



**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2018 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 current quarter under review. As at 30 September 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% <sup>^</sup>	153,666 (accumulated)
2013	Interim tax exempt dividend	21.01.2014	4.0% <sup>^</sup>	13,583
	Final tax exempt dividend	30.06.2014	6.0% <sup>^</sup>	20,374
2014	Interim single tier dividend	28.01.2015	4.0% <sup>^</sup>	13,541
	Final single tier dividend	08.07.2015	6.0% <sup>^</sup>	20,311
2016#	1 <sup>st</sup> Interim single tier dividend	22.10.2015	4.0% <sup>^</sup>	13,425
	2 <sup>nd</sup> Interim single tier dividend	08.04.2016	4.0% <sup>^</sup>	13,425
	3 <sup>rd</sup> Interim single tier dividend	18.07.2016	4.0% <sup>^</sup>	13,425
	Final single tier dividend	19.12.2016	4.0% <sup>^</sup>	13,425
2017	Interim single tier dividend	28.07.2017	2.5 sen <sup>^</sup>	16,686
	Final single tier dividend	18.12.2017	3.0 sen <sup>^</sup>	19,738
2018	Interim single tier dividend	28.03.2018	3.0 sen <sup>^</sup>	19,670
	Interim single tier dividend	28.06.2018	3.0 sen <sup>^</sup>	19,670
	Final single tier dividend*	18.12.2018	2.0 sen <sup>^</sup>	13,113
	<b>Total</b>			<b>364,052</b>

<sup>^</sup> 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

\* Subject to shareholders' approval at upcoming 21<sup>st</sup> Annual General Meeting to be held on 30 November 2018



## 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 3 MONTHS</b>	<b>Investment Holding RM'000</b>	<b>Manu- facturing RM'000</b>	<b>Trading RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>						
External sales	-	199,646	166,355	1,051	-	367,052
Inter-segment sales	-	150,432	46,664	2,453	(199,549)	-
	-	350,078	213,019	3,504	(199,549)	367,052
Segmental results						66,142
Depreciation & Amortisation						(10,392)
Finance costs						(4,620)
Interest income						46
Share of profit in associated cos.						1,500
PBT						52,676
Tax expenses						(16,707)
PAT						35,969

## 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 29 October 2018, the Group had capital commitments amounting to RM 33.3 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 30 September 2018.

**13. Contingent liabilities and contingent assets**

The Group has no outstanding contingent liabilities and contingent assets as at 29 October 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	1 <sup>st</sup> Quarter ended 30.9.2018 RM '000	1 <sup>st</sup> Quarter ended 30.9.2017 RM '000	Increase/(Decrease)	
			RM'000	%
Revenue	367,052	312,021	+55,031	+17.6
EBITDA	67,688	56,029	+11,659	+20.8
Profit Before Tax (PBT)	52,676	40,655	12,021	+29.6

The Group recorded total revenue of RM 367.0 million from global sales of its natural rubber and nitrile rubber gloves, an increase of 17.6% or RM55.0 million compared to the corresponding period a year ago. The increase was mainly on account of the added capacity from the remaining lines that were commissioned at its 2 newest plants in the October-December 2017 quarter.

Profitability improved with EBITDA and PBT rising by 20.8% and 29.6% respectively. The improvement was attributed to increased sales from the additional production output as well as improved operational efficiency from the new high efficiency high capacity lines commissioned; and included an extraordinary gain of RM6.5 million from an insurance claim for consequential loss.

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

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

Description	1 <sup>st</sup> Qtr ended 30.9.2018 RM '000	4 <sup>th</sup> Qtr ended 30.6.2018* RM '000	Increase/(Decrease)	
			RM'000	%
Revenue	367,052	329,456	+37,596	+11.4
EBITDA	67,688	37,849	+29,839	+78.8
PBT	52,676	23,444	+29,232	+124.7

On a preceding quarter basis, the Group's revenue was higher by 11.4% or RM37.6 million from increased sales and a stronger USD vs RM.

Meanwhile, EBITDA and PBT rose sharply by 78.8% and 124.7%. The improvement was attributed to a combination of factors including higher sales recorded, decreased costs from improved operational efficiency and some extraordinary one-off costs recorded in the preceding quarter which were not incurred in the current quarter. As mentioned earlier, there was also an extraordinary gain of RM6.5 million recorded in the current quarter arising from an insurance claim for consequential loss.



### **3. Prospects**

#### **Glove Division**

The global market for disposable gloves remains vibrant for both the natural rubber and nitrile variants, driven by various factors including rising healthcare awareness, healthcare reforms mandating its use in the medical and other sectors, and rising consumption from by non-traditional users such as the beauty sector and even household users. These positive factors continue to augur well for the Company and the industry as a whole.

In the 2<sup>nd</sup> quarter of last financial year (October – December 2017), the Group had managed to fully commission its 2 newest plants, which had gradually added 5.6 billion pieces to the Group's total installed capacity. Last year, it had also embarked on a Rebuilding & Replacement programme, starting at its plant in Perak, aimed at extracting higher production output from existing locations. The new capacity and improved efficiency would provide a boost to both the bottom and top lines.

Commercial production at the rebuilt plant in Perak commenced on 18 July 2018. The plant is fully operational since end-September 2018 with annual production capacity of 1.35 billion gloves.

The Group had also expanded its land bank for purposes of capacity expansion by acquiring a piece of land behind its existing cluster of plants in Meru, Klang. Construction works to build its 12<sup>th</sup> plant on this plot of land started in June 2018 and will further add to the Group's production capacity when its 1<sup>st</sup> block, i.e. Block A, is completed in the 3<sup>rd</sup> quarter of 2019.

#### **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. Notably, the Group was able to meet the very stringent requirements of the Japanese medical device authority and had in June 2018 successfully obtained the product license to export contact lenses to Japan, the second largest contact lens market in the world. The first batch of contact lenses were recently shipped to Japan on 25 August 2018. Going forward, the Group will continue to work on obtaining the necessary product licences and approvals, expanding its product range and increasing market penetration for its products globally. Earlier this month, the Group had also launched its brand of contact lenses locally in Malaysia, further expanding its marketing footprint.



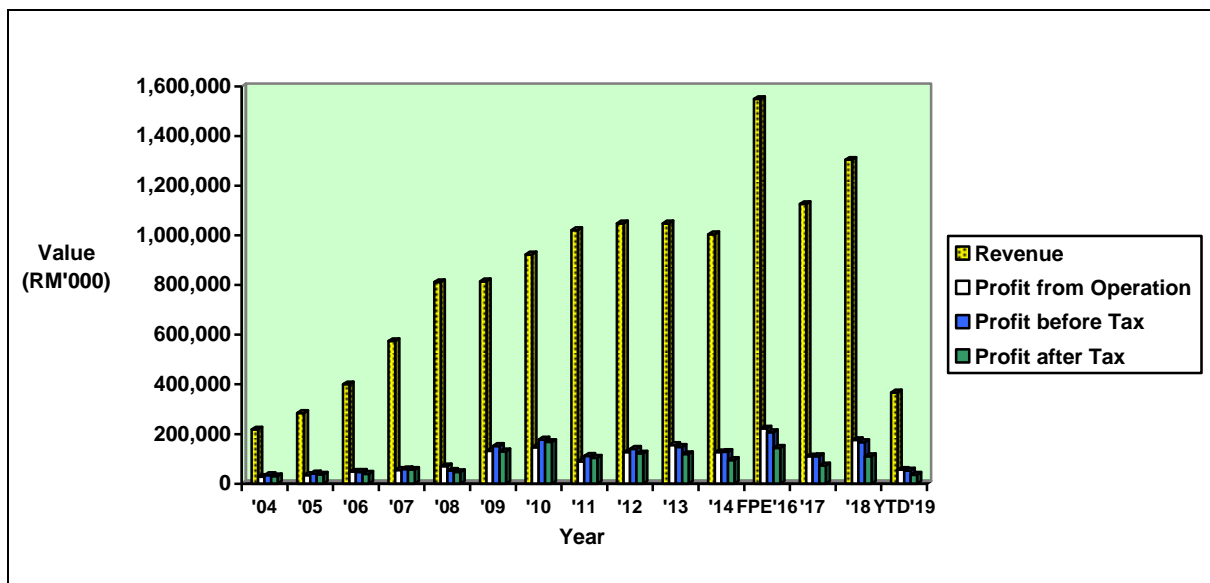
**Historical & Current Financial Performance**

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)	3 months 06/2019 (RM'000)
Revenue	1,004,384	1,549,529	1,126,879	1,304,460	367,052
Profit from operations	126,653	222,416	107,731	175,633	55,796
EBITDA	164,399	271,395	160,304	221,925	67,688
EBITDA Margin	16.4%	17.5%	14.2%	17.0%	18.4%
Profit before Tax (PBT)	128,292	207,342	107,939	167,187	52,676
PBT Margin	12.8%	13.4%	9.6%	12.8%	14.3%
Profit after Tax (PAT)	95,195	144,023	70,295	110,971	35,969
Core Profit after Tax (PAT)	95,195	144,023	70,295	110,971	35,969
Core PAT Margin	9.5%	9.3%	6.2%	8.5%	9.8%
No. of Shares	680,154	680,154	680,154	680,154	680,154
Net Tangible Asset (NTA)	944,082	1,017,541	1,070,236	1,063,770	1,060,396
NTA per share (RM)	1.39	1.50	1.57	1.56	1.56
EPS (sen)	14.00	21.36	10.03	16.24	5.48^
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 only for 1Q 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>1<sup>st</sup> Quarter Ended 30.9.2018 RM'000</b>	<b>Year-to-date 30.9.2018 RM'000</b>
Interest Expense	4,619	4,619
Depreciation & Amortisation	10,392	10,392
Staff costs:		
- Salaries, wages & bonus	27,302	27,302
- EPF	1,130	1,130
- Other related staff costs	1,702	1,702
Foreign Exchange		
- Realised (Gain) or Loss	(5,966)	(5,966)
- Unrealised (Gain) or Loss	6,104	6,104
Other Costs & Expenses	265,973	264,973
<b>Total Operating Expenses</b>	<b><u>311,256</u></b>	<b><u>311,256</u></b>

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

	<b>1<sup>st</sup> Quarter Ended 30.9.2018 RM '000</b>	<b>Year-to-date 30.6.2018 RM '000</b>
Taxation	16,707	16,707

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





Provided below are details of income tax refundable to the Group from IRB as at 29.10.2018:

Period	SLP		Maxwell		Supermax		Group	
	Amount outstanding (RM)	No. of days (Ageing)	Amount outstanding (RM)	No. of days (Ageing)	Amount outstanding (RM)	No. of days (Ageing)	Amount outstanding (RM)	No. of days (Ageing)
YA 2010	740,000.01	2,649 days	-	-	-	-	740,000.01	2,649 days
YA 2011	-	-	-	-	0.50	2,266 days	0.50	2,266 days
YA 2014	888,059.75	1,527 days	692,992.75	1,527 days	1,846,733.75	1,527 days	3,427,786.25	1,527 days
YA 2015	3,000,000.00	608 days	1,627,510.00	608 days	-	-	4,627,510.00	608 days
YA 2016	2,540,570.92	608 days	3,019,370.00	608 days	-	-	5,559,940.92	608 days
YA 2017	1,809,492.11	243 days	1,761,305.00	245 days	2,307,692.92	244 days	5,878,490.03	243 to 245 days
<b>Total</b>	<b>8,978,122.79</b>		<b>7,101,177.75</b>		<b>4,154,427.17</b>	<b>GRAND TOTAL</b>	<b>20,233,727.71</b>	

Provided below are the details of GST refundable from the Customs Department as at 29.10.2018:

Period	Maxter (Group Registration)		SVO		Group	
	Amount outstanding (RM)	No. of days (Ageing)	Amount outstanding (RM)	No. of days (Ageing)	Amount outstanding (RM)	No. of days (Ageing)
Feb'18	2,787,913.80	211 days	-	-	2,787,913.80	211 days
Mar'18	2,765,189.01	181 days	21,118.00	181 days	2,786,307.01	181 days
Apr'18	3,398,395.24	150 days	62,416.29	150 days	3,460,811.53	150 days
May'18	3,297,425.39	121 days	-	-	3,297,425.39	121 days
Jun'18	510,622.08	89 days	-	-	510,622.08	89 days
<b>TOTAL</b>	<b>12,759,545.52</b>		<b>83,534.29</b>		<b>GRAND TOTAL</b>	<b>12,843,079.81</b>

**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 an entitlement date to be determined later. This proposal is pending shareholder approval at the upcoming Extraordinary General Meeting scheduled to be held on 30 November 2018.

Except for the above mentioned proposal, there are no other corporate proposals announced as at 29 October 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 30 September 2018 are as follows: -

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
Short term borrowings	20,242	328,774	349,016
Long term borrowings	1,049	57,221	58,270
<b>Total borrowings</b>	<b>21,291</b>	<b>385,995</b>	<b>407,286</b>

90% of the short term borrowings comprise trade facilities amounting to RM 314.1 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 29 October 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 29 October 2018, being the latest practicable date.

**13. Dividends Declared/Proposed**

For the financial year ended 30 June 2018, the Company had paid out 2 interim single tier dividends amounting to 6 sen per share and the Board of Directors had proposed a final single tier dividend of 2 sen per share which is subject to shareholders approval at the upcoming 21<sup>st</sup> Annual General Meeting.

No interim dividend has been declared by the Board of Directors for the current financial year ending 30 June 2019.



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

	<b>Current Quarter Ended 30.9.2018</b>	<b>Year-to-date Ended 30.9.2018</b>
Net profit / (loss) (RM'000) attributable to ordinary shareholders	35,942	35,942
Weighted average ('000) Number of ordinary shares in issue	655,654	655,654
Basic earnings per share (sen)	5.48	5.48