SUPERMAX CORPORATION BERHAD
(Company No. 420405-P)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 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 2009.

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 2009, 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 2009.

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 2010, there were no new ordinary shares exercised and issued pursuant to the Company's Employee Share Option Scheme.

7. Dividend Paid

There were no dividends paid during the current quarter ended 30 September 2010.

However, an interim dividend of 5% tax exempt amounting to RM8.4 million was paid on 1 October 2010 in respect of the financial year ending 31 December 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 Special tax exempt dividend Final tax exempt dividend	18.11.2009 20.04.2010 28.06.2010	5.0% 9.0% 8.0%	6,567 12,213 10,856
2010	Interim tax exempt dividend	01.10.2010	5.0%	8,486
	Total			**80,570**

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	-	97,240	593,341	-	-	690,581
Inter-segment sales	-	679,140	49,954	4,477	(733,571)	-
	-	776,380	643,295	4,477	(733,571)	690,581
Segmental results	(1.045)	119,699	6,052	1,412	-	126,118
Finance costs						(10,760)
Interest income						41
Share of profit in associated companies						29,164
PBT						144,563
Tax expenses						(9,091)
Net profit						135,472

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 3 November 2010, the Group had capital commitments amounting to RM12.4 million for the purchase of plant and equipment. The amount was in respect of production lines to be fabricated and installed at its latest plant in Meru, Klang as well as the existing plant in Alor Gajah.

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 24 and 25 February 2011.

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 2010 RM '000	3rd Qtr 2009 RM '000	Increase/(Decrease)	
			RM'000	%
Revenue	235,104	237,562	(2,458)	(1.0)
Profit before tax (PBT)	41,448	46,722	(5,274)	(11.3)
Profit after tax (PAT)	38,143	40,150	(2,007)	(5.0)

The Group sold more gloves during the current quarter compared to the corresponding quarter a year ago but revenue was slightly lower by 1% or RM2.4 million. This is because the USD has continuously & steadily weakened against the Ringgit by 10.2% during this period from an average of USD1:RM3.52 to USD1:RM3.16.

The weakening US Dollar together with escalating latex prices where latex is the largest cost component in rubber glove manufacturing at close to 60% of total costs and it rose by 58% during this period; contributed to a contraction in profit margins. The escalation & increase in latex prices and the weakening of the US Dollar were faster than the costs pass through onto the product selling prices during this period. As such, Profit before tax and Profit after tax fell by 11.3% (RM5.3 million) and 5.0% (RM2.0 million) respectively.

2. Comparison with Preceding Quarter's Result

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

Description	3rd Qtr 2010 RM '000	2nd Qtr 2010 RM '000	Increase/(Decrease)	
			RM'000	%
Revenue	235,104	234,825	279	0.11%
Profit before tax (PBT)	41,448	48,832	(7,384)	(15.1%)
Profit after tax (PAT)	38,143	45,856	(7,713)	(16.8%)

Group revenue rose marginally compared to the preceding quarter by 0.11% or RM279,000. Although there was capacity growth, the continued weakening of the USD suppressed revenue growth this quarter. The US Dollar fell a further 2% from USD1:RM3.24 to USD1:RM3.16 during this period.

The weakening of US Dollar and continuous increase in latex prices at a fast pace led to margins being squeezed as costs increase transfer onto the product pricing is slower than the material costs increases & the weakening of the US Dollar. Profit before tax and Profit after tax fell by 15.1% (RM7.4 million) and 16.8% (RM7.7 million) respectively.

3. Prospects

Global Demand & Consumption of Gloves remain high

Although the rubber glove industry is facing some strong headwinds at present, these headwinds are nothing new to the industry and can be managed as demonstrated by the resilience of the industry over the years. We believe the weakening of the US Dollar and the continuous increase in latex prices are temporary and cannot be sustained indefinitely. We believe that the adverse impact of these 2 elements are due to speculative forces and will eventually correct themselves.

Fundamentally and on the whole, global demand & consumption of Gloves remain high & robust. For most of the current quarter, demand had largely normalised to 45 – 60 days lead times compared to long lead time of 5 months plus during the height of the H1N1 scare as a result of unusually high latex prices and buyers being away on summer vacation. However, the return of buyers from their holidays coupled with the realisation that latex prices were unlikely to fall anytime soon has resulted in a sharp increase in buying activity.

Moving forward, we expect global demand to remain strong, driven by new usages for gloves, growing demand from developing countries that are growing more affluent and spending more on healthcare and more and more countries regulating their healthcare industry.

Expansion Plan remains intact

Meanwhile, the Supermax Group will continue to implement its expansion plan for the year and also in the following years with its Glove City Project. As a Market Driven company, the new capacity expansion will be in line with the demand and consumption growth and will enable Supermax Group to reduce the delivery lead times in processing the orders and also to capitalise on the expected increase in demand. The company will be monitoring the market closely to determine the speed of implementation for the remaining phases of the Glove City Project.

Switching more production into Nitrile Powder Free Gloves

On the existing capacity, the Group will be switching more of its production lines to produce more Nitrile Powder Free gloves; from the current 21% to between 30% to 35%% of total installed capacity. This is in line with the growing demand for nitrile gloves from the Hospital & Medical sectors as some Nitrile PF glove prices are now lower than or equal to natural rubber Latex PF glove prices.

Establishment of Regional Distribution Centre (RDC Status company)

Starting December,2010, the Group will activate a wholly owned subsidiary, ***Supermax International Sdn Bhd*** to carry out as Regional Distribution Centre status company. The RDC Status company will enable Supermax Group to further boost its earnings for FY2011 onwards.

Earning Guidance for FY2011

With the planned capacity growth and varying of product mix in line with market demand and product pricing trends, the Supermax Group is **targeting earnings growth of between 15% and 20% for FY 2011.**

In deriving the targeted Earnings growth, Supermax Group has cautiously taken into consideration the continuous volatility of Natural Rubber latex prices, increase in Synthetic

Nitrile latex prices and volatility of foreign exchange rates. We believe the NR Latex prices will fall from the all time high of RM8.25 per kg wet to between RM5.50 to RM6.00 per kg wet ; Synthetic Nitrile Latex price will increase from the current USD1,350 to between USD 1,600 to USD1,800 per metric ton during 1H 2011.

Below are the tables showing historical price trend of NR Latex, Nitrile Latex, the Foreign Exchange & the Glove Price movements:

	Q1 2010 RM	**Q2 2010 RM**	**Q3 2010 RM**	**OCT 2010 RM**	**OCT vs Q1 %**
Average Natural Rubber Latex (RM/metric ton wet)	6,980	7,227	6,989	7,638	**9.4%**
Average NBR Latex (RM/ metric ton)	4,612	4,491	4,535	4,228	**(8.3%)**
Average MYR/USD	3.37	3.24	3.16	3.10	**(8.0%)**

	Q1 2010 RM	**Q2 2010 RM**	**Q3 2010 RM**	**OCT 2010 RM**	**OCT vs Q1 %**
Average Natural Rubber Latex (USD/ MTW)	2,071	2,230	2,210	2,460	**18.8%**
Average NBR Latex (USD/MTW)	1,369	1,386	1,436	1,364	**(0.3%)**
Average MYR/USD	3.37	3.24	3.16	3.10	**(8.0%)**

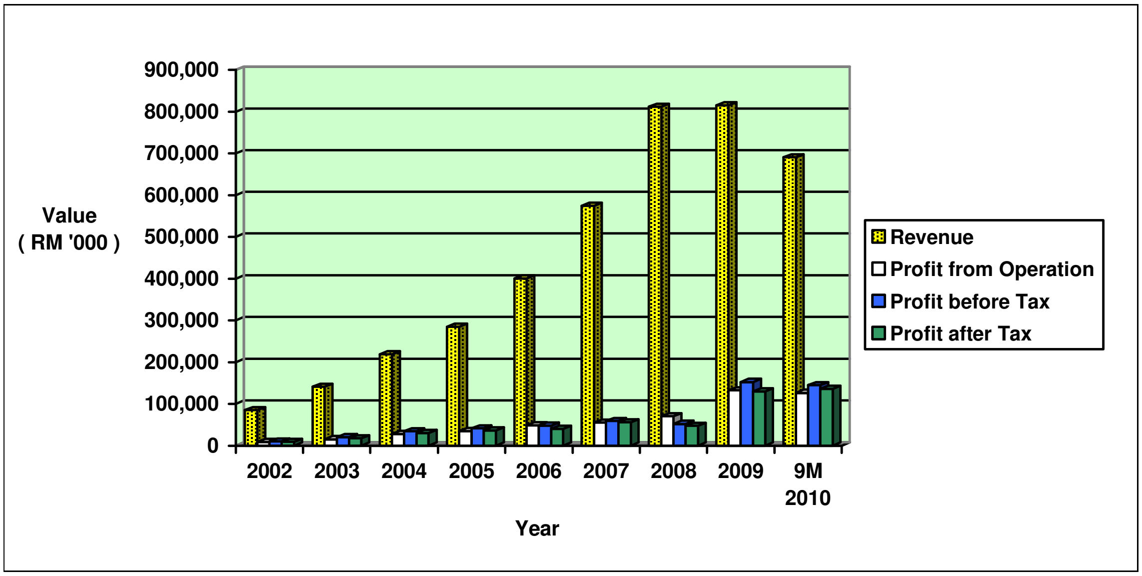
	Q1 2010 RM	**Q2 2010 RM**	**Q3 2010 RM**	**OCT 2010 RM**
NR Gloves (USD/ 1,000 pcs)	23.95 – 32.95	25.55 – 34.95	24.95 – 34.95	24.95 – 34.95
NBR Gloves (USD/ 1,000 pcs)	30.45 – 35.95	31.75 – 37.95	31.75 – 37.95	28.95 – 37.95
Average MYR/USD	3.37	3.24	3.16	3.10

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

Description	Year 2005 (RM '000)	Year 2006 (RM '000)	Year 2007 (RM '000)	Year 2008 (RM '000)	Year 2009 (RM '000)	9M 2010 (RM '000)
Revenue	284,688	400,325	574,260	811,824	803,633	690,581
Profit from operations	34,444	48,158	54,983	70,203	131,710	126,158
EBITDA	44,938	61,113	93,312	101,197	205,670	180,294
EBITDA Margin	15.6%	15.3%	16.2%	12.5%	25.6%	26.1%
Profit before Tax (PBT)	41,301	47,338	58,550	51,998	151,470	144,563
PBT Margin	14.5%	11.8%	10.2%	6.4%	18.8%	20.9%
Profit after Tax (PAT)	36,273	39,749	55,946	46,997	126,585	135,473
PAT Margin	12.7%	9.9%	9.7%	5.8%	15.8%	19.6%
No. of Shares	179,576	226,367	265,240	265,270	268,250	339,463
Net Tangible Asset (NTA)	204,522	239,904	383,789	416,380	558,835	690,253
NTA per share (RM)	1.14	1.06	1.45	1.57	2.08	2.03*
EPS (sen)	16.28	17.61	24.25	17.82	48.61	39.91*
Return on Assets (ROA)	7.7%	7.6%	6.4%	5.0%	13.4%	NM
Return on Equity (ROE)	17.7%	16.6%	14.6%	11.3%	22.7%	NM

* Both NTA and EPS have seen some dilution in 2010 owing to the increase in share base following the completion of a bonus issue exercise on 21 June 2010.

NM Not meaningful



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 30.9.2010 RM '000	Year to Date Ended 30.9.2010 RM '000
Income tax	3,305	9,091
Deferred Tax	-	-
Total	3,305	9,091

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 3 November 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 30.9.2010 are as follows: -

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
Trade Facilities	-	104,605	104,605
Hire purchase due within 12 months	473	-	473
Term loan due within 12 months	7,268	3,107	10,375
	7,741	107,712	115,453
Long term borrowings			
Hire purchase due after 12 months	2,627	-	-
Term loan due after 12 months	14,863	152,092	161,569
	17,490	152,092	166,955
Total borrowings	25,231	259,804	285,035

* 91% of the short term borrowings comprise trade facilities amounting to RM104.6 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 3.11.2010 (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

There were no dividends proposed for the current quarter ended 30 September 2010.

13. Earnings per Share (EPS)

Basic earnings per share

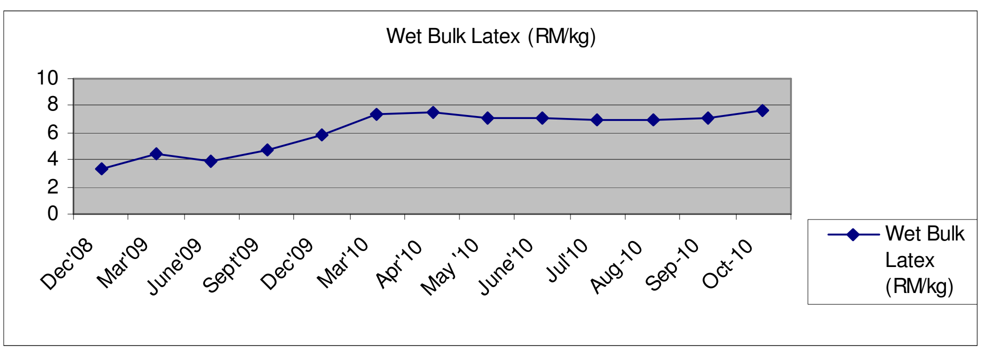
	2010 Current Quarter Ended 30.9.2010	**2010 9 months Cumulative to date**
Net profit / (loss) (RM'000) attributable to ordinary shareholders	38,117	135,446
Weighted average ('000) Number of ordinary shares in issue	339,463	339,463
Basic earnings per share (sen)	11.23	39.91

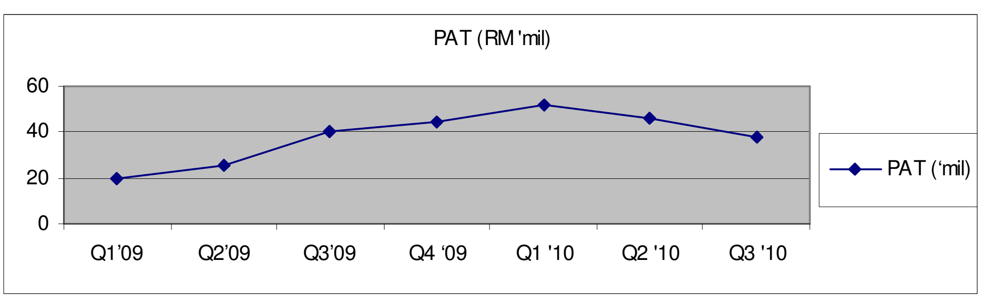
14. Managing NR Latex & Nitrile Latex Cost Fluctuations

Natural Rubber latex & Nitrile Latex costs, the main raw material cost in the manufacturing of NR Latex & Nitrile gloves, forms between 50% and 60% of the Group's costs and any increase in this cost item must be well managed. The price of Nitrile latex is less volatile than the price of NR latex.

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, thus maintaining the Group's profitability.

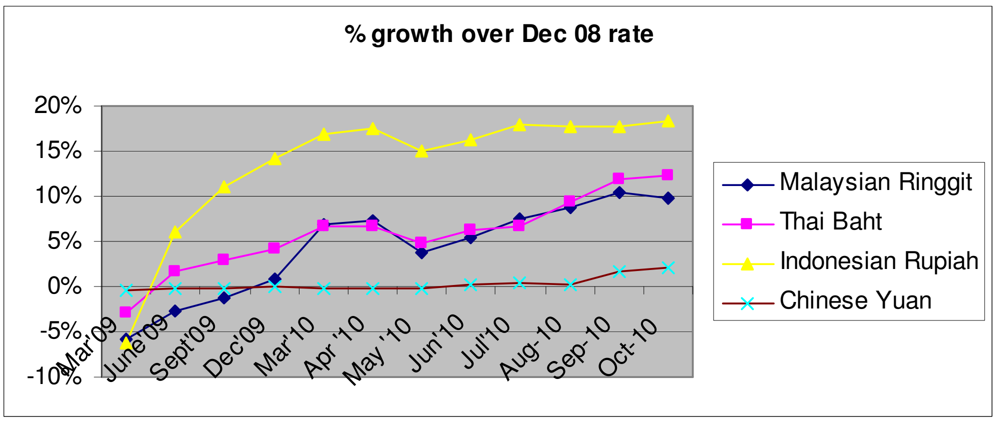
Below are 2 line graphs depicting the correlation between the price of rubber latex and the Group's Profit after Tax.





15. Managing 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 18% compared to 10% for the Ringgit since 2008. In conclusion, Malaysian exports remain globally competitive against the major competing nations.



Exchange rate (1USD)

Currencies of Major Rubber Glove Producing Countries

	Dec'09	Mar'10	Apr '10	May'10	Jun'10	Jul'10	Aug-10	Sep'10
Malaysian Ringgit	1%	7%	7%	4%	6%	8%	9%	10%
Thai Baht	4%	7%	7%	5%	6%	7%	9%	12%
Indonesian Rupiah	14%	17%	18%	15%	16%	18%	18%	18%
Chinese Yuan	0%	0%	0%	0%	0%	0%	0%	2%