

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 1ST QUARTER ENDED 31 MARCH 2010
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 2010.

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

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 31 March 2010, 3.155 million new ordinary shares of RM0.50 each were exercised and issued pursuant to the Company's Employee Share Option Scheme.

7. Dividend Paid

There were no dividends paid in the current quarter ended 31 March 2010. Supermax shares are currently traded and quoted ex-special dividend (9% tax exempt) and the dividend amounting to RM12.2 million is due to be paid on 20 April 2010.

Dividends paid to-date 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 3 MONTHS	Investment Holding RM'000	Manu- facturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External sales	-	32,184	188,468	-	-	220,652
Inter-segment sales	-	211,815	5,150	1,156	(218,121)	-
	-	243,999	193,618	1,156	(218,121)	220,652
Segmental results	(345)	44,934	2,806	138	-	47,533
Finance costs						(3,744)
Interest income						41
Share of profit in associated companies						10,452

PBT	54,282
Tax expenses	(2,809)
Net profit	51,473

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 15 April 2010, the Group had capital commitments amounting to RM24.0 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 proceeded on 14 October 2009 where the Court allowed the Vendor's appeal. The Taiping High Court has now fixed this matter for full hearing on 25, 26 and 27 October 2010.

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	1 st Qtr 2010 RM '000	1 st Qtr 2009 RM '000	Increase/(Decrease)	
			RM'000	%
Revenue	220,652	192,372	27,280	14.2%
Profit before tax (PBT)	54,282	23,466	30,816	131.3%
Profit after tax (PAT)	51,473	19,707	31,766	161.2%

Group revenue rose by 14.2% or RM27.3 million on the back of strong global demand for rubber gloves. The strong demand coupled with the limited capacity expansion by the major glove players over the last 2 years have resulted in a supply demand imbalance which has driven glove prices up.

Profit before tax and Profit after tax also rose strongly by 131.3% (RM30.8 million) and 161.2% (RM31.8 million) respectively. The improvement in profitability is attributed to the strong revenue growth as well as cost savings from higher efficiency and productivity from improved processes and refurbished lines.

2. Comparison with Preceding Quarter's Result

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

Description	1 st Qtr 2010 RM '000	4 th Qtr 2009 RM '000	Increase/(Decrease)	
			RM'000	%
Revenue	220,652	196,417	24,235	12.3%
Profit before tax (PBT)	54,282	50,602	3,680	7.3%
Profit after tax (PAT)	51,473	44,112	7,361	16.7%

Group revenue is also higher compared to the preceding quarter by 12.3% or RM24.2 million. The increase was mainly due to higher efficiency and higher productivity and results from the continuous focus on production costs management, streamlining of supply chain management, credit and accounts receivable management, inventory management and other operational costs managements of the Group.

The revenue growth has contributed to higher Profit before tax and Profit after tax of 7.3% (RM3.7 million) and 16.7% (RM7.4 million) respectively.

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	FY2009	Q1 2010
Receivables Cycle (months)	4.47	4.35	3.46	1.98	2.62
Inventory Turnover Cycle (months)	1.26	2.22	2.00	1.56	1.45
Gearing ratio (net)	0.78	0.88	0.90	0.31	0.30

The receivables turnover cycle has increased to 2.62 months in the current quarter. This is mainly due to shipments to the Group's newly set up distribution centre in Germany and increase in working inventory to all other distribution centres in anticipation of a spike in demand by the consumers.

3. Prospects

The outlook for the rubber glove industry remains bright. Global demand and consumption has been growing at between 8 to 10% per annum and this organic growth rate is expected to continue going forward. The industry would see spikes in demand with high demand retention should more countries implement regulations on rubber glove use (e.g. Brazil in 2009) and in the event of disease outbreaks (e.g. H1N1 in 2009) as well as other calamities.

The recent passing into law of the US Healthcare Reform Bill is also expected to take consumption of rubber gloves up a notch. The US is already the largest consumer of rubber gloves, accounting for about 40% of global consumption, and this is expected to grow upon implementation. China is another country talking about healthcare reform and once it takes place, as it inevitably will, rubber glove consumption would be brought to another level altogether.

Many manufacturers have recently announced capacity expansion plans to take advantage of the strong demand and to address the prevailing supply shortage situation. A severe supply/demand imbalance has arisen as most manufacturers had delayed their expansion plans since the onset of the global economic downturn in 2008 while global demand had continued to grow. These ambitious expansion plans have given rise to the concern of a supply glut. However, this concern is unfounded as the planned expansion cannot take place overnight. This is because there are several bottlenecks hampering capacity expansion. They include the non availability of natural gas supply to all new expansion project sites as well as inability of delivery on time from support industries such as from producers of ceramic formers, conveyor chains and other spare parts components to meet the demand all at once.

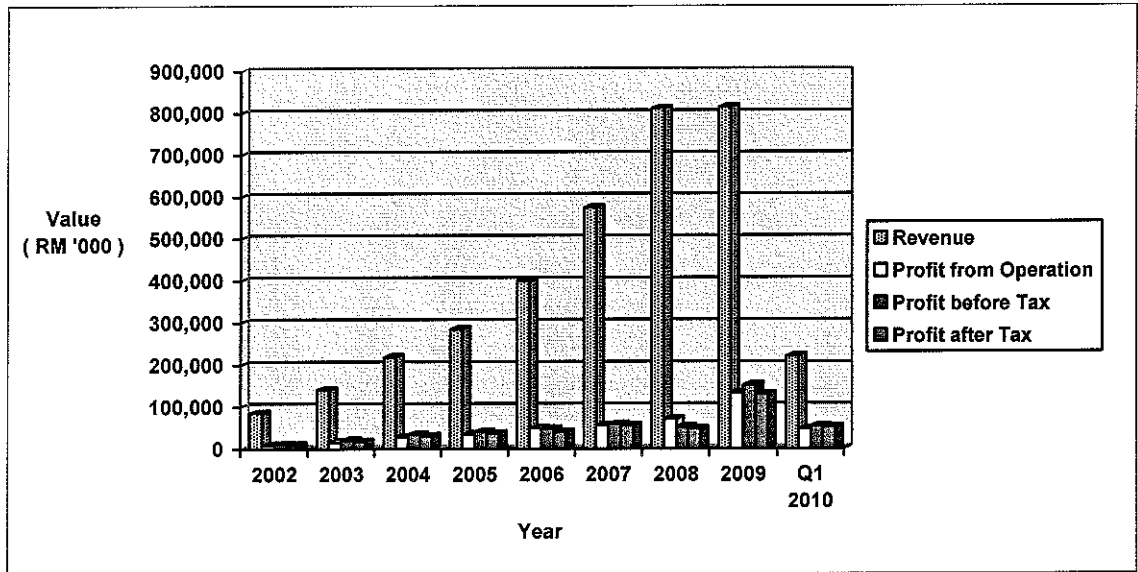
The first quarter of year 2010 has seen latex prices rising towards record levels and the ringgit appreciating strongly against the USD. Nevertheless, the fluctuation of these 2 factors have largely been gradual, thus allowing glove manufacturers to pass on the cost increases to the consumers by adjusting average selling prices.

Glove City Project

The Company has embarked on Phase No. 1 of the Glove City Project in March 2010 with the commencement of the site clearing works ahead of schedule. The phase #1 is scheduled to be operational by mid-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)	Year 2009 (RM '000)	Q1 2010 (RM '000)
Revenue	284,688	400,325	574,260	811,824	814,836	220,652
Profit from operations	34,444	48,158	54,983	70,203	132,445	47,576
EBITDA	44,938	61,113	93,312	101,197	205,891	66,147
EBITDA Margin	15.6%	15.3%	16.2%	12.5%	25.3%	30.0%
Profit before Tax (PBT)	41,301	47,338	58,550	51,998	152,139	54,282
PBT Margin	14.5%	11.8%	10.2%	6.4%	18.7%	24.6%
Profit after Tax (PAT)	36,273	39,749	55,946	46,997	129,753	51,473
PAT Margin	12.7%	9.9%	9.7%	5.8%	15.9%	23.3%
No. of Shares	179,576	226,367	265,240	265,270	268,250	271,405
Net Tangible Asset (NTA)	204,522	239,904	383,789	416,380	557,999	633,702
NTA per share (RM)	1.14	1.06	1.45	1.57	2.08	2.33
EPS (sen)	16.28	17.61	24.25	17.82	48.37	18.97
Return on Assets (ROA)	7.7%	7.6%	6.4%	5.0%	13.9%	5.0%
Return on Equity (ROE)	17.7%	16.6%	14.6%	11.3%	23.3%	8.1%



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 31.3.2010 RM '000	Year to Date Ended 31.3.2010 RM '000
Income tax	2,809	2,809
Deferred Tax	-	-
Total	2,809	2,809

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 15.4.2010 (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 31.3.2010 are as follows: -

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
Trade Facilities	-	105,110	105,110
Hire purchase due within 12 months	4,562	-	4,562
Term loan due within 12 months	1,950	14,603	16,553
	6,512	119,713	126,225
Long term borrowings			
Hire purchase due after 12 months	141	-	141
Term loan due after 12 months	17,946	151,481	169,427
	18,087	151,481	169,568
Total borrowings	24,599	271,194	295,793

* 83% of the short term borrowings comprise trade facilities amounting to RM105.1 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 15.4.2010 (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 has proposed a **final dividend of 8% tax exempt amounting to RM10.8 million** to be paid on June 28, 2010. The final dividend is subject to shareholders' approval at the upcoming Annual General Meeting scheduled for May 25, 2010.

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

<i>Tax Exempt Dividend</i>	<i>Dividend</i>		<i>Payment Date</i>
	<i>(%)</i>	<i>Amount</i>	
<i>1st interim dividend</i>	<i>5.0</i>	<i>RM 6.6 million</i>	<i>Paid on 18 November 2009</i>
<i>Special dividend</i>	<i>9.0</i>	<i>RM12.2 million</i>	<i>To be paid on 20 April 2010</i>
<i>Final dividend</i>	<i>8.0</i>	<i>RM10.8 million</i>	<i>To be paid on 28 June 2010</i>
<i>TOTAL</i>	<i>22.0</i>	<i>RM29.6 million</i>	

13. Earnings per Share (EPS)

Basic earnings per share

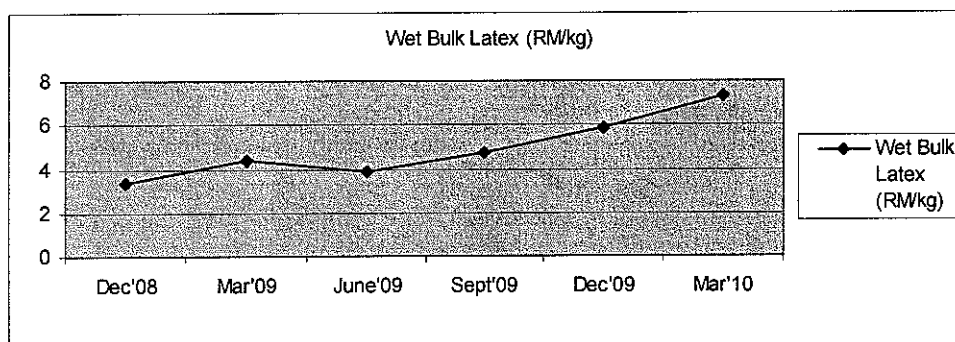
	2010 Current Quarter Ended 31.03.2010	2010 3 months Cumulative to date
Net profit / (loss) (RM'000) attributable to ordinary shareholders	51,473	51,473
Weighted average ('000) Number of ordinary shares in issue	271,405	271,405
Basic earnings per share (sen)	18.97	18.97

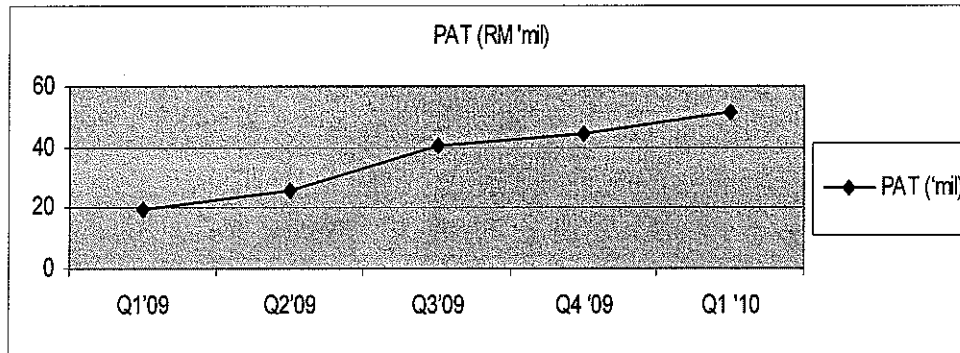
14. Management of Latex Cost Fluctuations

Rubber latex costs, the main raw material cost in the manufacturing of rubber gloves, forms between 50% and 60% of the Group's costs and any increase in this cost item must be well managed. As such, Supermax Group continues to be vigilant and the latex price volatility and latex price increase would continue to be carefully and cautiously managed.

The Group has a pricing mechanism in place whereby any fluctuation in this cost component is factored into the pricing process for the Group's rubber glove products. What this means is that effectively, the cost increases can be passed on to consumers, albeit with a short time lag of between 45 days to 60 days, thus maintaining the Group's profitability and reducing margin compression.

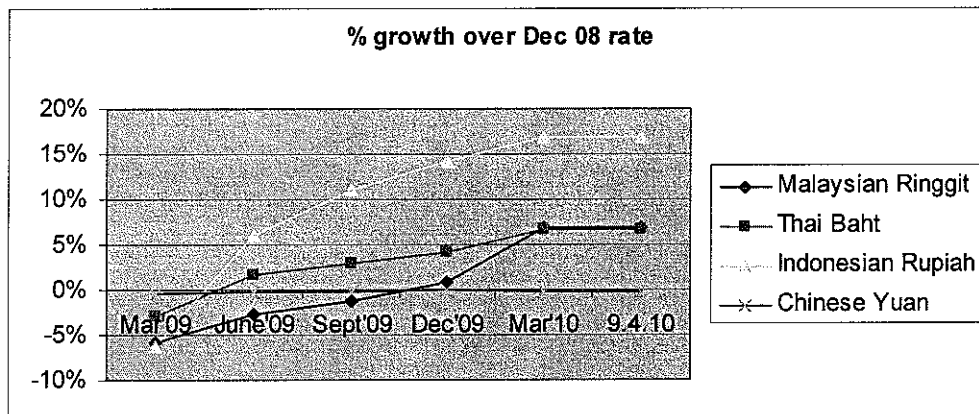
Below are 2 line graphs depicting the correlation between the price of rubber latex and the Group's Profit after Tax.





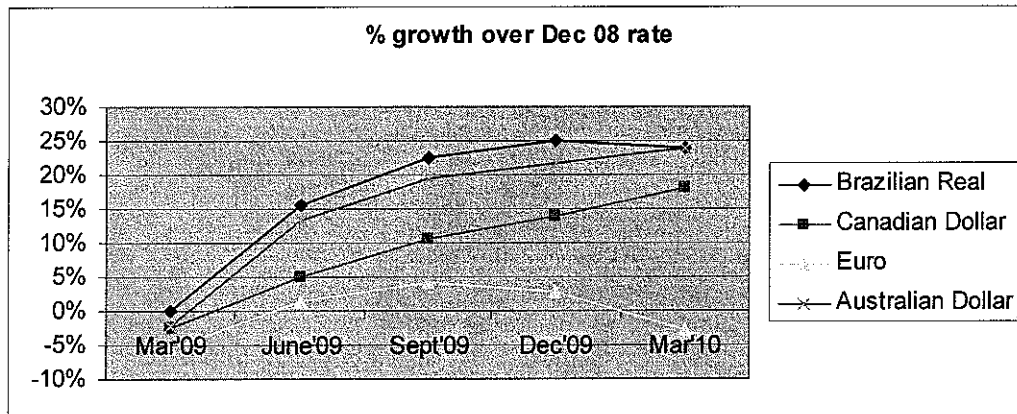
15. Management of Foreign Exchange Rate Fluctuations

Foreign exchange is another factor that may have a significant impact on the Group's performance. While the Ringgit has been strengthening against the USD in recent quarters, the currencies of most of the major rubber glove producing countries have similarly appreciated. In the case of the Indonesian Rupiah, it has appreciated against the USD by 17% compared to 7% for the Ringgit. In conclusion, Malaysian exports remain competitive against the major competing nations.



Exchange rate (1USD)					
Currencies of Major Rubber Glove Producing Countries					
	Mar'09	June'09	Sept'09	Dec'09	Mar'10
Malaysian Ringgit	-6%	-3%	-1%	1%	7%
Thai Baht	-3%	2%	3%	4%	7%
Indonesian Rupiah	-6%	6%	11%	14%	17%
Chinese Yuan	0%	0%	0%	0%	0%

The USD has also been depreciating against most of the currencies of the countries in which the Supermax Group has associated companies. Besides the Euro, all the other currencies, i.e. Brazilian Real, Canadian Dollar, and Australian Dollar have all appreciated against the USD, allowing the associated companies to derive foreign exchange gains. This has resulted in the Supermax Group accounting for higher share of profit from associated companies.



Currencies of Associated Companies (foreign distribution centres)

	Mar'09	June'09	Sept'09	Dec'09	Mar'10
Brazilian Real	0%	16%	23%	25%	24%
Canadian Dollar	-2%	5%	11%	14%	18%
Euro	-6%	1%	4%	3%	-3%
Australian Dollar	-2%	13%	20%	22%	24%