



**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 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 2019 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 2019. 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 2019.

**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 190,000 ordinary shares from the open market at an average price of RM1.60 per share. As at 30 September 2019, the number of treasury shares stood at 54,002,200.



## 7. Dividend Paid

Dividends paid in respect of the preceding 3 financial years and to-date are as follows:

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

<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

<sup>#</sup> 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

The Board of Directors has also proposed a final share dividend for the financial year ended 30.9.2019 at a ratio of 1 treasury share for every 65 existing ordinary shares held. The proposed share dividend is subject to shareholders approval at the upcoming Annual General Meeting.

## 8. Segmental Reporting

For management purposes, the Group is organized into operating divisions as shown in the table below:

THE GROUP CUMULATIVE 3 MONTHS	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	-	189,073	178,780	2,087	-	369,040
Inter-segment sales	-	180,364	45,758	2,973	(229,095)	-
		<u>369,437</u>	<u>224,538</u>	<u>5,060</u>	<u>(229,095)</u>	<u>369,040</u>
Segmental results						48,054
Depreciation & Amortisation						(12,541)
Finance costs						(4,189)
Interest income						310
Share of profit in associated cos.						809
PBT						<u>32,443</u>
Tax expenses						(7,483)
PAT						<u><u>24,960</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 21 November 2019, the Group had capital commitments amounting to RM 73.1 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 current quarter ended 30 September 2019.

**13. Contingent liabilities and contingent assets**

The Group has no outstanding contingent liabilities and contingent assets as at 21 November 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	1 <sup>st</sup> Quarter ended 30.9.2019 RM '000	1 <sup>st</sup> Quarter ended 30.9.2018 RM '000	Increase/(Decrease)	
			RM'000	%
Revenue	369,941	367,052	+2,889	+0.8
EBITDA	49,173	67,688	(18,515)	(27.3)
Profit Before Tax (PBT)	32,442	52,676	(20,234)	(38.4)

The Group recorded total revenue of RM 369.9 million from global sales of its natural rubber and nitrile rubber gloves, an increase of 0.8% or RM 2.9 million compared to the corresponding period a year ago.

EBITDA and PBT were 27.3% and 38.4% lower respectively, mainly due to the lower average selling prices and increase in production costs.

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

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

	1 <sup>st</sup> Quarter ended 30.9.2019 RM '000	4 <sup>th</sup> Quarter ended 30.6.2019 RM '000	Increase/(Decrease)	
			RM'000	RM'000
Revenue	369,941	375,964	(6,023)	(1.6)
EBITDA	49,173	33,728	+15,445	+45.8
Profit Before Tax (PBT)	32,442	16,198	+16,244	+100.3

On a preceding quarter basis, the Group's revenue was lower by 1.6% or RM 6.0 million.

EBITDA and PBT were higher by 45.8% and 100.3% respectively. This was mainly because the preceding quarter had been impacted by a particularly sharp 23% rise in rubber latex prices & lower average selling prices in certain markets. Rubber latex prices have since eased back by about 8% in the current quarter.



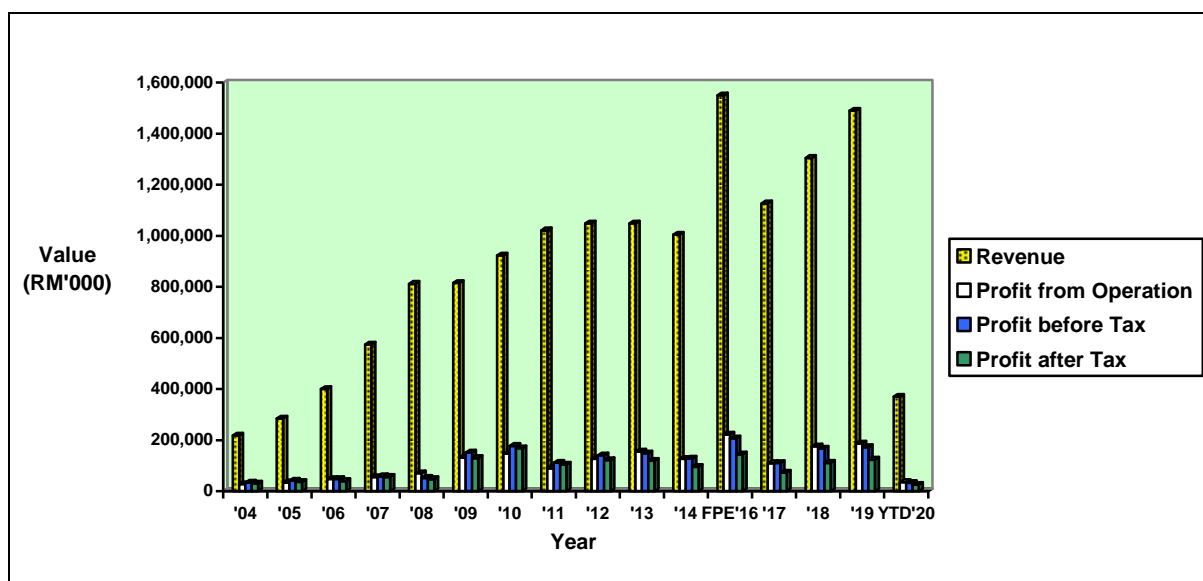
**Historical & Current Financial Performance**

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

Description	*18 mths 06/2016 (RM'000)	FYE 06/2017 (RM'000)	FYE 06/2018 (RM'000)	FYE 06/2019 (RM'000)	Q1 FYE2020 (RM'000)
Revenue	1,549,529	1,126,879	1,304,460	1,489,316	369,941
Profit from operations	222,416	107,731	169,879	186,924	35,823
EBITDA	271,395	160,304	217,720	235,956	49,173
EBITDA Margin	17.5%	14.2%	16.7%	15.8%	13.4%
Profit before Tax (PBT)	207,342	107,939	161,894	172,607	32,443
PBT Margin	13.4%	9.6%	12.4%	11.6%	8.8%
Profit after Tax (PAT)	144,023	70,295	110,142	123,657	24,960
Core Profit after Tax (PAT)	144,023	70,295	110,142	118,701	24,960
Core PAT Margin	9.3%	6.2%	8.4%	8.0%	6.7%
No. of Shares	680,154	680,154	680,154	1,360,308	1,360,308
Net Tangible Asset (NTA)	1,017,541	1,070,236	1,022,710	1,126,988	1,156,906
NTA per share (RM)#	0.75	0.78	0.75	0.83	0.85
EPS (sen)#	10.68	5.02	8.09	9.4	1.89
Return on Assets (ROA)	8.8%	3.9%	6.4%	6.5%	N/A
Return on Equity (ROE)	14.2%	6.6%	10.8%	10.5%	N/A

\* 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 financial year ended 30.6.2019 and current year to-date 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 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 overall global market place remains robust for disposable gloves, for both the natural rubber and nitrile variants. 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. Sales to US markets are expected to grow as US glove buyers divert their orders away from China as a result of the on-going US-China trade war

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](http://www.aveovision.com)), in Malaysia ([www.aveovision.my](http://www.aveovision.my)) and more recently also in the UK ([www.aveovision.co.uk](http://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):

	<b>1<sup>st</sup> Quarter Ended 30.9.2019 RM'000</b>	<b>Financial Year-to-date 30.9.2019 RM'000</b>
Interest Expense	4,189	4,189
Depreciation & Amortisation	12,541	12,541
Staff costs:		
- Salaries, wages & bonus	27,041	27,041
- EPF	1,180	1,180
- Other related staff costs	1,122	1,122
Foreign Exchange		
- Realised (Gain) or Loss	(2,184)	(2,184)
- Unrealised (Gain) or Loss	2,969	2,969
Other Costs & Expenses	287,260	287,260
<b>Total Operating Expenses</b>	<b><u>334,118</u></b>	<b><u>334,118</u></b>

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

	<b>1<sup>st</sup> Quarter Ended 30.9.2019 RM '000</b>	<b>Financial Year-to-date 30.9.2019 RM '000</b>
Taxation	7,483	7,483

**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 21 November 2019 (the latest practicable date that shall not be earlier than 7 days from the date of this quarterly report) aside from the proposed acquisition of a piece of freehold land with industrial premises in Meru, Klang, by 100% owned subsidiary Maxter Glove Manufacturing Sdn Bhd from Leader Cable Industry Berhad for a total consideration of RM65 million. The Group expects to complete the acquisition imminently.

**10. Group Borrowings and Debt Securities**

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

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
Short term borrowings	734	366,255	366,989
Long term borrowings	2,148	51,545	53,693
Total borrowings	2,882	417,800	420,682

83% of the short term borrowings comprise trade facilities amounting to RM 306.1 million that are revolving in nature for working capital purposes.

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

There were no financial instruments with off balance sheet risk as at 21 November 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 21 November 2019, being the latest practicable date.

**13. Dividends Declared/Proposed**

For the financial year ended 30 June 2019, the Board of Directors has proposed a distribution of treasury shares as final dividend on the basis of 1 treasury share for every 65 existing ordinary shares held. The proposal is subject to shareholders approval at the 22<sup>nd</sup> Annual General Meeting to be held on 29 November 2019.

Prior to this, the Board of Directors had declared an interim single tier dividend of 1.5 sen for financial year ended 30 June 2019, which was paid on 18 April 2019.





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

	<b>Current Quarter Ended 30.9.2019</b>	<b>Financial Year-to-date Ended 30.9.2019</b>
Net profit / (loss) (RM'000) attributable to ordinary shareholders	24,747	24,747
Weighted average ('000) Number of ordinary shares in issue	1,306,328	1,306,328
Basic earnings per share (sen)	1.89	1.89