NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 4TH QUARTER ENDED 31 DECEMBER 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 31 December 2010, there were 614,400 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 31 December 2010.

An interim dividend of 5% tax exempt amounting to RM8.4 million was paid on 1 October 2010 in respect of the financial year ended 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 Proposed 2nd interim tax exempt dividend Final tax exempt dividend *	01.10.2010 18.03.2011 TBC	5.0% 5.0% 5.0%*	8,486 8,502e 8,502e
	Total			**97,574e**

* = subject to shareholders' approval at upcoming Annual General Meeting

e = estimated

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 YEAR TO DATE	Investment Holding RM'000	Manu-facturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External sales	-	117,886	805,364	-	-	923,250
Inter-segment sales	-	927,449	69,424	6,614	(1,003,487)	-
	-	1,045,335	874,788	6,614	(1,003,487)	923,250
Segmental results	1,487	138,678	5,811	2,478	-	148,454
Finance costs						(13,077)
Interest income						41
Share of profit in associated companies						41,953
PBT						177,371
Tax expenses						(9,193)
PAT						168,178
Minority interest						(15)
Net profit						168,163

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 11 February 2011, the Group had capital commitments amounting to RM18.7.million for the purchase of land, plant and equipment. Plant & equipment includes the production lines to be fabricated and installed at its plants in Sg Buloh, Meru and 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	4th Qtr 2010 RM '000	4th Qtr 2009 RM '000	Increase/(Decrease)	
			RM'000	%
Revenue	232,669	196,417	36,252	+18.4%
Profit before tax (PBT)	32,808	50,260	(17,452)	(34.7%)
Profit after tax (PAT)	32,706	43,520	(10,814)	(24.8%)

While revenue has grown for the current quarter compared to the corresponding quarter last year, profit margins have been eroded mainly due to continuous high latex prices and unfavourable exchange rates.

2. Comparison with Preceding Quarter's Result

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

Description	4th Qtr 2010 RM '000	3rd Qtr 2010 RM '000	Increase/(Decrease)	
			RM'000	%
Revenue	232,669	235,104	(2,435)	(1.0%)
Profit before tax (PBT)	32,808	41,448	(8,640)	(20.8%)
Profit after tax (PAT)	32,706	38,143	(5,437)	(14.3%)

The rising latex costs and the weakening of the USD can pose a challenge but nevertheless manageable as Management has the experience to tackle the headwinds and minimise their effects. Glove prices are raised in tandem with latex price increases and Management has taken steps to adjust glove prices on a more regular basis to pass through the cost increases.

3. Year-on-Year Comparison

The Group's performance for FY2010 versus FY2009 is tabled below:

Description	FY 2010 RM '000	FY 2009 RM '000	Increase/(Decrease)	
			RM'000	%
Revenue	923,250	803,633	119,617	+14.9%
Profit before tax (PBT)	177,371	151,470	25,901	+17.1%
Profit after tax (PAT)	168,178	126,585	41,593	+32.8%

On a year-on-year basis, the Group has turned in another exceptional year despite extraordinary challenges in the form of escalating rubber latex prices to new record levels and continuous weakening of the USD vs MYR. The Year 2009 was the best year ever for the rubber glove industry but the Supermax Group has managed to outdo the performance achieved in that year with both of the Group's income streams of manufacturing and distribution recording increases.

The Group was able to achieve a 32.8% (RM41.6 million) rise in Profit after Tax on the back of a 14.9% rise in revenue. This creditable performance was largely the result of the successful implementation of capacity expansion plans, close monitoring and management of major cost elements as well as efficiency initiatives taken during the course of the year.

Notably, the Group has managed to achieve the profit guidance set out at the beginning of the year amounting to RM168 million despite the difficult operating environment.

4. Prospects

Global Demand & Consumption of Gloves Remains Robust

The rubber glove industry continues to face strong challenges at present but the industry remains resilient as shown over the years. The USD has remained weak and the latex prices stubbornly high for an unusually long period. We believe the USD will not see a significant fall this year as it did last year and the latex prices will correct itself to more reasonable levels this year as more supply comes into the market and the wintering season ends at the end of the first quarter of 2011.

Fundamentally and on the whole, rubber glove demand is still robust. While demand had normalised to 45 – 60 days lead times in Q3 of this year, demand has come back strongly and lead times have again stretched to 120 – 150 days. Buyers have come to terms with the high latex prices and come back to replenish their stocks. Some have taken the added steps of switching their demand from powder free NR gloves, which are now the most expensive range of gloves, to nitrile gloves which are currently cheaper than even powdered NR gloves. Traditionally, nitrile gloves were 15 – 20% more expensive than powder-free NR gloves.

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

Switching More Production to Nitrile Powder-Free Gloves

On the existing capacity, the Group has switched more of its production lines to produce nitrile gloves, from 24% to 30% and possibly up to between 40%-45% of total installed capacity. This is in line with the growing demand for nitrile gloves from the Hospital sector as nitrile glove prices are now lower than natural rubber latex glove prices.

Should the demand for nitrile gloves continue to rise, the Group is well placed to meet the market demands as up to 70% of the Group's production lines are built to be inter-switchable between natural rubber and nitrile rubber.

Establishment of Regional Distribution Centre (RDC status company)

The Group has activated a wholly owned subsidiary, Supermax International Sdn Bhd, to carry out as a Regional Distribution Centre status company. This company will enable the Group to further boost its earnings for FY2011 onwards.

Incorporation of Supermax Global Limited (SGL)

The Group has received approval in January 2011 from Bermuda Monetary Authority (BMA) to incorporate SGL to undertake global trading, sales and marketing of Supermax Group's global operations. SGL will enable the Group to further enhance the Group's earnings for FY 2011 onwards.

In addition to the Group's own gloves, SGL will also engage in the trading of gloves from other manufacturers as well as other healthcare and medical devices such as masks and surgical gowns. The trading income earned will basically form a **third income stream** for the Supermax Group.

With the incorporation of SGL, the Supermax Group will move to the next level to globalise its operations more aggressively.

Expansion Plans

Meanwhile, the Supermax Group will continue to implement its expansion plan for this year and also next. The Group has recently acquired a piece of land behind an existing plant in Meru, Klang and will fast track the construction of a new plant here where basic infrastructure is available. The Group is also continuing to rebuild its Sg Buloh Lot 42 plant into a full surgical glove production facility which when completed will increase the Group's surgical glove capacity by more than 10-fold. The new capacity from the new plant in Meru and the rebuilt Sg Buloh Lot 42 plant will enable the Group to reduce the lead times to meet demand and also to capitalise on the expected rise in demand.

Earnings 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.

However, in view of the significant volatility of foreign exchange rates and latex prices, we will conduct a review of our earnings guidance after completion of Q2 2011.

Below are the tables showing historical price trend of NR and Nitrile latex, Foreign exchange fluctuations and Glove Price movements:

Natural Rubber Latex	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q4 vs Q1 %
USD	2,071	2,230	2,210	2,735	+32.1%
RM	6,980	7,227	6,989	8,507	+21.9%
(MYR/USD)	3.37	3.24	3.16	3.11	(7.7%)

Synthetic Latex (Nitrile)	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q4 vs Q1 %
USD	1,369	1,386	1,436	1,450	+5.9%
RM	4,612	4,491	4,535	4,510	(2.2%)
(MYR/USD)	3.37	3.24	3.16	3.11	(7.7%)

Average Selling Prices

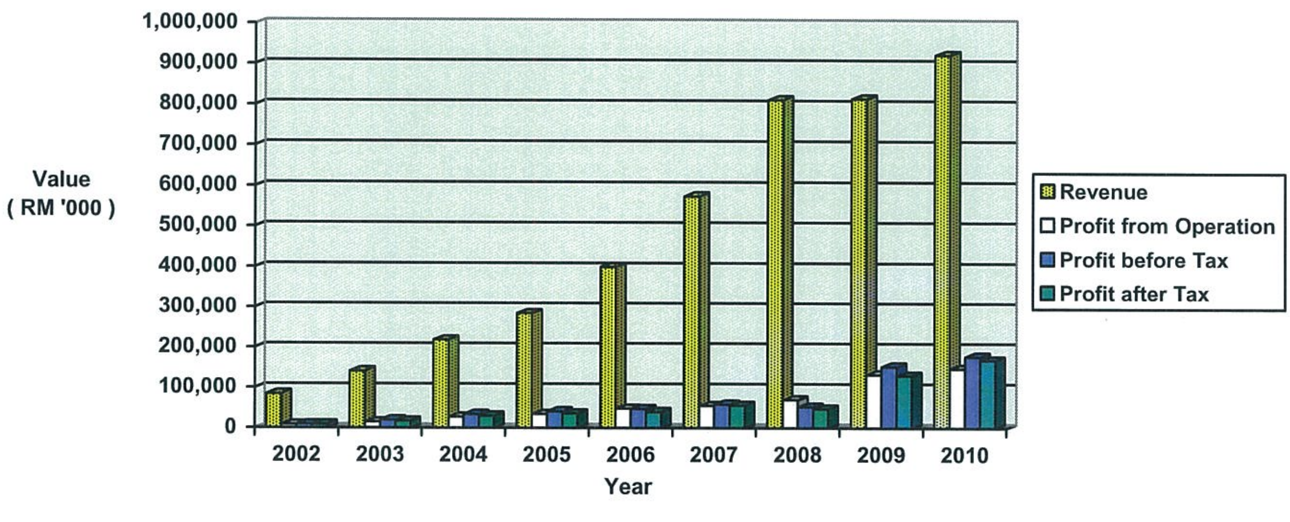
(USD/ 1,000 pcs)	Q1 2010 RM	Q2 2010 RM	Q3 2010 RM	Q4 2010 RM
Powdered Latex Gloves	23.95 - 32.95	25.55 - 28.95	24.95 - 28.95	25.50 - 36.95
Powder-Free Latex Gloves	30.45 - 35.95	32.95 - 34.95	31.45 - 34.95	33.65 - 40.95
Nitrile - 2.5mil	Not offered	Not offered	Not offered	25.95 - 27.95
Nitrile - 3.0mil	30.45 - 31.95	31.75 - 33.95	28.95- 33.95	26.50 - 27.95
Nitrile - 4.0mil	30.75 - 32.95	32.75 - 34.95	29.95- 34.95	27.95 - 29.95
Nitrile - 5.0mil	31.75 - 33.95	33.75 - 35.75	32.95- 37.95	32.50 - 34.95
(MYR/USD)	3.37	3.24	3.16	3.11

Supermax Group has been actively adjusting selling prices to mitigate the impact of increased raw material prices as well as the unfavourable foreign exchange rates.

The weakening USD against MYR has made raw material purchased in USD terms cheaper. Supermax Group sources almost 50% of its natural rubber latex from Thailand which are quoted in US Dollar. This serves as a natural hedge.

The Group's yearly 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)	Year 2010 (RM '000)
Revenue	284,688	400,325	574,260	811,824	803,633	923,250
Profit from operations	34,444	48,158	54,983	70,203	131,710	146,870
EBITDA	44,938	61,113	93,312	101,197	205,670	222,841
EBITDA Margin	15.6%	15.3%	16.2%	12.5%	25.6%	24.1%
Profit before Tax (PBT)	41,301	47,338	58,550	51,998	151,470	177,371
PBT Margin	14.5%	11.8%	10.2%	6.4%	18.8%	19.2%
Profit after Tax (PAT)	36,273	39,749	55,946	46,997	126,585	168,178
PAT Margin	12.7%	9.9%	9.7%	5.8%	15.8%	18.2%
No. of Shares	179,576	226,367	265,240	265,270	268,250	340,077
Net Tangible Asset (NTA)	204,522	239,904	383,789	416,380	558,835	706,091
NTA per share (RM)	1.14	1.06	1.45	1.57	2.08	2.08
EPS (sen)	16.28	17.61	24.25	17.82	48.61	49.45
Return on Assets (ROA)	7.7%	7.6%	6.4%	5.0%	13.4%	14.5%
Return on Equity (ROE)	17.7%	16.6%	14.6%	11.3%	22.7%	23.8%



5. Variance of Actual and Forecasted Profit and Shortfall in Profit Guarantee

This is not applicable to the Group for the current quarter under review.

6. Taxation and Variance between the Effective and Statutory Tax Rate

	Quarter Ended 31.12.2010 RM '000	Year to Date Ended 31.12.2010 RM '000
Income tax	102	9,193
Deferred Tax	-	-
Total	102	9,193

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

7. 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.

8. Quoted Investment

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

9. Status of Corporate Proposals Announced

There were no corporate proposals announced as at 11 February 2011 (the latest practicable date that shall not be earlier than 7 days from the date of this quarterly report).

10. Group Borrowings And Debt Securities

Group borrowings as at 31.12.2010 are as follows: -

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
Trade Facilities	-	143,515	143,515
Hire purchase due within 12 months	428	-	428
Term loan due within 12 months	2,323	7,836	10,159
	2,751	151,351	154,102
Long term borrowings			
Hire purchase due after 12 months	1,562	-	1,562
Term loan due after 12 months	2,134	154,910	157,044
	3,696	154,910	158,606
Total borrowings	6,447	306,261	312,708

* 93% of the short term borrowings comprise trade facilities amounting to RM143.5 million that are revolving in nature for working capital purposes. These facilities bear relatively low interest rates ranging from 2.1% to 3.5%.

11. Financial Instruments with Off Balance Sheet Risks

There were no financial instruments with off balance sheet risk as at 11.2.2011 (the latest practicable date which shall not be earlier than 7 days from the date of this quarterly report).

12. 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.

13. Dividends Proposed

The Board of Directors has proposed a 2nd interim dividend of 5% tax exempt to be paid on 18 March 2011; and a final dividend of 5% tax exempt subject to shareholders' approval at the upcoming Annual General Meeting.

14. Earnings per Share (EPS)

Basic earnings per share

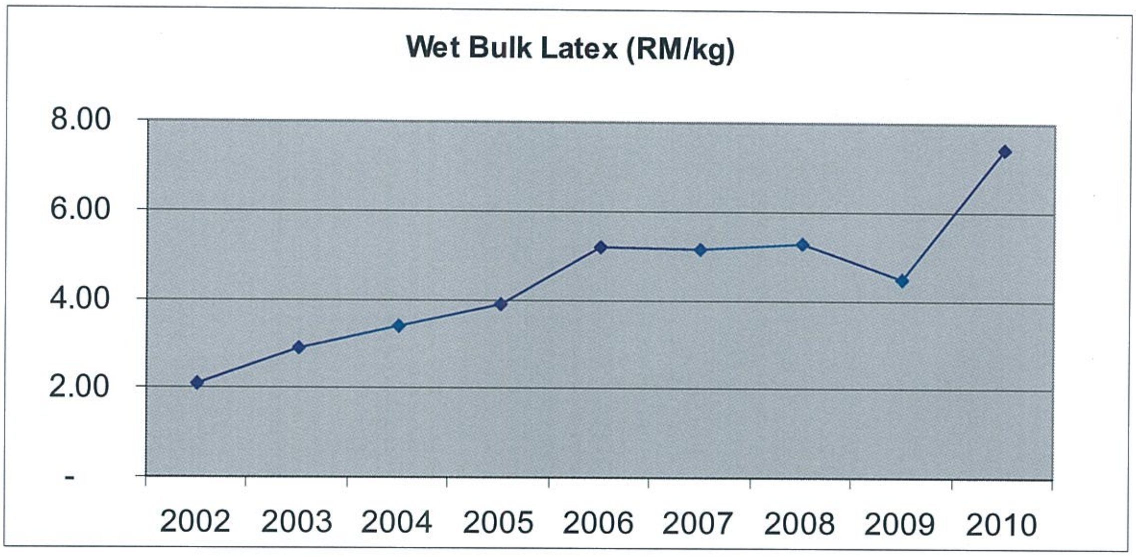
	2010 Current Quarter Ended 31.12.2010	2010 Year Ended
Net profit / (loss) (RM'000) attributable to ordinary shareholders	32,717	168,163
Weighted average ('000) Number of ordinary shares in issue	340,077	340,077
Basic earnings per share (sen)	9.62	49.45

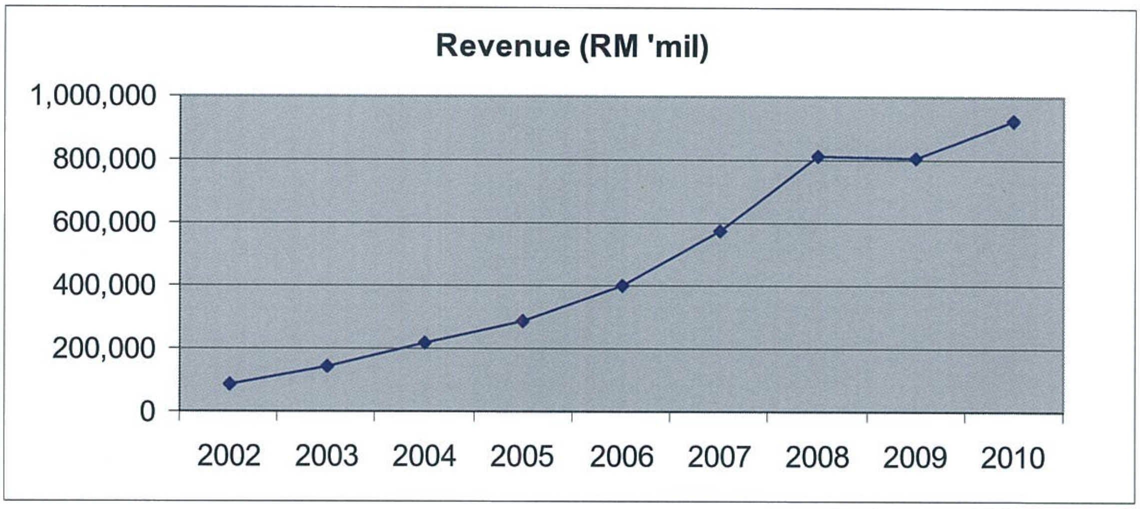
15. Management of Latex Cost Fluctuations

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.

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 Sales Revenue.



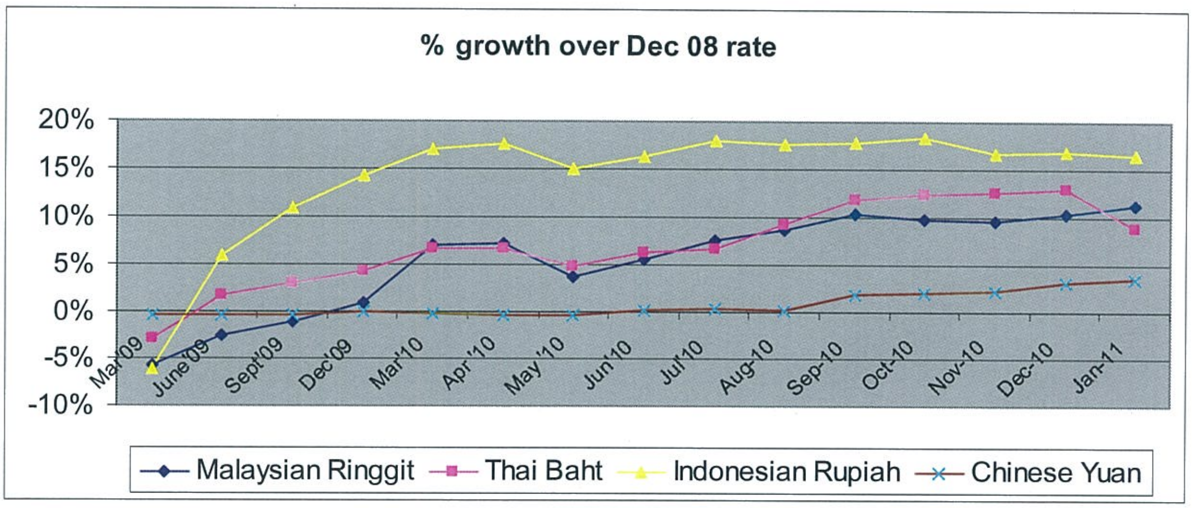


16. Management of Foreign Exchange Rate Fluctuations

<u>Currency trend for competing nations</u>

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 and the Thai Baht, they have both appreciated against the USD by 17% and 13% respectively compared to 10% for the Ringgit since 2008. In conclusion, Malaysian exports remain competitive against the major competing nations.

Below is a graph and table depicting the currency growth of the major rubber glove producing countries:



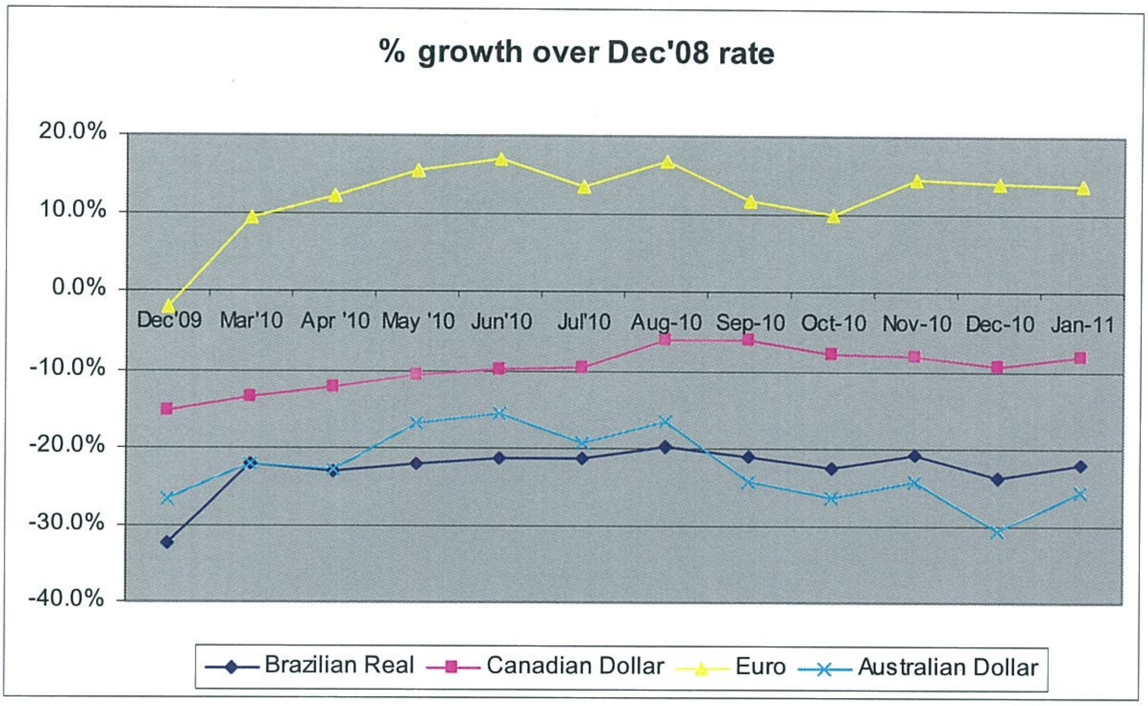
Exchange rate (1USD) vs Dec 08 rate

Currencies of Major Rubber Glove Producing Countries

	May'10	Jun'10	Jul'10	Aug10	Sep10	Oct-10	Nov-10	Dec10
Malaysian Ringgit	4%	6%	8%	9%	10%	10%	10%	10%
Thai Baht	5%	6%	7%	9%	12%	12%	13%	13%
Indonesian Rupiah	15%	16%	18%	18%	18%	18%	17%	17%
Chinese Yuan	0%	0%	0%	0%	2%	2%	2%	3%

Currency trend for associates

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



Exchange rate (1USD) vs Dec 08 rate

Currencies of Countries Where Our Associated Companies Operate

	May '10	Jun'10	Jul'10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
Brazilian Real	-22.1%	-21.3%	-21.4%	-19.8%	-21.0%	- 22.5%	-20.8%	-23.9%
Canadian Dollar	-10.8%	-9.8%	-9.5%	-6.1%	-6.1%	-7.8%	-8.2%	-9.3%
Euro	15.5%	17.0%	13.5%	16.8%	11.7%	9.9%	14.3%	14.0%
Australian Dollar	-16.6%	-15.5%	-19.1%	-16.6%	-24.3%	- 26.4%	-24.3%	-30.7%

In conclusion, so long as the MYR appreciation against the USD is in tandem with the currencies of the other major rubber glove producing countries, gloves made in Malaysia will remain globally competitive.