SUPERMAX CORPORATION BERHAD
(Company No. 420405-P)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 4TH QUARTER ENDED 31 DECEMBER 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 31 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

On 25 November 2009, the Group made a full redemption of the balance RM90 million of its RM120 million serial bond which was due to mature in year 2012. The redemption was made for reasons of net cost savings amounting to RM2.4 million over the remaining tenure of the bond and more importantly to free the Group from the bond's overly restrictive covenants which hampered the Group's growth.

In line with the early redemption, however, the entire balance of the upfront fee on the bond (amounting to RM5.37 million) which was to be amortised over the remaining tenure of the bond was required to be immediately expensed in the 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 31 December 2009, 2.98 million new ordinary shares of RM0.50 each were exercised and issued pursuant to the Company's Employee Share Option Scheme.

Share Buyback

During the current quarter, the Company sold all of its treasury shares totalling 5,561,000 shares. The Company made a nett gain on the sale of treasury shares amounting to RM16.9 million.

7. Dividend Paid

An interim tax exempt dividend of 5.0% amounting to **RM**6.567 million in respect of financial year ended 31 December 2009 was paid on 18 November 2009. This amount was higher than the 3% interim dividend paid in the last 4 years.

Dividends paid in prior years as well as current year 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
2009	Interim tax exempt dividend	18.11.2009	5.0%	6,567
	Total			49,015

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 12 MONTHS	Investment Holding RM'000	Manu-facturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External sales	-	177,572	621,314	-	15,950	814,836
Inter-segment sales	-	643,248	12,511	8,846	(664,605)	-
	-	820,820	633,825	8,846	(648,655)	814,836
Segmental results						132,345
Finance costs						(22,112)
Interest income						99
Share of profit in associated companies						41,807
PBT						152,139
Tax expenses						(22,386)
Net profit						129,753

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 19 February 2010, the Group had capital commitments amounting to RM17.9 million for the purchase of plant and equipment. The amount was in respect of production lines to be fabricated and installed at its new Meru plant.

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 whereupon the stay application was dismissed with costs.

   The Vendor then filed a Notis Usul to the Court of Appeal for Stay of Execution and was granted a 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.

   Hearing date for the Vendor's appeal was fixed on 14 October 2009 where the Court allowed the Vendor's appeal. The Court has fixed 22 March 2010 for case management.

SUPERMAX CORPORATION BERHAD
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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	4th Qtr 2009 RM '000	4th Qtr 2008 RM '000	Increase/(Decrease)	
			RM'000	%
Revenue	196,417	182,825	13,592	7.43%
Profit before tax (PBT)	50,602	4,092	46,510	1,136.6%
Profit after tax (PAT)	44,112	1,486	42,626	2,868.5 %

Group Revenue was 7.4% (RM13.6 million) higher on the back of strong global demand, increased output from refurbished lines and higher prices commanded for rubber gloves sold.

The Group recorded a near 30 times increase in Profit after Tax from RM1.5 million to RM44.1 million. This is despite the fact that the Group had to incur a one-time exceptional interest expense of RM5.4 million arising from having to immediately expense off the balance of the serial bond upfront fee following the full redemption of the bond in November 2009.

The Management had resolved to focus on certain key areas including receivables management, inventory management, productivity management and financial management at the beginning of 2009 and the concerted efforts put in have yielded strong results. In addition, the Group has also been focussing on producing high margin products resulting in higher manufacturing profits in the current quarter.

Besides the improvements in its main income stream, i.e. manufacturing income, the Group also benefited from improvements in its second stream of income, i.e. distribution income, as reflected in higher profit contributions from its associate companies. Not only was the Group able to gain from the share of its associate companies' higher profits, it also gained from the favourable foreign exchange translation as the currencies of the countries in which the associate companies operated had all appreciated against the US Dollar.

2. Comparison with Preceding Quarter's Result

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

Description	4th Qtr 2009 RM '000	3rd Qtr 2009 RM '000	Increase/(Decrease)	
			RM'000	%
Revenue	196,417	237,562	(41,145)	(17.3%)
Profit before tax (PBT)	50,602	46,722	3,880	8.3%
Profit after tax (PAT)	44,112	40,150	3,962	9.9%

The Group's revenue was lower by 17.3% or RM41.1 million in Q4'09 compared to Q3'09 due to the following factors:

- the USD in which the Group's sales are denominated had depreciated by 3% from an average of RM3.51:USD1 in Q4'08 to RM3.40:USD1 in Q4'09.

- lower output and lower sell-through as the Group was impacted by temporary labour shortage and water supply disruptions in one of its factories.

Nevertheless, the Group was able to post higher Profit after Tax by 9.9% or RM4.0 million largely due to an increase in selling prices which enabled the Group to boost its margins further. The industry in general and the Supermax Group in particular are able to command higher selling prices due to a significant global supply shortage.

The Group's management focus on key operational areas has also yielded substantial results this year with lower inventory and trade receivables cycles 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 FY2009.

	FY2006	**FY2007**	**FY2008**	**Q1 2009**	**Q2 2009**	**Q3 2009**	**Q4 2009**
Receivables Cycle (mths)	4.47	4.35	3.46	2.74	2.43	2.19	**1.98**
Inventory Turnover Cycle (mths)	1.26	2.22	2.00	1.65	1.29	1.23	**1.56**
Gearing ratio (net)	0.78	0.88	0.90	0.63	0.49	0.35	**0.31**

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 organic growth of 8-12% annually, global demand has been boosted by the ongoing H1N1 pandemic and growing demand from emerging markets as well as the healthcare and hygiene sectors.

The Group currently operates 8 wholly owned manufacturing plants and has 5 overseas distribution centres. The growing demand which is continuously being tapped by the Group's wide global network of 750 distributors in over 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 ongoing refurbishment works as well as the construction of its new Meru plant which encompasses the installation of 16 new lines with added capacity of 2.3 billion pieces of gloves per annum, is also expected to contribute to the Group's performance going forward.

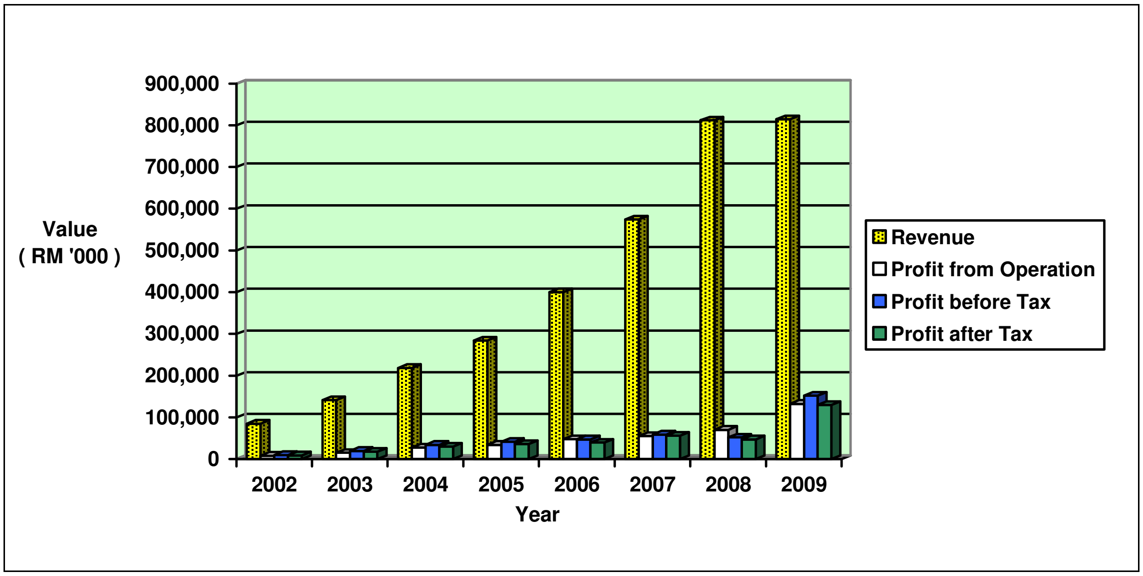
For the current financial year, the Group has achieved earnings per share of 48.37 sen, which had already surpassed its original internal target of a minimum 27 sen for year 2009 as well as the revised target of 44 sen. **In view of this better than projected performance, the Company has now revised the internal target for FY2010 from the initial target of 50 sen earnings per share to 62 sen or RM168 million Profit after Tax for FY2010.**

Glove City Project

The Company would embark on Phase No. 1 of the Glove City Project beginning March 2010 and the project would remain on time as the original schedule. It would be operational in Year 2011.

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

Description	Year 2005 (RM '000)	Year 2006 (RM '000)	Year 2007 (RM '000)	Year 2008 9RM '000)	Q1 2009 (RM '000)	Q2 2009 (RM '000)	Q3 2009 (RM '000)	Q4 2009 (RM '000)	FY 2009 (RM '000)
Revenue	284,688	400,325	574,260	811,824	192,372	188,485	237,562	196,417	814,836
Profit from operations	34,444	48,158	54,983	70,203	20,368	26,844	39,538	45,695	132,445
EBITDA	44,938	61,113	93,312	101,197	35,712	43,761	59,010	67,408	205,891
EBITDA Margin	15.6%	15.3%	16.2%	12.5%	18.5%	23.2%	24.8%	34.3%	25.3%
Profit before Tax (PBT)	41,301	47,338	58,550	51,998	23,466	31,349	46,722	50,602	152,139
PBT Margin	14.5%	11.8%	10.2%	6.4%	12.2%	16.6%	19.7%	25.8%	18.7%
Profit after Tax (PAT)	36,273	39,749	55,946	46,997	19,707	25,783	40,150	44,112	129,753
PAT Margin	12.7%	9.9%	9.7%	5.8%	10.2%	13.7%	16.9%	22.4%	15.9%
No. of Shares	179,576	226,367	265,240	265,270	265,270	265,270	265,270	268,250	268,250
Net Tangible Asset (NTA)	204,522	239,904	383,789	416,380	436,128	457,312	497,576	557,999	557,999
NTA per share (RM)	1.14	1.06	1.45	1.57	1.64	1.72	1.88	2.08	2.08
EPS (sen)	16.28	17.61	24.25	17.82	7.40	9.72	15.14	16.44	48.37
Return on Assets (ROA)	7.7%	7.6%	6.4%	5.0%	2.1%	3.0%	4.5%	4.7%	13.9%
Return on Equity (ROE)	17.7%	16.6%	14.6%	11.3%	4.5%	5.6%	8.1%	7.9%	23.3%



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 31.12.2009 RM '000	Year to Date Ended 31.12.2009 RM '000
Income tax	6,885	24,566
Deferred Tax	-	(2,180)
Total	6,885	22,386

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 19.2.2010 (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 31.12.2009 are as follows: -

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
Trade Facilities	-	100,553	100,553
Hire purchase due within 12 months	4,562	-	4,562
Term loan due within 12 months	6,294	17,928	24,222
	10,856	118,481	129,337
Long term borrowings			
Hire purchase due after 12 months	567	-	567
Term loan due after 12 months	19,499	145,226	164,725
	20,066	145,226	165,292
Total borrowings	30,922	263,707	294,629

* 78% of the short term borrowings comprise trade facilities amounting to RM100.5 million that are revolving in nature for working capital purposes. These facilities bear relatively low interest rates ranging from 2.1% to 3.5%.

10. Financial Instruments with Off Balance Sheet Risks

There were no financial instruments with off balance sheet risk as at 19.2.2010 (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 has declared a **special dividend of 9% tax exempt amounting to RM12.2 million**. The special dividend is derived from the higher profit after tax of RM129.7 million achieved over and above the guidance of RM117 million profit after tax as committed earlier, and is to be paid out on April 20, 2010.

The Board has also proposed a **final dividend of 8% tax exempt amounting to RM10.8 million.** The final dividend is subject to shareholders' approval at the upcoming Annual General Meeting.

Total dividends paid, declared and proposed for FY2009 is tabled below:

Tax Exempt Dividend	*Dividend*		*Payment Date*
	(%)	*Amount*	
1st interim dividend	*5.0*	*RM 6.6 million*	*Paid on 18 November 2009*
Special dividend	*9.0*	*RM12.2 million*	*To be paid on 20 April 2010*
Final dividend	*8.0*	*RM10.8 million*	*To be determined at a later date*
TOTAL	***22.0***	***RM29.6 million***	

13. Earnings per Share (EPS)

Basic earnings per share

	2009 Current Quarter Ended 31.12.2009	**2009 12 months Cumulative todate**
Net profit / (loss) (RM’000) attributable to ordinary shareholders	44,112	129,753
Weighted average (‘000) Number of ordinary shares in issue	268,250	268,250
Basic earnings per share (sen)	16.44	48.37