SUPERMAX CORPORATION BERHAD
(Company No. 420405-P)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30 JUNE 2009 PURSUANT TO FINANCIAL REPORTING STANDARD (FRS) 134

1. Basis of Preparation

The interim financial report has been prepared in accordance with requirement of Financial Reporting Standard (FRS) 134 “Interim Financial Reporting” (previously known as MASB 26) issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Bhd. It should be read in conjunction with the Group’s annual audited financial statements for the year ended 31 December 2008.

The accounting policies and methods of computation adopted by the Group in this interim financial report is consistent with those adopted in the most recent annual audited financial statements for the year ended 31 December 2008, as well as the new/revised standards mandatory for annual periods beginning on or after 1 January 2009.

2. Auditors’ Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31st December 2008.

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

Employee Share Option Scheme

There were no ordinary shares issued and exercised pursuant to the scheme in the current quarter.

Share Buyback

There were no share buyback transactions during the quarter. Number of shares retained as treasury shares as at 30 June 2009 stood at 5,561,000 shares.

7. Dividend Paid

In the recent Annual General Meeting on 23 June 2009, the payment of a final tax exempt dividend of 3.5% (total **RM**4.545 million) in respect of financial year ended 31 December 2008 was approved by the shareholders. The dividend was paid on 8 July 2009.

Dividends paid in prior years are tabulated below:

Financial Year	Description	Payment Date	Dividend (%)	Value (RM'000)
2001	First & final tax exempt dividend	28.08.2002	3.6%	1,440
2002	First & final tax exempt dividend	27.08.2003	4.5%	1,800
2003	First & final tax exempt dividend	27.08.2004	4.5%	3,638
2004	First & final tax exempt dividend	18.07.2005	5.0%	4,486
2005	Interim tax exempt dividend Final tax exempt dividend	09.01.2006 18.07.2006	3.0% 3.5%	2,695 3,960
2006	First & final tax exempt dividend	18.06.2007	6.5%	7,357
2007	Interim tax exempt dividend Final tax exempt dividend	28.01.2008 28.06.2008	3.0% 3.5%	3,979 4,626
2008	Interim tax exempt dividend Final tax exempt dividend	08.01.2009 08.07.2009	3.0% 3.5%	3,922 4,545
	Total			42,448

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 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	-	82,882	297,974	-	-	380,856
Inter-segment sales	-	304,382	13,931	2,153	(320,466)	-
	-	387,264	311,053	2,153	(320,466)	380,856

Segmental results	47,167
Finance costs	(9,545)
Interest income	44
Share of profit in associated companies	17,148
PBT	54,814
Tax expenses	(9,324)
Net profit	45,490

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

There were no capital commitments for the purchase of property, plant and equipment as at 30 June 2009.

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 in the interim financial period.

13. Contingent liabilities and contingent assets

Save as disclosed below, there were no contingent liabilities and contingent assets since the last annual balance sheet date: -

1. SPOLYMR (Seal Polymer Industries Berhad) entered into two (2) Sale and Purchase Agreements on 17 August 2004 (the said agreement) to purchase two (2) pieces of property, namely P.N. No. 145074, Lot No. 19789 and H.S.(D) LM 10723, Lot No. 5911, both of Mukim Asam Kumbang, Taiping from Gunung Resources Sdn Bhd (the "Vendor") for the total sum of RM9,280,000 and has since paid to the Vendor a deposit of RM928,000 (deposit). Due to the breach of the terms and conditions of the said agreement, the solicitors for the Company have given notice to the Vendor to terminate the said agreement and for the refund of the deposit.

   On 7 September 2006, SPOLYMR filed a writ of summons against the Vendor seeking a declaration that the said agreement is rescinded and the return of the deposit together with interest at the rate of 8% per annum over the deposit amount until date of realisation of the payment and whatsoever relief the court deems fit. The Vendor filed their defence on 12 October 2006. On 6 March 2007, SPOLYMR filed an application by way of summons in chambers seeking an order for the rescission of the said agreement and the return of the deposit. On 25 October 2007, judgment was granted in favour of SPOLYMR. On 6 November 2007 and 23 November 2007, the Vendor filed an appeal and a stay of execution against the judgment granted in favour of SPOLYMR respectively.

On 11 December 2008, the Court dismissed the Vendor's application for stay of execution with costs. The Vendor had filed a Notis Usul to the Court of Appeal for Stay of Execution and was heard on 21 January 2009 where the Court of Appeal granted stay of execution pending hearing of Vendor's appeal subject to the Vendor depositing the judgment sum of RM928,000 in the joint account of the solicitors of the Vendor and SPOLYMR within thirty (30) days from 21 January 2009. The Vendor has deposited a sum of RM928,000 with their solicitors and the Vendor and SPOLYMR's solicitors are currently making arrangement to place the funds in a fixed deposit account as required.

The matter is fixed for case management on 26 March 2009 and 25 June 2009 pending the Taiping High Court judge to deliver the grounds for allowing our application for summary judgement under Order 81(b) and (c) of the Rules of High Court 1980. Hearing date for the Vendor's appeal in now fixed on 12 October 2009.

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 versus the corresponding quarter of the previous financial year is tabled below:

Description	2nd Qtr 2009 RM '000	2nd Qtr 2008 RM '000	Increase/(Decrease) RM'000	%
Revenue	188,485	193,286	(4,801)	(2.5%)
Profit before tax (PBT)	31,349	14,237	17,112	120.2%
Profit after tax (PAT)	25,783	13,525	12,258	90.6%

Compared to the corresponding quarter last year, the Group's revenue was lower by RM4.8 million or 2.5%. The slight reduction is mainly due to a variation in the product mix of gloves sold to capitalise on a higher margin market.

Profitability, however, has increased. Profit before Tax increased by 120.2% or by RM17.1 million and Profit after Tax increased by 90.6% or RM12.3 million respectively. The increase in profit was a result of management focus on extracting greater efficiency from its wholly owned manufacturing facilities and higher contribution from its overseas distribution centres.

2. Comparison with Preceding Quarter's Result

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

Description	2nd Qtr 2009 RM '000	1st Qtr 2009 RM '000	Increase/(Decrease) RM'000	%
Revenue	188,485	192,372	(3,887)	(2.0%)
Profit before tax (PBT)	31,349	23,466	7,883	33.6%
Profit after tax (PAT)	25,783	19,707	6,076	30.8%

In the current quarter, the Group's revenue was lower by 2.0% (RM3.9 million) compared to the preceding quarter. This was mainly due to foreign exchange movement whereby the USD fell by 2.5% against the RM, i.e. from RM3.64:USD1 to RM3.55:USD1.

However, the Group performed better and with higher Profit before Tax and Profit after Tax by 33.6% (RM7.9 million) and by 30.8% (RM6.1 million) respectively compared to the preceding quarter.

At the beginning of the year, Management had strategised to focus on risk management, receivables management, inventory management, optimising production efficiencies and productivity management. This focus has yielded immediate results in the half year todate with lower inventories, lower trade receivables and higher operating efficiency leading to lower operating costs.

The ratios below illustrate the improvement achieved in some of the key areas which Management has focused on at the beginning of the year.

	FY2006	FY2007	FY2008	Q1 2009	Q2 2009
Receivables Cycle (mths)	4.47	4.35	3.46	2.74	2.43
Inventory Turnover Cycle (mths)	1.26	2.22	2.00	1.65	1.29
Gearing ratio (net)	0.78	0.88	0.90	0.63	0.49

3. Prospects for 2009

The rubber glove industry continues to be on a strong growth path despite the current global financial challenges and global economic uncertainties. Demand has also been boosted by the ongoing H1N1 pandemic and growing demand from the healthcare and hygiene sectors. The Group currently operates 8 wholly owned manufacturing plants and has 5 overseas distribution centres (1 is a wholly owned subsidiary and 4 under associated companies). The growing demand which is continuously being tapped by the Group's wide global network of 750 distributors in 145 countries and 5 distribution centres augurs well for the Group in terms of business stability and sustainability in the long term. The Group's investment in overseas distribution since year 2001 has benefited and yielded greater market penetration in selected market territories.

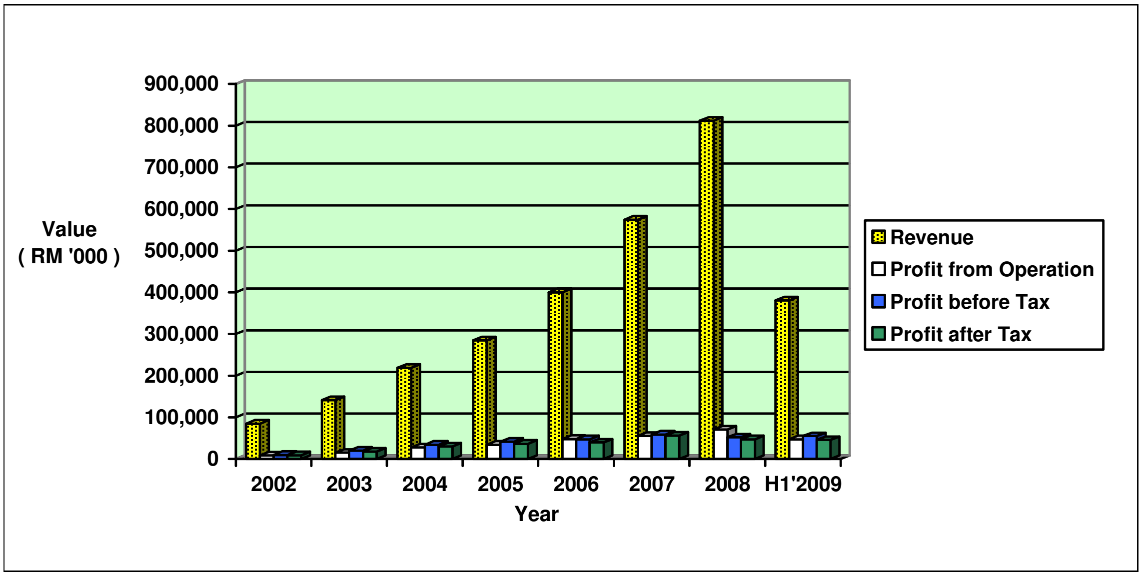
The Management team is now fully focused on financial risk management, receivables management, inventory management and production efficiency and productivity management for the 8 wholly owned plants and this is expected to enhance further the performance of the Group.

At this point, the Board of Directors is confident of achieving the internal target of earnings per share of a minimum 27 cents for year 2009.

The Group's yearly performance as well as current quarter performance is tabled below:

Description	Year 2002 RM '000	Year 2003 RM '000	Year 2004 RM '000	Year 2005 RM '000	Year 2006 RM '000	Year 2007 RM '000	Year 2008 RM '000	Q1 2009 RM '000	Q2 2009 RM '000
Revenue	84,603	141,162	218,423	284,688	400,325	574,260	811,824	192,372	188,485
Profit from operations	8,352	15,122	27,631	34,444	48,158	54,983	70,203	20,368	26,844
EBITDA	12,370	20,691	35,456	44,938	61,113	93,312	101,197	35,712	43,761
EBITDA Margin	14.6%	14.6%	15.5%	15.6%	15.3%	16.2%	12.5%	18.5%	23.2%
Profit before Tax (PBT)	9,509	20,04	34,273	41,301	47,338	58,550	51,998	23,466	31,349
PBT Margin	11.2%	14.2%	15.7%	14.5%	11.8%	10.2%	6.4%	12.2%	16.6%
Profit after Tax (PAT)	8,898	17,380	30,210	36,273	39,749	55,946	46,997	19,707	25,783
PAT Margin	10.5%	12.3%	13.8%	12.7%	9.9%	9.7%	5.8%	10.2%	13.7%

Description	Year 2002 RM '000	Year 2003 RM '000	Year 2004 RM '000	Year 2005 RM '000	Year 2006 RM '000	Year 2007 RM '000	Year 2008 RM '000	Q1 2009 RM '000	Q2 2009 RM '000
No. of Shares	80,000	160,000	162,176	179,576	226,367	265,240	265,270	265,270	265,270
Net Tangible Asset (NTA)	70,980	111,689	139,291	204,522	239,904	383,789	416,380	436,128	457,312
NTA per share (RM)	0.88	0.81	0.77	1.14	1.06	1.45	1.57	1.64	1.72
EPS (sen)	7.11	8.47	14.57	16.28	17.61	24.25	17.82	7.40	9.72
Return on Assets (ROA)	7.3%	9.2%	10.9%	7.7%	7.6%	6.4%	5.0%	2.1%	3.0%
Return on Equity (ROE)	12.5%	15.6%	21.7%	17.7%	16.6%	14.6%	11.3%	4.5%	5.6%



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. Taxation and Variance between the Effective and Statutory Tax Rate

	Quarter Ended 30.6.2009 RM '000	Year to Date Ended 30.6.2009 RM '000
Income tax	7,134	10,124
Deferred Tax	(1,568)	(800)
Total	5,566	9,324

The effective tax rate of the Group is lower than statutory income tax mainly because of reinvestment allowance claimed by certain subsidiary companies.

6. 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.

7. Quoted Investment

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

8. Status of Corporate Proposals Announced

There were no corporate proposals announced as at 8.7.2009 (the latest practicable date that shall not be earlier than 7 days from the date of this quarterly report).

9. Group Borrowings And Debt Securities

Group borrowings as at 30.6.2009 are as follows: -

	Secured RM'000	**Unsecured** RM'000	**Total** RM'000
Short term borrowings			
Trade Facilities	26,003	86,164	112,167
Hire purchase due within 12 months	6,064	-	6,064
Term loan due within 12 months	13,083	-	13,083
Bond (due on 29 May 2010)	-	27,776	27,776
	45,150	113,940	159,090
Long term borrowings			
Hire purchase due after 12 months	2,847	-	2,847
Term loan due after 12 months	35,954	40,000	75,954
Bond (due on 29 May 2011 and 2012)	-	55,737	55,737
	38,801	95,736	134,538
Total borrowings	83,951	209,677	293,628

* 88% of the short term borrowings comprise:

a) The second tranche amounting to RM27.8 million (after netting of unamortised portion of upfront fee of RM2.2 million) of the Group's RM120 million serial bond. This tranche has been reclassified from non-current liabilities as it falls due on 29 May 2010.

b) Trade facilities amounting to RM112.2 million that are revolving in nature for working capital purposes. These facilities bear relatively low interest rates ranging from 2.1% to 3.5%.

The schedule on the remaining serial bond repayments is tabled below:

Tranche	Principal Amount*	Due
2	RM30 million	May 2010
3	RM30 million	May 2011
4	RM30 million	May 2012
Total	**RM90 million**	

* Amount is before netting off of unamortised portion of upfront fee.

The sinking fund schedule for Tranche 2 is tabled below:

Deposit Schedule	Amount to be deposited
December 2009	RM6.4 million
January 2010	RM6.4 million
February 2010	RM6.4 million
March 2010	RM6.4 million
April 2010	RM6.4 million
Total	**RM32.0 million**

Similar sinking funds will be set up for Tranches 3 and 4.

10. Financial Instruments with Off Balance Sheet Risks

There were no financial instruments with off balance sheet risk as at 8.7.2009 (the latest practicable date which shall not be earlier than 7 days from the date of this quarterly report).

11. Pending Material Litigation

There are no major changes in material litigation since the last annual balance sheet date except where disclosed in Note 13 to the Interim Financial Report.

12. Dividends Proposed

No dividend is proposed during the current quarter for the financial year ended 31 December 2009.

13. Earnings per Share (EPS)

Basic earnings per share

	2009 Current Quarter Ended 30.6.2009	**2009 6 months Cumulative todate**
Net profit / (loss) (RM'000) attributable to ordinary shareholders	25,783	45,490
Weighted average ('000) Number of ordinary shares in issue	265,270	265,270
Basic earnings per share (sen)	9.72	17.15