NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30 JUNE 2011 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 2010.

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 2010, as well as the new/revised standards mandatory for annual periods beginning on or after 1 January 2011.

2. Auditors' Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2010.

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 June 2011, there were no new ordinary shares exercised and issued pursuant to the Company's Employee Share Option Scheme.

7. Dividend Paid

A final dividend of 5% tax exempt amounting to RM8.5 million was paid on 28 July 2011 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	1st Interim tax exempt dividend 2nd interim tax exempt dividend Final tax exempt dividend	01.10.2010 18.03.2011 28.07.2011	5.0% 5.0% 5.0%	8,486 8,502 8,502
	Total			**97,574**

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 6 MONTHS	Investment Holding RM'000	Manu-facturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External sales	1,654	73,639	403,997	-	-	479,290
Inter-segment sales	-	408,797	42,902	2,093	(453,792)	-
	1,654	482,436	446,899	2,093	(453,792)	479,290
Segmental results	29	4,267	35,308	(2,049)		37,555
Finance costs						(5,480)
Interest income						-
Write-off – Investment in Bond						(4,000)
Share of profit in associated companies						21,475
PBT						49,550
Tax expenses						(2,566)
PAT						46,984
Minority interest						(26)
Net profit						46,958

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 17 August 2011, the Group had capital commitments amounting to RM 15.8 million for the purchase of plant and equipment. Plant & equipment includes the production lines as well as ancillary machines to be fabricated and installed at its factories.

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: -

SPENSER (Spenser Glove Manufacturing 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, SPENSER 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, SPENSER 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 SPENSER. 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 SPENSER 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 SPENSER within thirty (30) days from 21 January 2009. The Vendor has deposited a sum of RM928,000 with their solicitors.

Hearing of the Vendor's appeal proceeded on 14 October 2009 whereby the Court allowed the appeal. The matter proceeded with full trial on 24 and 25 February 2011 at the High Court at Taiping. On 28 April 2011, the court dismissed SPENSER's claim. SPENSER has filed an appeal against the decision on 11 May 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	2nd Qtr 2011	2nd Qtr 2010	Increase/(Decrease)	
	RM '000	RM '000	RM'000	%
Revenue	237,920	234,825	3,095	1.3
Profit before tax (PBT)	23,936	48,832	(24,896)	(51.0)
Profit after tax (PAT)	22,653	45,856	(23,203)	(50.6)

Group revenue was higher in the current quarter compared to the corresponding quarter last year but profit margins were eroded owing to continuously high volatility in latex prices and unfavourable exchange rates which are tabled below:

Description	2nd Qtr 2011	2nd Qtr 2010	Increase/(Decrease) %
Average latex price (per kg/wet)	RM9.70	RM7.23	34.2
USD/MYR	3.02	3.24	(6.8)

In the current quarter, the Management has also decided to write off its Investment in Bond (Collaterised Loan Obligation or CLO) amounting to RM4 million as it is unlikely to be recoverable under the terms of the bond following repayment defaults by some of the other obligors.

2. Comparison with Preceding Quarter's Result

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

Description	2nd Qtr 2011	1st Qtr 2011	Increase/(Decrease)	
	RM '000	RM '000	RM'000	%
Revenue	237,920	241,370	(3,450)	(1.4)
Profit before tax (PBT)	23,936	25,614	(1,678)	(6.6)
Profit after tax (PAT)	22,653	24,404	1,751	(7.2)

Persistently high volatility in latex costs and weak USD have continued to weigh heavily on the rubber glove industry. Nevertheless, the Management's measures to tackle these headwinds have mitigated their effects. Glove prices are adjusted on a regular basis to pass through the cost increases albeit with some time-lag while cost-cutting measures are also being put in place. Latex prices are already off the recent high of RM10.87 per kg wet on April 7, 2011 and going forward, expected to retreat further. As at 17 August 2011, the price of bulk latex stood at RM8.53 per kg/wet.

3. Prospects

Rubber Glove Industry Remains Resilient

The rubber glove industry continues to face strong challenges at present but the industry remains resilient as shown over the years. Under the current operating environment, the USD has remained weak while the latex prices have remained highly volatile although off their recent highs. For the remainder of 2011, the USD may weaken further but we don't expect to see a drastic fall while latex prices should continue to retreat from recent record highs to more reasonable levels as more supply comes into the market from better yields post-wintering period as well as new supply from newly maturing rubber acreages.

Fundamentally and on the whole, rubber glove demand remains robust. Because of the price factor, the cheaper nitrile gloves are in demand and currently oversold by 3 – 4 months while natural rubber gloves are at 45 – 60 days which is actually a level good for both buyer and supplier. This reflects the prevailing market in which demand has shifted towards comparatively cheaper nitrile gloves because the price escalation of natural rubber latex has pushed NR glove prices much higher. Currently, nitrile glove production forms 33% of total gloves produced and the Group is ready to switch up to 40-45% should this demand shift gather further momentum.

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.

Expansion Plans

Meanwhile, the Supermax Group is looking to build up its production capacity with new lines that are inter-switchable and which will accord the Group the flexibility to meet any shift in global demand. As it stands, the new lines are earmarked for nitrile gloves production in line with the current demand trend. Nevertheless, these lines will have the flexibility to switch to natural rubber glove production should the trend reverse.

To facilitate its expansion plans, the Group has acquired 2 pieces of land behind its existing plants in Meru, Klang and will fast track the construction of 2 new plants there where basic infrastructure is already available. Additionally, Management has decided to decommission the production lines in one of the old plants in Meru, Klang, and reconstruct new high-capacity lines there capable of producing both NR and nitrile gloves.

Meanwhile, the rebuilding of one of its Sg Buloh plants into a full surgical glove production facility is progressing well and this factory should be commissioned before the end of 2011. When completed, this plant will increase the Group's surgical glove capacity by more than 10-fold.

The new capacity from the new plants in Meru as well as the rebuilt plants in Meru and Sg Buloh will not only enable the Group to reduce the lead times to meet demand but also improve profitability through higher efficiency and better productivity.

Earnings Guidance for FY2011

Management had earlier in the year targeted earnings growth of between 15% and 20% for FY 2011. Since then, we have seen significant volatility in the price of natural rubber latex which has reached new highs this year peaking at RM10.87 per kg/wet in April, while the USD/RM currency pairing has slid further from USD1:RM3.10 level towards the end of 2010 to under USD1:RM3.00 currently (USD1:RM2.98 as at 17 August 2011). Under the current operating environment, Management expects to achieve full year Profit after Tax of between RM100 million and RM120 million.

Below are the tables showing historical average monthly price trend of NR and Nitrile latex, Foreign exchange fluctuations and glove price movements:

Natural Rubber Latex	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	YOY %
USD	2,230	2,210	2,735	3,338	3,213	+44%
RM	7,227	6,989	8,507	10,181	9,704	+34%
(MYR/USD)	3.24	3.16	3.11	3.05	3.02	(7%)

Synthetic Latex (Nitrile)	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	YOY %
USD	1,386	1,436	1,450	1,500	1,896	+37%
RM	4,491	4,535	4,510	4,575	5,726	+27%
(MYR/USD)	3.24	3.16	3.11	3.05	3.02	(7%)

<u>Average Selling Prices</u>

(USD/ 1,000 pcs)	Q2 2010 USD	Q3 2010 USD	Q4 2010 USD	Q1 2011 USD	Q2 2011 USD
Powdered Latex Gloves	25.55 - 28.95	24.95 - 28.95	25.50 - 36.95	31.50 – 38.95	30.55 – 39.95
Powder-Free Latex Gloves	32.95 - 34.95	31.45 - 34.95	33.65 - 40.95	40.95 – 43.95	41.75 – 43.95
Nitrile - 2.5mil	Not offered	Not offered	25.95 - 27.95	25.95 – 27.95	25.95 – 32.95
Nitrile - 3.0mil	31.75- 33.95	28.95- 33.95	26.50 - 27.95	26.50 – 27.95	26.50 – 32.95
Nitrile - 4.0mil	32.75- 34.95	29.95- 34.95	27.95 - 29.95	27.95 – 29.95	27.95 – 35.95
Nitrile - 5.0mil	33.75- 35.75	32.95- 37.95	32.50 - 34.95	32.50 – 34.95	32.50 – 41.95
(MYR/USD)	3.24	3.16	3.11	3.05	3.05

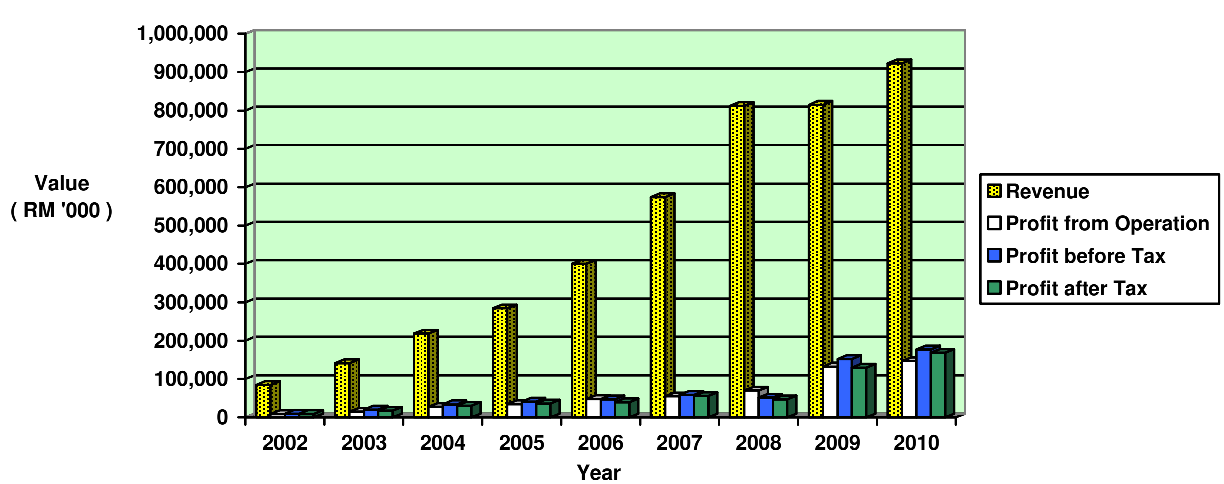
Supermax Group has been actively adjusting selling prices to mitigate the impact of highly volatile raw material prices as well as the unfavourable foreign exchange rates.

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

SUPERMAX CORPORATION BERHAD
(Company No. 420405-P)

The Group's yearly, half-yearly and quarterly performances are tabled below:

Description	Year 2007 (RM '000)	Year 2008 (RM '000)	Year 2009 (RM '000)	Year 2010 (RM '000)	Q1 2011 (RM '000)	Q2 2011 (RM '000)	1H 2011 (RM '000)
Revenue	574,260	811,824	803,633	977,281	241,370	237,920	479,290
Profit from operations	54,983	70,203	131,710	155,458	18,442	19,113	37,555
EBITDA	93,312	101,197	205,670	223,373	37,606	38,120	75,756
EBITDA Margin	16.2%	12.5%	25.6%	22.9%	15.6%	16.0%	15.8%
Profit before Tax (PBT)	58,550	51,998	151,470	183,835	25,614	23,936	49,550
PBT Margin	10.2%	6.4%	18.8%	18.8%	10.6%	10.1%	10.3%
Profit after Tax (PAT)	55,946	46,997	126,585	158,955	24,404	22,653	46,984
PAT Margin	9.7%	5.8%	15.8%	16.3%	10.1%	9.5%	9.8%
No. of Shares	265,240	265,270	268,250	340,077	340,077	340,077	340,077
Net Tangible Asset (NTA)	383,789	416,380	558,835	691,468	708,351	719,357	719,357
NTA per share (RM)	1.45	1.57	2.08	2.03	2.08	2.12	2.12
EPS (sen)	24.25	17.82	48.61	46.74	7.18	6.66	13.82
Return on Assets (ROA)	6.4%	5.0%	13.4%	14.9%	N/A	N/A	N/A
Return on Equity (ROE)	16.6%	14.6%	11.3%	23.0%	N/A	N/A	N/A



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 30.6.2011 RM '000	Year to Date Ended 30.6.2011 RM '000
Income tax	1,283	2,566
Deferred Tax	-	-
Total	1,283	2,566

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 17 August 2011 (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 30.6.2011 are as follows: -

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings	3,715	173,186	176,901
Long term borrowings	3,039	199,577	202,616
Total borrowings	6,754	372,763	379,517

- 91% of the short term borrowings comprise trade facilities amounting to RM161 million that are revolving in nature for working capital purposes. The high trade loans balance recorded in the current quarter is largely due to high raw material prices. Nevertheless, 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 17.8.2011 (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 June 2011.

13. Earnings per Share (EPS)

Basic earnings per share

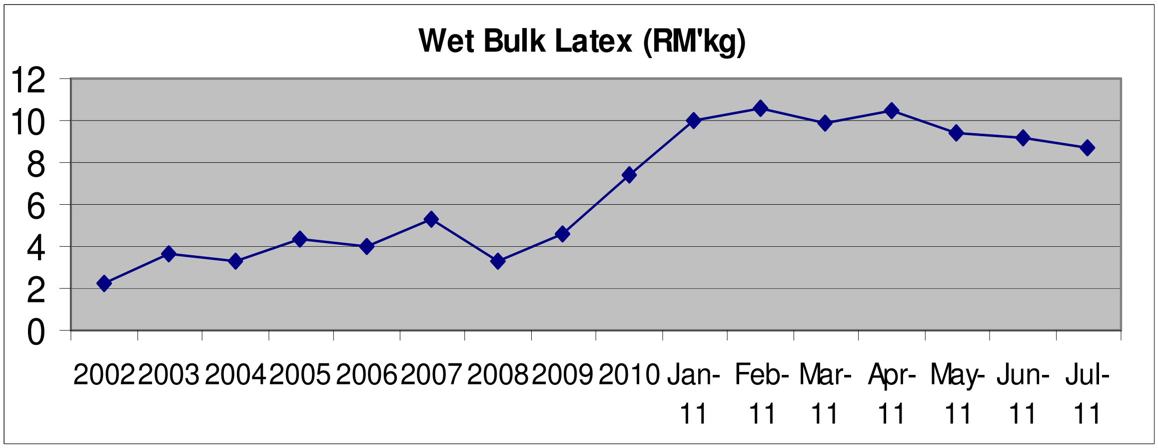
	2011 Current Quarter Ended 30.6.2011	**2011 6 months Cumulative to date**
Net profit / (loss) (RM'000) attributable to ordinary shareholders	22,653	46,958
Weighted average ('000) Number of ordinary shares in issue	340,077	340,077
Basic earnings per share (sen)	6.66	13.82

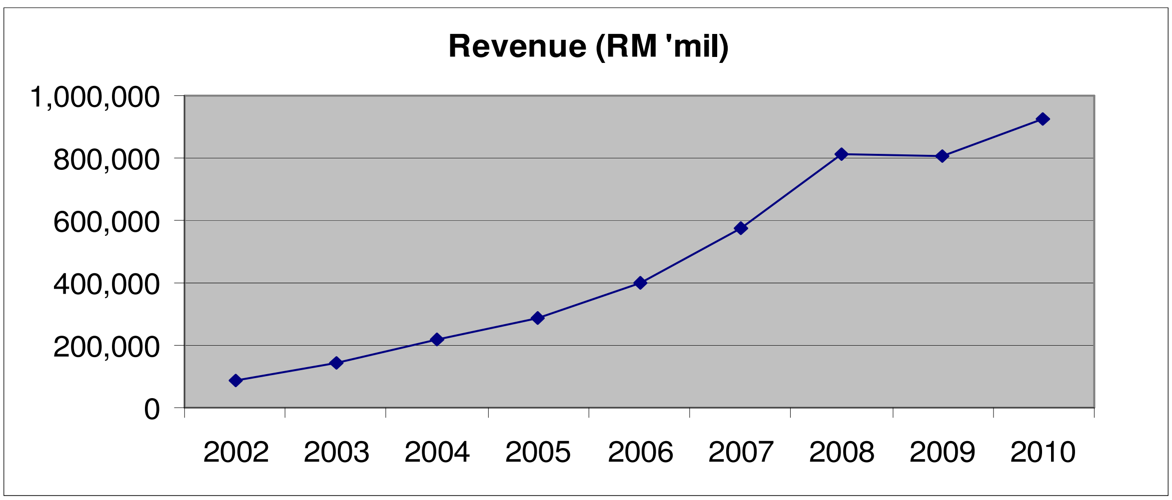
14. Management of Latex Cost Fluctuations

Rubber latex costs, the main raw material cost in the manufacturing of rubber gloves, forms between 60% and 70% 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. However, when latex costs are on a continuous rising trend as has been the case in the past 1 to 1½ years, the ability to fully pass on all rising costs is adversely affected and results in margin squeeze.

Below are 2 line graphs depicting the correlation between the price of rubber latex and the Group's Sales Revenue.



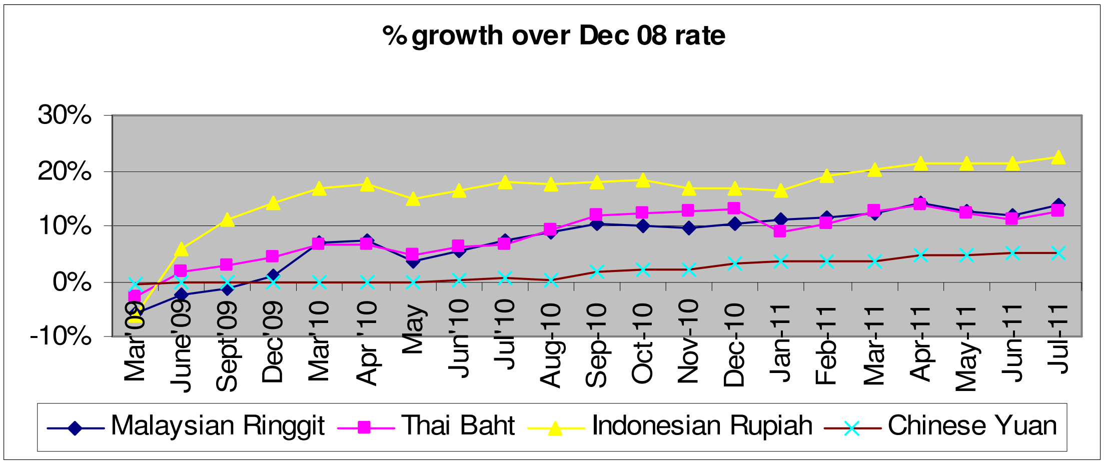


15. Management of Foreign Exchange Rate Fluctuations

Currency trend for competing nations

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 21% and 11% respectively compared to 12% 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:



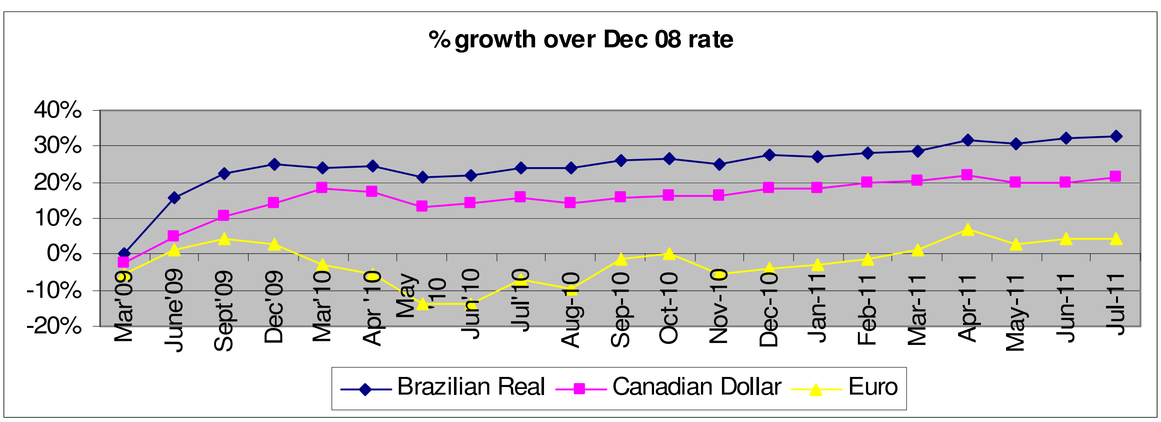
Exchange rate (1USD) vs Dec 08 rate

Currencies of Major Rubber Glove Producing Countries

	Nov10	Dec10	Jan-11	Feb-11	Mar11	Apr-11	May-11	Jun-11
Malaysian Ringgit	10%	10%	11%	12%	12%	14%	12%	12%
Thai Baht	13%	13%	9%	10%	13%	14%	12%	11%
Indonesian Rupiah	17%	17%	17%	19%	20%	21%	21%	21%
Chinese Yuan	2%	3%	4%	4%	4%	5%	5%	5%

Currency trend for associates

The USD has been depreciating against the currencies of all the countries in which Supermax Group has associated companies, namely Germany and Belgium's Euro, Brazilian Real and Canadian Dollar. This has allowed the associated companies to derive foreign exchange gains and thereafter 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

	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May11	Jun-11
Brazilian Real	25%	28%	27%	28%	29%	32%	31%	32%
Canadian Dollar	16%	18%	18%	20%	20%	22%	20%	20%
Euro	-6%	-4%	-3%	-1%	1%	7%	3%	4%

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.