SUPERMAX CORPORATION BERHAD
(Company No. 420405-P)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 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 are 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

During the current quarter ended 30 September 2009, 36,000 new ordinary shares of RM0.50 each were issued and exercised pursuant to the Company's Employee Share Option Scheme.

Share Buyback

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

7. Dividend Paid

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 on 23 June 2009 and 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

Note: The Board of Directors has declared a higher interim dividend of 5% tax exempt dividend (compared to 3% in prior years) amounting to RM6.6 million. The dividend is to be paid on 18 November 2009.

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	-	166,148	452,271	-	-	618,419
Inter-segment sales	-	452,351	23,834	3,649	(479,834)	-
	-	618,499	476,105	3,649	(479,834)	618,419
Segmental results						86,663
Finance costs						(13,660)
Interest income						87
Share of profit in associated companies						28,447
PBT						101,537
Tax expenses						(15,896)
Net profit						85,641

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 September 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 was fixed on 12 October 2009 but was postponed to 14 October 2009 where the Court allowed the Vendor's appeal.

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	3rd Qtr 2009 RM '000	3rd Qtr 2008 RM '000	Increase/(Decrease)	
			RM'000	%
Revenue	237,562	244,257	(6,695)	(2.74%)
Profit before tax (PBT)	46,722	16,601	30,121	181.4%
Profit after tax (PAT)	40,150	15,771	24,379	154.6%

The Group recorded RM237.6 million in sales revenue during the current quarter on the back of sustained high demand for rubber gloves. Global glove demand has continued to grow strongly and it has also received a substantial boost from the H1N1 pandemic which surfaced in March this year. Revenue in the corresponding quarter last year, however, was slightly higher owing to substantial upward revisions in selling prices to pass on to consumers raw material and energy costs which had risen to historical highs. During the 3Q08 quarter, natural rubber latex hit its record high of RM7.20 per kg wet while crude oil reached its all-time high of USD147 a barrel which prompted sharp rises in gasoline pump prices, electricity tariffs, natural gas, etc.

Unlike in the corresponding quarter last year, the current 3Q09 quarter's high sales revenue was not accompanied by high operating costs. In addition, the management has focused on producing high margin products resulting in higher manufacturing profits contribution for the 3Q09 quarter. Profit before Tax rose by 181.4% or RM30.1 million while Profit after Tax increased by 154.6% or RM24.4 million. Not only had the Group gained from lower latex prices and reduced energy costs as well as greater operating efficiencies & higher productivities extracted from it's wholly owned manufacturing facilities, it also benefited from its second income stream, i.e. distribution. Profit contribution from its associated companies alone had increased by more than 372.2% or RM8.9 million compared to corresponding quarter last year.

2. Comparison with Preceding Quarter's Result

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

Description	3rd Qtr 2009 RM '000	2nd Qtr 2009 RM '000	Increase/(Decrease)	
			RM'000	%
Revenue	237,562	188,485	49,077	26.0%
Profit before tax (PBT)	46,722	31,349	15,373	49.0%
Profit after tax (PAT)	40,150	25,783	14,367	55.7%

The Group's revenue was 26.0% or RM49.1 million higher compared to the preceding quarter on the back of continued strong demand and increased output from refurbished lines.

The higher revenue coupled with greater operating efficiency, higher productivity , effective cost control and as well as higher share of profit from overseas distribution centres contributed to higher Profit before Tax and Profit after Tax by 49.0% or RM15.4 million and by 55.7% or RM14.4 million respectively.

At the beginning of the year, Management had strategized to focus on financial risk management, receivables management, inventory management and optimising production efficiencies and productivity. This focus has yielded substantial results in the year to date with lower inventory, lower trade receivables cycles and as well as higher operating efficiency leading to lower operating costs per unit of output.

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

	FY2006	FY2007	FY2008	Q1 2009	Q2 2009	Q3 2009
Receivables Cycle (mths)	4.47	4.35	3.46	2.74	2.43	**2.19**
Inventory Turnover Cycle (mths)	1.26	2.22	2.00	1.65	1.29	**1.23**
Gearing ratio (net)	0.78	0.88	0.90	0.63	0.49	**0.35**

3. Prospects

The rubber glove industry continues to be on a strong growth path despite the current global financial challenges and global economic uncertainties. In addition to the normal growth of 10-12% annually, global demand has been boosted by the ongoing H1N1 pandemic and growing demand from the healthcare and hygiene sectors. The Obama administration is also currently working on health reforms in the US and when approved, another 46 million Americans will be covered under health insurance and this will further boost demand for disposable medical devices industries, including rubber gloves.

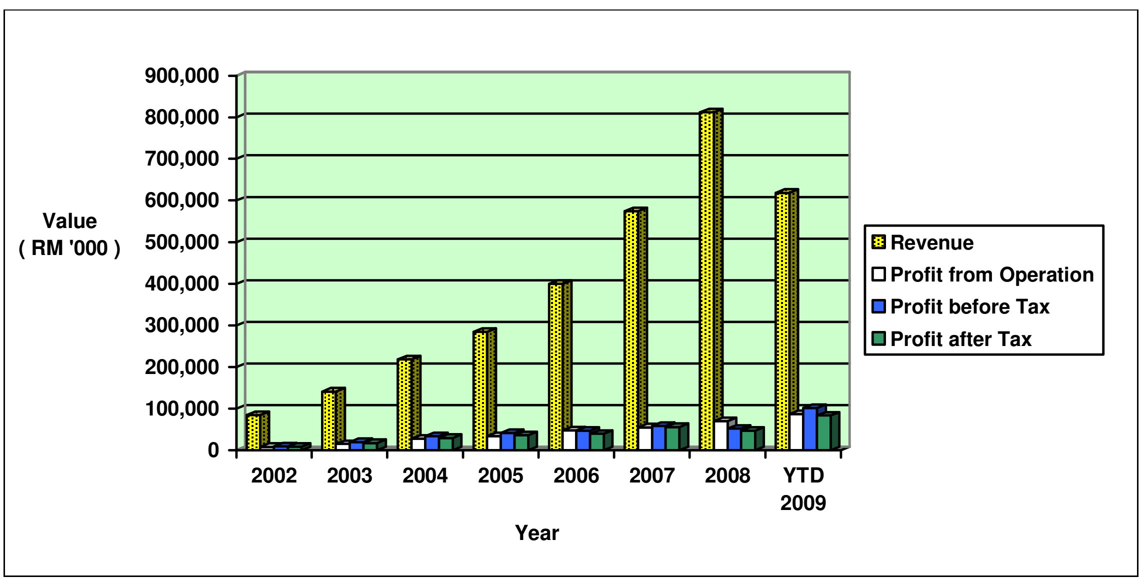
The Group currently operates 8 wholly owned manufacturing plants and has 5 overseas distribution centres (1 is a wholly owned subsidiary and 4 under associated companies). The growing demand which is continuously being tapped by the Group's wide global network of 750 distributors in 145 countries and 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.

For the 9 months ended 30 September 2009, the Group achieved earnings per share of 32.28 sen, which had already surpassed its original internal target of a minimum 27 sen for year 2009. **The Company has now revised the internal target to a minimum of 44 sen per share for the financial year ending 31 December 2009.**

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

Description	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	Q3 2009 RM '000	TOTAL Jan - Sept'09 RM '000
Revenue	218,423	284,688	400,325	574,260	811,824	192,372	188,485	237,562	618,419
Profit from operations	27,631	34,444	48,158	54,983	70,203	20,368	26,844	39,538	86,750
EBITDA	35,456	44,938	61,113	93,312	101,197	35,712	43,761	59,010	138,483
EBITDA Margin	15.5%	15.6%	15.3%	16.2%	12.5%	18.5%	23.2%	24.8%	22.4%
Profit before Tax (PBT)	34,273	41,301	47,338	58,550	51,998	23,466	31,349	46,722	101,537
PBT Margin	15.7%	14.5%	11.8%	10.2%	6.4%	12.2%	16.6%	19.7%	16.4%
Profit after Tax (PAT)	30,210	36,273	39,749	55,946	46,997	19,707	25,783	40,150	85,641
PAT Margin	13.8%	12.7%	9.9%	9.7%	5.8%	10.2%	13.7%	16.9%	13.8%
No. of Shares	162,176	179,576	226,367	265,240	265,270	265,270	265,270	265,270	265,270
Net Tangible Asset (NTA)	139,291	204,522	239,904	383,789	416,380	436,128	457,312	497,576	497,576
NTA per share (RM)	0.77	1.14	1.06	1.45	1.57	1.64	1.72	1.88	1.88
EPS (sen)	14.57	16.28	17.61	24.25	17.82	7.40	9.72	15.14	32.28
Return on Assets (ROA)	10.9%	7.7%	7.6%	6.4%	5.0%	2.1%	3.0%	4.5%	9.6
Return on Equity (ROE)	21.7%	17.7%	16.6%	14.6%	11.3%	4.5%	5.6%	8.1%	18.2



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 30.9.2009 RM '000	Year to Date Ended 30.9.2009 RM '000
Income tax	7,952	18,076
Deferred Tax	(1,380)	(2,180)
Total	6,572	15,896

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 current financial period.

8. Status of Corporate Proposals Announced

There were no corporate proposals announced as at 13.10.2009 (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 30.9.2009 are as follows: -

	Secured RM'000	**Unsecured** RM'000	**Total** RM'000
Short term borrowings			
Trade Facilities	11,536	72,794	84,330
Hire purchase due within 12 months	5,567	-	5,567
Term loan due within 12 months	11,047	-	11,047
Bond (due on 29 May 2010)	-	27,776	27,776
	28,150	100,570	128,720
Long term borrowings			
Hire purchase due after 12 months	1,548	-	1,548
Term loan due after 12 months	36,504	40,000	76,504
Bond (due on 29 May 2011 and 2012)	-	56,292	56,292
	38,052	96,292	134,344
Total borrowings	66,202	196,862	263,064

* 87% 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 RM84.3 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 13.10.2009 (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

The Board of Directors have declared a higher interim dividend of 5% tax exempt (compared to 3% in prior years) amounting to RM6.6 million for the current financial year ending 31 December 2009. It is to be paid on 18 November 2009.

13. Earnings per Share (EPS)

Basic earnings per share

	2009 Current Quarter Ended 30.9.2009	**2009 9 months Cumulative todate**
Net profit / (loss) (RM'000) attributable to ordinary shareholders	40,150	85,641
Weighted average ('000) Number of ordinary shares in issue	265,270	265,270
Basic earnings per share (sen)	15.14	32.28