



NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 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 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 & Distribution

During the quarter under review, the Company repurchased 6,186,000 ordinary shares from the open market at an average price of RM1.42 per share. As at 31 December 2019, the number of treasury shares stood at 60,188,200. On 8 January 2020, 20,088,223 treasury shares were distributed as dividend to shareholders at a ratio of 1 for every 65 existing ordinary shares held, reducing total treasury shares held by the Company to 40,099,977.



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 per share	Value (RM'000)
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
	Final share dividend 1-for-65	08.01.2020	1.6 sen [*]	21,946 [*]

[^] 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

[#] 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 20,088,223 shares issued as final dividend are valued at the average cost of RM1.09

8. Segmental Reporting

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

THE GROUP CUMULATIVE 6 MONTHS	Investment Holding RM'000	Manu- facturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External sales	-	388,584	360,695	6,159	-	755,438
Inter-segment sales	-	381,336	108,906	6,516	(496,758)	-
		<u>769,920</u>	<u>469,601</u>	<u>12,675</u>	<u>(496,758)</u>	<u>755,438</u>
Segmental results						107,535
Depreciation & Amortisation						(25,379)
Finance costs						(8,814)
Interest income						398
Share of profit in associated cos.						532
PBT						74,272
Tax expenses						(19,290)
PAT						<u>54,982</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 18 February 2020, the Group had capital commitments amounting to RM 61.1 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 31 December 2019.

13. Contingent liabilities and contingent assets

The Group has no outstanding contingent liabilities and contingent assets as at 18 February 2020 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	2 nd Quarter ended 31.12.2019 RM '000	2 nd Quarter ended 31.12.2018 RM '000	Increase/(Decrease)	
			RM'000	%
Revenue	385,497	385,101	+396	+0.1
EBITDA	59,292	70,226	(10,935)	(15.6)
Profit Before Tax (PBT)	41,829	54,317	(12,488)	(23.0)

The Group recorded total revenue of RM 385.5 million from global sales of its natural rubber and nitrile rubber gloves, an increase of 0.1% or RM 0.4 million compared to the corresponding period a year ago.

EBITDA and PBT were 15.6% and 23.0% 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:

	2 nd Quarter ended 31.12.2019 RM '000	1 st Quarter ended 30.9.2019 RM '000	Increase/(Decrease)	
			RM'000	RM'000
Revenue	385,497	369,941	+15,556	+4.2
EBITDA	59,292	49,173	+10,119	+20.6
Profit Before Tax (PBT)	41,829	32,442	+9,387	+28.9

On a preceding quarter basis, the Group's revenue rose by 4.2% or RM 15.6 million while its EBITDA and PBT were higher by 20.6% and 28.9% respectively.

The improved performance was mainly attributed to the additional capacity from new lines commissioned at its latest plant during the quarter.



Historical & Current Financial Performance

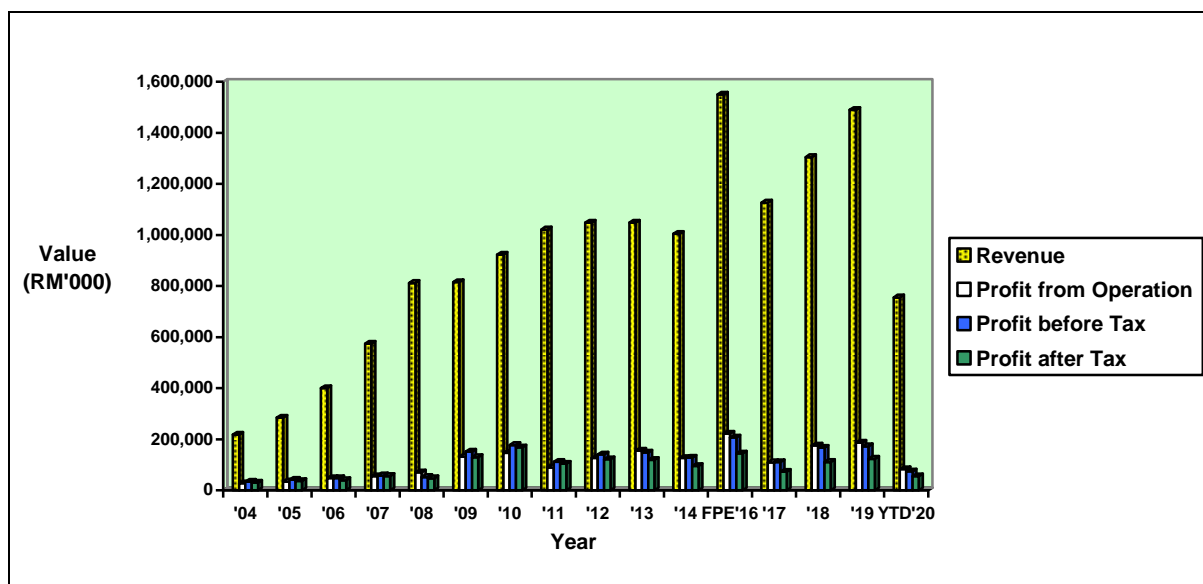
The Group’s historical and current year cumulative financial performances are shown below:

Description	*18 mths 06/2016 (RM'000)	FYE 06/2017 (RM'000)	FYE 06/2018 (RM'000)	FYE 06/2019 (RM'000)	H1 FYE2020 (RM'000)
Revenue	1,549,529	1,126,879	1,304,460	1,489,316	755,438
Profit from operations	222,416	107,731	169,879	186,924	82,554
EBITDA	271,395	160,304	217,720	235,956	108,465
EBITDA Margin	17.5%	14.2%	16.7%	15.8%	14.4%
Profit before Tax (PBT)	207,342	107,939	161,894	172,607	74,272
PBT Margin	13.4%	9.6%	12.4%	11.6%	9.8%
Profit after Tax (PAT)	144,023	70,295	110,142	123,657	54,982
Core Profit after Tax (PAT)	144,023	70,295	110,142	118,701	54,982
Core PAT Margin	9.3%	6.2%	8.4%	8.0%	7.3%
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	1,176,278
NTA per share (RM)#	0.75	0.78	0.75	0.83	0.86#
EPS (sen)#	10.68	5.02	8.09	9.4#	4.21#^
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.

^ EPS for 6M’FY2020 only



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

Demand for Malaysian-made gloves had started to pick up towards the end of last year as US buyers started to divert their orders to non-China glove producers as a result of the on-going US-China trade spat. Going into 2020, glove demand received a further boost following the outbreak of the novel coronavirus, Covid-19, in China. Orders for gloves have been on the rise from China and other countries in the region as the need to prevent cross-contamination between infected persons and medical personnel becomes more apparent. As Covid-19 spreads, it is raising healthcare awareness and highlights the need for gloves as protective devices. The Company is expediting the commissioning of the new lines at its latest manufacturing plant in its efforts to contribute more towards the fight against the outbreak.

Towards the end of 2019, the Company had completed the acquisition of a piece of land in Meru, Klang on which it plans to build Plants #13, #14 and #15. The 3 new plants will contribute another 13.2 billion pieces of gloves to the Group's installed capacity over the next 5 years.

Contact Lens Division

The Group continues to make progress in developing its contact lens business. It has setup a state-of-the-art clean room contact lens manufacturing facility, assembled a team of professionals and is developing its manufacturing and global distribution capabilities. It has procured licences and approvals from an increasing number of countries which enables the Group to access various markets globally. With the licences in hand, the Group has gradually extended its global marketing footprint.

Various platforms have been employed to market its contact lenses worldwide, 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 also in the UK (www.aveovision.co.uk).

The Group will continue to work on securing licences and approvals for more of its products in more countries; further expanding its product range to include other types of lenses; and increasing market penetration for its products globally in order to fully utilise its capacity.

4. Corporate Social Responsibility

The Group has been active in participating in disaster relief efforts around the world whenever disasters and epidemics strike, including the likes of the Katrina Hurricane, the Ebola outbreak, SARS and the devastating H1N1 global pandemic. It has stepped up again this time with the novel coronavirus (Covid-19) outbreak. Having contributed 1 million pieces of gloves through its local distribution office in China at the outset of the virus outbreak, the Company then stood in solidarity with the Malaysian Rubber Glove Manufacturers Association to contribute a further 2 million gloves to Wuhan. It now plans to send another 4.6 million gloves in the coming weeks.



5. Variance of Actual and Forecasted Profit and Shortfall in Profit Guarantee

This is not applicable to the Group for the current quarter under review.

6. Profit Before Tax

Profit before Tax is arrived at after charging/(crediting):

	2nd Quarter Ended 31.12.2019 RM'000	Financial Year-to-date 31.12.2019 RM'000
Interest Expense	4,625	8,814
Depreciation & Amortisation	12,838	25,379
Staff costs:		
- Salaries, wages & bonus	34,429	61,470
- EPF	1,954	3,134
- Other related staff costs	1,576	2,698
Foreign Exchange		
- Realised (Gain) or Loss	(500)	(2,684)
- Unrealised (Gain) or Loss	(9,714)	(6,745)
Other Costs & Expenses	293,558	580,818
Total Operating Expenses	<u>338,766</u>	<u>672,884</u>

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

	1st Quarter Ended 31.12.2019 RM '000	Financial Year-to-date 31.12.2019 RM '000
Taxation	11,807	19,290

8. 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.

9. Quoted Investment

There were no purchases or sales of quoted securities during the current financial period.

**10. Status of Corporate Proposals Announced**

There were no corporate proposals announced as at 18 February 2020 (the latest practicable date that shall not be earlier than 7 days from the date of this quarterly report). The 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 was completed on 29 November 2019.

11. Group Borrowings and Debt Securities

Group borrowings as at 31 December 2019 are as follows: -

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings	696	353,032	353,728
Long term borrowings	2,801	67,365	70,166
Total borrowings	3,497	420,397	423,894

82% of the short term borrowings comprise trade facilities amounting to RM 290.1 million that are revolving in nature for working capital purposes.

12. Financial Instruments with Off Balance Sheet Risks

There were no financial instruments with off balance sheet risk as at 18 February 2020 (the latest practicable date which shall not be earlier than 7 days from the date of this quarterly report).

13. 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 18 February 2020, being the latest practicable date.

14. Dividends Declared/Proposed

The Board of Directors has not declared any dividend for the current financial year ending 30 June 2020.

15. Earnings per Share (EPS)

	Current Quarter Ended 31.12.2019	Financial Year-to-date Ended 31.12.2019
Net profit / (loss) (RM'000) attributable to ordinary shareholders	28,548	76,041
Weighted average ('000) Number of ordinary shares in issue	1,305,630	1,305,630
Basic earnings per share (sen)	2.31	4.21