after a short lag period.



3. Prospects

Glove Division

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 continue to augur well for the Company and the industry as a whole.

While the Group is able to benefit from new lines commissioned at Plants #10 & #11, its latest and most advanced and efficient manufacturing plants which have gradually added 5.6 billion pieces to the Group's total installed capacity, it has also embarked on a Rebuilding & Replacement programme aimed at reviving its older plants to extract higher production output from these plants. It expects to garner a net increase of **3.8 billion pieces** to total annual capacity when completed.

In addition to improving efficiency, the Group has also expanded its land bank for purposes of capacity expansion by acquiring a piece of land measuring about 5 acres close to its existing cluster of plants in Meru, Klang. The Group plans to build its 12th plant on this plot of land. This plant will add a further **2.2 billion pieces** to the Group's annual production capacity.

For the above expansion plans, the Group expects to invest **RM333.0 million** in capital expenditure over the next 2 years which will increase total annual installed capacity to **27.2 billion pieces**.

Contact Lens Division

The Group continues to make 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 efforts to procure the necessary certifications and approvals to produce and bring its products to market bear fruit. The Group will continue launching its products in the various overseas markets after obtaining the necessary approvals.

Historical & Current Financial Performance

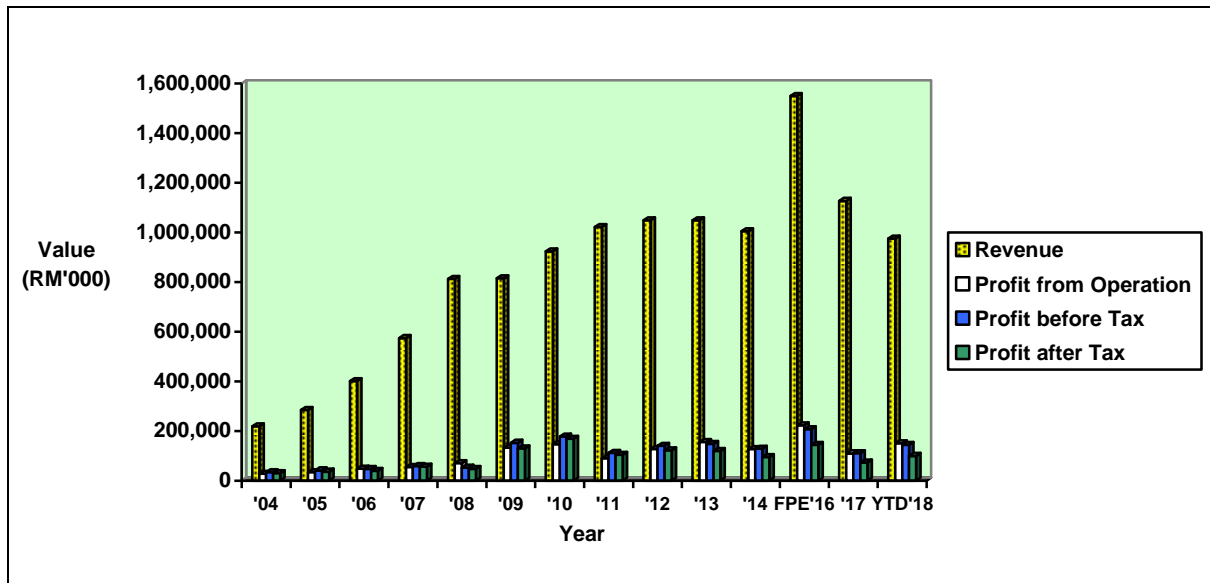
The Group's historical and current financial performances are shown below:

Description	Year 12/2013 (RM'000)	Year 12/2014 (RM'000)	*18 mths 06/2016 (RM'000)	Year 06/2017 (RM'000)	9 months 06/2018 (RM'000)
Revenue	1,048,151	1,004,384	1,549,529	1,126,550	975,004
Profit from operations	155,789	126,653	222,416	109,749	149,982
EBITDA	182,481	164,399	271,395	160,144	184,076
EBITDA Margin	17.4%	16.4%	17.5%	14.2%	18.9%
Profit before Tax (PBT)	148,157	128,292	207,342	110,409	143,743
PBT Margin	14.1%	12.8%	13.4%	9.8%	14.7%
Profit after Tax (PAT)	118,990	95,195	144,023	73,300	99,484
Core Profit after Tax (PAT)	118,990	95,195	144,023	73,300	99,484
Core PAT Margin	11.4%	9.5%	9.3%	6.5%	10.2%
No. of Shares	680,154	680,154	680,154	680,154	680,154



Net Tangible Asset (NTA)	897,648	944,082	1,017,541	1,064,568	1,092,413
NTA per share (RM)	1.32	1.39	1.50	1.57	1.61
Core EPS (sen)	17.63	14.00	21.36	10.48	14.72
Return on Assets (ROA)	8.7%	6.5%	8.8%	4.1%	NM
Return on Equity (ROE)	13.3%	10.1%	14.2%	6.9%	NM

* 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):

	3rd Quarter Ended 31.3.2018 RM'000	Year-to-date 31.3.2018 RM'000
Interest Expense	3,319	9,967
Depreciation & Amortisation	9,964	30,366
Staff costs:		
- Salaries, wages & bonus	25,994	79,859
- EPF	1,661	3,838
- Other related staff costs	1,993	5,684



Foreign Exchange		
- Realised Gain or Loss	(6,525)	(6,689)
- Unrealised Gain or Loss	17,479	33,549

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

	3rd Quarter Ended 31.3.2018 RM '000	Year-to-date 31.3.2018 RM '000
Taxation	11,363	44,259

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 22 May 2018 (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 2018 are as follows: -

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings	20,488	302,680	323,168
Long term borrowings	1,236	82,255	83,491
Total borrowings	21,724	384,935	406,659

90% of the short term borrowings comprise trade facilities amounting to RM 294.1 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 22 May 2018 (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 22 May 2018, being the latest practicable date.

13. Dividends Declared/Proposed

For the financial year ended 30 June 2018, the Board of Directors had declared an interim single tier dividend of 3 sen per share which was paid on 28 March 2018.

The Board has declared a further interim single tier dividend of 3 sen to be paid on 28 June 2018.

14. Earnings per Share (EPS)

	Current Quarter Ended 31.3.2018	Year-to-date Ended 31.3.2018
Net profit / (loss) (RM'000) attributable to ordinary shareholders	33,376	97,180
Weighted average ('000) Number of ordinary shares in issue	660,133	660,133
Basic earnings per share (sen)	5.06	14.72

15. Realised and Unrealised Profits/Losses

	As at 31.3.2018 RM '000	As at 30.6.2017 RM '000
Total retained profits of the Company and its Subsidiaries:		
- Realised	598,499	588,378
- Unrealised	(6,145)	(50,108)
	592,354	538,270
Share of Retained Profits		
- Realised	287,609	283,881
	879,963	822,151
Consolidation adjustments	(29,643)	(29,643)
Total Group Retained Earnings as per consolidated accounts	850,320	792,508