NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 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 September 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**
2011	1st Interim tax exempt dividend*	08.12.2011*	6.0%*	10,202*

* Declared and to be paid on 8 December 2011

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	-	98,811	615,072	36,827	-	750,709
Inter-segment sales	81	662,047	-	3,190	(665,318)	-
	81	760,857	615,072	40,017	(665,318)	750,709
Segmental results	(1,687)	56,934	1,444	6,872		63,563
Finance costs						(10,244)
Interest income						(146)
Share of profit in associated companies						30,465
PBT						83,638
Tax expenses						(5,754)
Minority Interest						(17)
PAT						77,867

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 18 October 2011, the Group had capital commitments amounting to RM 15.6 million for the purchase of plant and equipment. Plant & equipment includes the production lines as well as ancillary machineries 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 an Originating Motion 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 to the Court of Appeal against the decision on 11 May 2011 which is now pending disposal.

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 2011 RM '000	3rd Qtr 2010 RM '000	Increase/(Decrease)	
			RM'000	%
Revenue	271,419	235,104	36,315	+15.4%
Profit before tax (PBT)	34,088	41,448	(7,360)	(17.8%)
Profit after tax (PAT)	30,900	38,117	(7,217)	(18.9%)

The Group recorded a 15.4% increase in revenue as it benefited from a full quarter contribution from new lines commissioned in the final 2 weeks of the corresponding quarter last year. Additionally, the Group recorded a higher overall utilisation rate as a result of increased production output from refurbished lines at some of the older plants.

However, profit margins were lower largely because of continuously high volatility in both natural rubber and nitrile latex prices. Compared to a year ago, the price of natural rubber latex has risen by 23.4% while nitrile latex prices have increased even more sharply by 41.6% as illustrated in the table below.

Description	3rd Qtr 2011	3rd Qtr 2010	Increase/ (Decrease)
Average natural rubber latex price (per kg/wet)	RM8.63	RM6.99	+23.4%
Average nitrile latex price (per kg/wet)	RM6.43	RM4.54	+41.6%

Although profitability is lower than last year, we are seeing positive signs for a rebound after recording a 2nd consecutive quarter of core profit growth. This can be attributed to a sustained retracement in natural rubber latex prices from a high of RM10.87 per kg wet in April 2011 to RM7.91 as at 21 October 2011.

2. Comparison with Preceding Quarter's Result

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

Description	3rd Qtr 2011 RM '000	2nd Qtr 2011 RM '000	Increase/(Decrease)	
			RM'000	%
Revenue	271,419	237,920	33,499	+14.1%
Profit before tax (PBT)	34,088	23,936	10,152	+42.4%
Profit after tax (PAT)	30,900	22,653	8,247	+36.4%
Core PAT*	30,900	26,653*	4,247	+15.9%

* The Group made a one-off impairment of Investment in Bond amounting to RM4 million in Q2 2011.

The Group recorded an improved performance in the current quarter compared to the preceding quarter, recording creditable increases in revenue and profitability.

Revenue rose by 14.1% amounting to RM 33.5 million compared to last quarter while Profit after Tax rose by 36.4% amounting RM8.2 million. Core profit after tax was 15.9% or RM4.2 million higher.

The much improved performance in the current quarter was achieved on the back of increased sales for both natural rubber and nitrile latex gloves.

Overall profit margins rose from 11.2% to 11.4% as the Group benefited from lower natural rubber latex prices (although nitrile latex prices had continued to rise) and a relatively stable USD:RM exchange rate environment unlike in previous quarters which saw high volatility.

The price of natural rubber latex fell by 11.0% compared to last quarter while nitrile latex increased by 12.2%. During this period, the USD:RM exchange rate remained unchanged. The comparative numbers are shown in the table below:

Description	3rd Qtr 2011	2nd Qtr 2011	Increase/ (Decrease)
Average natural rubber latex price (per kg/wet)	RM8.63	RM9.70	(11.0%)
Average nitrile latex price (per kg/wet)	RM6.43	RM5.73	+12.2%
USD/MYR	3.02	3.02	-

The recent latex raw material price trends have seen manufacturing margins for natural gloves improving significantly with nitrile glove manufacturing margins maintaining at 11% - 15% levels. The nitrile glove segment is becoming increasingly competitive with more production output coming from China with manufacturing margins of between 11%-15%. To maintain global competitiveness and being market driven, Supermax Group has been increasing production of nitrile gloves at globally competitive prices.

Supermax Group will continue to maintain manufacturing margins at between 11% - 15% for nitrile gloves to be in line with gloves made in China which is gaining global market share.

3. Prospects

Rubber Glove Industry Back on Track for Profit Growth

Having weathered the sharp volatility in latex prices and foreign exchange rate fluctuations over the past one to one and a half years, the Supermax Group has turned the corner and returned to the path of profitability growth after recording a second consecutive quarter of core profit growth. While the industry had remained largely resilient, many of the industry players had seen their margins being squeezed as latex prices soared and the USD:RM exchange fell almost continuously during this period.

Today, latex prices although still on the high side at about RM8 per kg wet, are already well off their highs of close to RM11 per kg wet and this price trend is expected to continue to fall to RM7 per kg wet by year-end as more latex supply comes on-stream especially from maturing plantations in neighbouring countries like Cambodia and South Vietnam. As at 21 October 2011, the price of natural rubber latex was RM7.91 per kg wet.

The USD has also rebounded from a low of USD1:RM2.94 in late July to a high of USD1:RM3.21 on October 4th and has currently settled at the USD1:RM3.13 level.

Expansion Plans

Expansion of Surgical Glove Capacity

The Supermax Group is in an advanced stage in its expansion plan to grow its surgical glove capacity 10-fold. The new lines are expected to be ready by year-end and this would enable the Group to tap this highly lucrative market. This new capacity will be housed in one of its rebuilt plants and is expected to contribute USD10.1 million in additional profits to the Group next year.

Expansion of Natural Rubber and Nitrile Latex Examination Gloves Capacity

Besides surgical gloves, the Group is also moving ahead in its plans to build plants #10 and #11 over the next 2 years in Meru, Klang. Works are also ongoing to refurbish the older plants by replacing old lines with newer more efficient lines.

The additional capacity from the Group's new plants as well as the rebuilt plants 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 from USD1:RM3.10 level towards the end of 2010 to as low as USD1:RM2.94 in late July before rebounding to USD1:RM3.13 as at 18 October 2011. Under the current operating environment, Management expects to achieve full year Profit after Tax of between RM100 million and RM120 million.

For the 9 months ended 30 September 2011, the Supermax Group's Profit after Tax amounted to RM77.9 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	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	YOY %
USD	2,210	2,735	3,338	3,213	2,858	+29%
RM	6,989	8,507	10,181	9,704	8,630	+23%
(MYR/USD)	3.16	3.11	3.05	3.02	3.02	(4%)

Synthetic Latex (Nitrile)	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	YOY %
USD	1,436	1,450	1,500	1,896	2,128	+48%
RM	4,535	4,510	4,575	5,726	6,426	+42%
(MYR/USD)	3.16	3.11	3.05	3.02	3.02	(4%)

Average Selling Prices

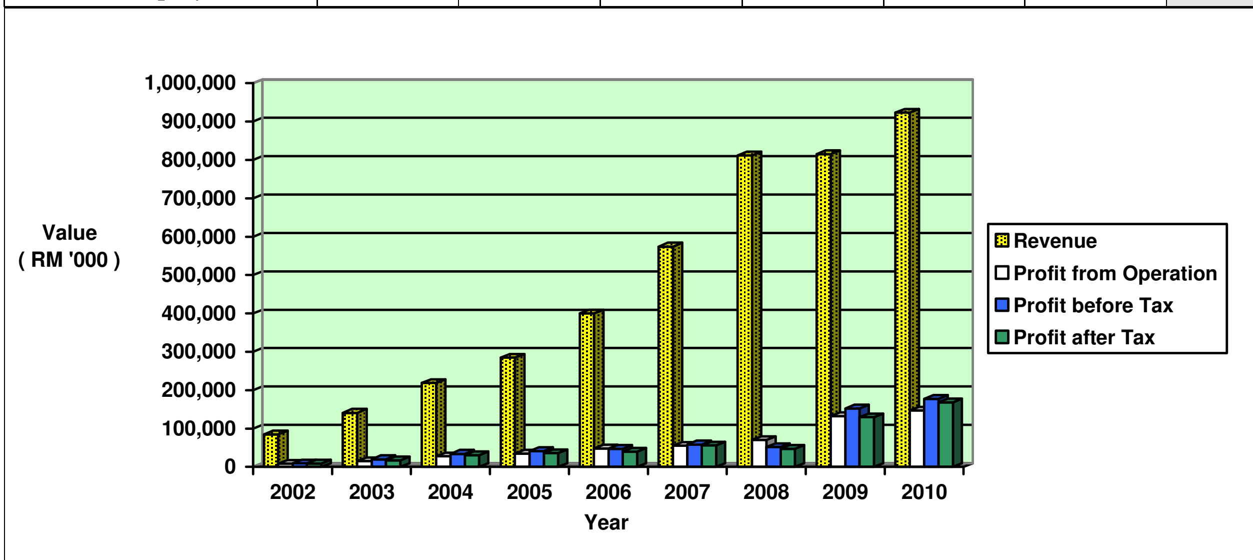
(USD/ 1,000 pcs)	Q3 2010 USD	Q4 2010 USD	Q1 2011 USD	Q2 2011 USD	Q3 2011 USD
Powdered Latex Gloves	24.95 - 28.95	25.50 - 36.95	31.50 – 38.95	30.55 – 39.95	26.95 – 35.95
Powder-Free Latex Gloves	31.45 - 34.95	33.65 - 40.95	40.95 – 43.95	41.75 – 43.95	35.50 – 39.95
Nitrile - 2.5mil	Not offered	25.95 - 27.95	25.95 – 27.95	25.95 – 32.95	28.25 – 31.95
Nitrile - 3.2mil	28.95- 33.95	26.50 - 27.95	26.50 – 27.95	26.50 – 32.95	28.95 – 31.95
Nitrile - 4.0mil	29.95- 34.95	27.95 - 29.95	27.95 – 29.95	27.95 – 35.95	32.25 – 34.95
Nitrile - 5.0mil	32.95- 37.95	32.50 - 34.95	32.50 – 34.95	32.50 – 41.95	37.95 – 39.95
(MYR/USD)	3.16	3.11	3.05	3.02	3.02

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.

While we are increasing production output of nitrile gloves, we have been maintaining our manufacturing margins at between 11% - 15% to be in line with global prices, especially gloves from China. This is in line with our objective to be globally competitive.

The Group's yearly, quarterly and year-to-date performances are tabled below:

Description	Year 2008 (RM '000)	Year 2009 (RM '000)	Year 2010 (RM '000)	Q1 2011 (RM '000)	Q2 2011 (RM '000)	Q3 2011 (RM '000)	9 Mths 2011 (RM '000)
Revenue	811,824	803,633	977,281	241,370	237,920	271,419	750,709
Profit from operations	70,203	131,710	155,458	18,442	19,113	29,862	67,417
EBITDA	101,197	205,670	223,373	37,606	36,100	46,352	120,058
EBITDA Margin	12.5%	25.6%	22.9%	15.6%	15.2%	17.0%	16.0%
Profit before Tax (PBT)	51,998	151,470	183,835	25,614	23,936	34,088	83,638
PBT Margin	6.4%	18.8%	18.8%	10.6%	10.1%	12.6%	11.1%
Profit after Tax (PAT)	46,997	126,585	158,955	24,404	22,653	30,900	77,884
PAT Margin	5.8%	15.8%	16.3%	10.1%	9.5%	11.4%	10.4%
No. of Shares	265,270	268,250	340,077	340,077	340,077	340,077	340,077
Net Tangible Asset (NTA)	416,380	558,835	691,468	708,351	719,357	752,933	752,933
NTA per share (RM)	1.57	2.08	2.03	2.08	2.12	2.21	2.21
EPS (sen)	17.82	48.61	46.74	7.18	6.66	9.09	22.9
Return on Assets (ROA)	5.0%	13.4%	14.9%	N/A	N/A	N/A	N/A
Return on Equity (ROE)	11.3%	22.7%	23.0%	N/A	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 30.9.2011 RM '000	**Year to Date Ended 30.9.2011 RM '000**
Income tax	3,189	5,755
Deferred Tax	-	-
Total	3,189	5,755

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 18 October 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 30.9.2011 are as follows: -

	Secured RM'000	**Unsecured** RM'000	**Total** RM'000
Short term borrowings	3,838	111,087	114,925
Long term borrowings	3,407	161,647	165,054
Total borrowings	7,245	272,734	279,979

92% of the short term borrowings comprise trade facilities amounting to RM106 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 interest rates that are attractive and competitive ranging from 1.0% to 3.5%.

10. Financial Instruments with Off Balance Sheet Risks

There were no financial instruments with off balance sheet risk as at 18.10.2011 (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 Declared

The Board of Directors has declared an interim dividend of 6% tax exempt amounting to RM10.2 million to be paid on 8 December 2011 in respect of the financial year ending 31 December 2011.

13. Earnings per Share (EPS)

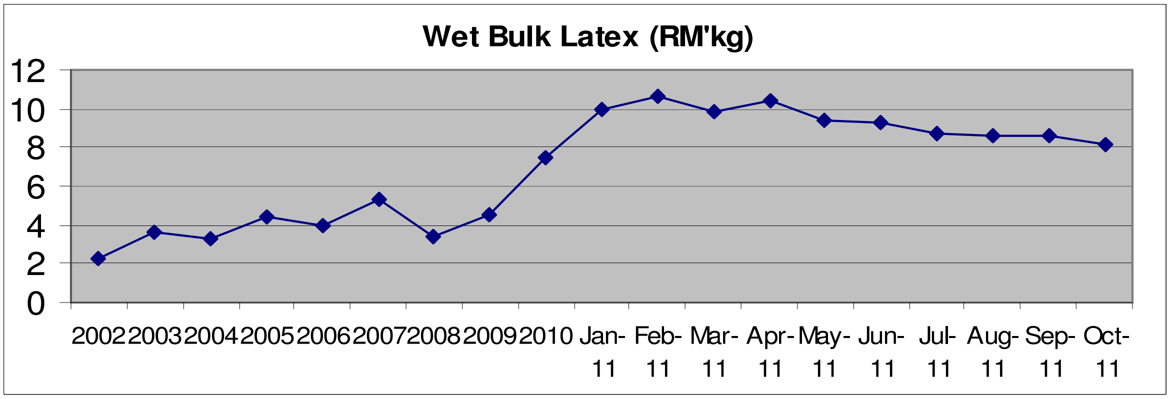
Basic earnings per share

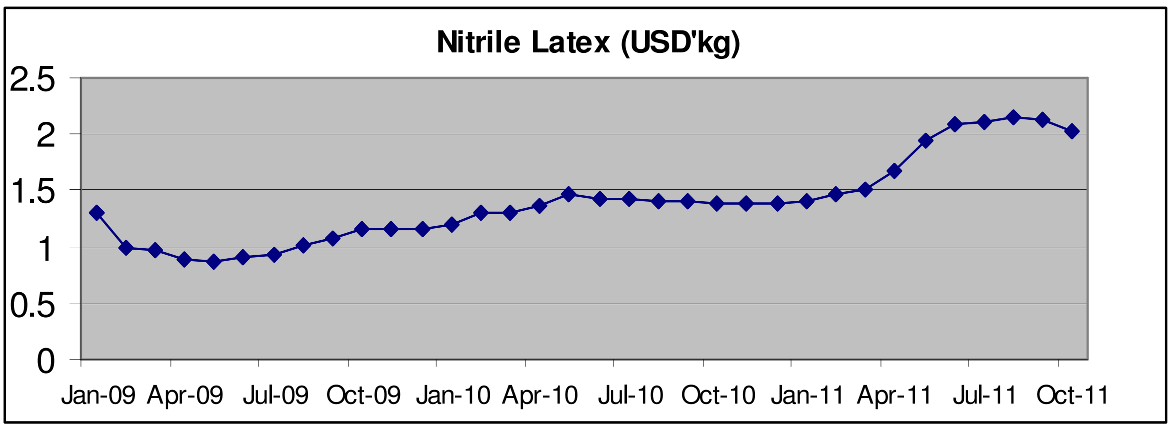
	2011 Current Quarter Ended 30.9.2011	**2011 9 months Cumulative to date**
Net profit / (loss) (RM'000) attributable to ordinary shareholders	30,900	77,884
Weighted average ('000) Number of ordinary shares in issue	340,077	340,077
Basic earnings per share (sen)	9.09	22.90

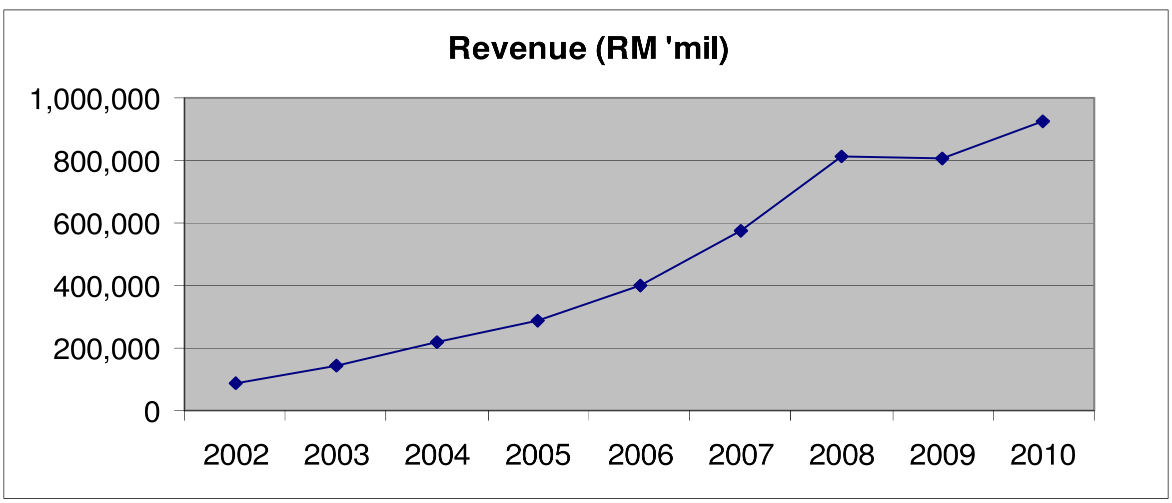
14. Management of Latex Cost Fluctuations

Rubber latex costs, the main raw material cost in the manufacturing of rubber gloves, forms a high percentage 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 3 line graphs depicting the correlation between the price of NR and nitrile rubber latex and the Group's Sales Revenue.





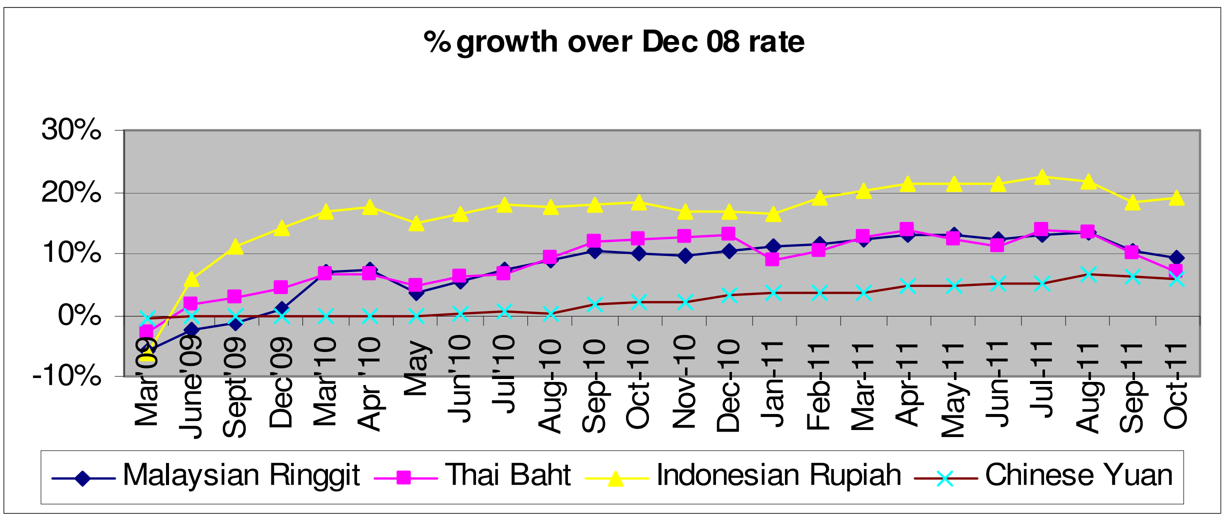


15. Management of Foreign Exchange Rate Fluctuations

<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 18% and 10% 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

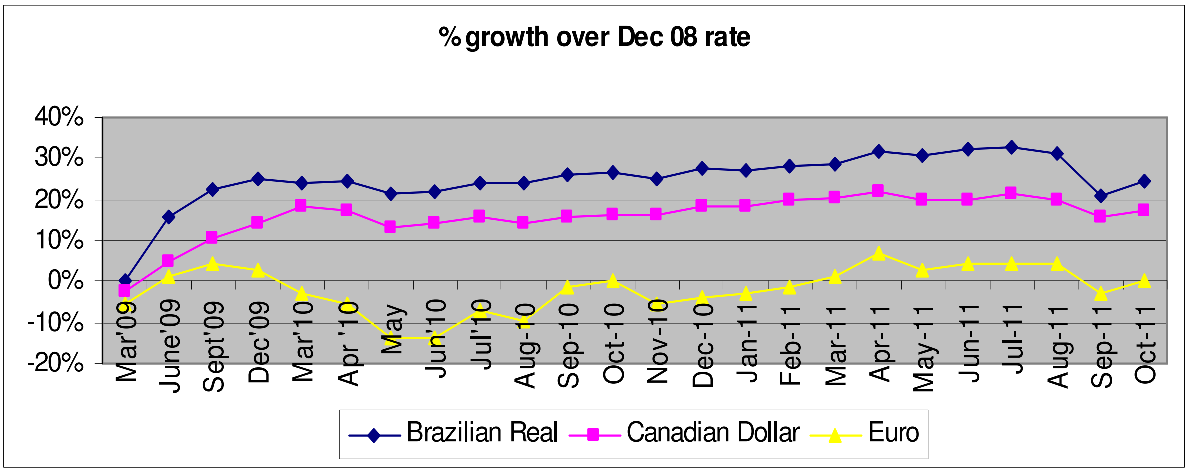
Currencies of Major Rubber Glove Producing Countries

	Feb-11	Mar11	Apr-11	May'11	Jun'11	Jul-11	Aug-11	Sep-11
Malaysian Ringgit	12%	12%	14%	12%	12%	13%	13%	10%
Thai Baht	10%	13%	14%	12%	11%	14%	13%	10%
Indonesian Rupiah	19%	20%	21%	21%	21%	22%	22%	18%
Chinese Yuan	4%	4%	5%	5%	5%	5%	6%	6%

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.

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

	Feb-11	Mar-11	Apr-11	May11	Jun-11	Jul-11	Aug'11	Sep-11
Brazilian Real	28%	29%	32%	31%	32%	33%	31%	21%
Canadian Dollar	20%	20%	22%	20%	20%	21%	20%	16%
Euro	-1%	1%	7%	3%	4%	4%	4%	-3%