NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 4TH QUARTER ENDED 31 DECEMBER 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 31 December 2011, there were no new ordinary shares exercised and issued pursuant to the Company's Employee Share Option Scheme.

7. Dividend Paid

A first interim dividend of 6% tax exempt amounting to RM10.2 million was paid on 8 December 2011 in respect of the financial year ended 31 December 2011.

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
2011	1st Interim tax exempt dividend Final tax exempt dividend*	08.12.2011 28.06.2012*	6.0% 3.5%^	10,202 11,903e
	Total			**119,679e**

* = Proposed by the Board of Directors and subject to shareholders' approval at upcoming Annual General Meeting

e = estimated

^ = note that the dividend rate is based on 680.2 million shares following a 1-for-1 bonus issue completed on 31st January 2012

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 12 MONTHS	Investment Holding RM'000	Manu-facturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External sales		331,627	695,282	-	-	1,026,909
Inter-segment sales	181,094	687,206	195,852	4,313	(1,068,465)	-
	181,094	1,018,833	891,134	4,313	(1,068,465)	1,026,909
Segmental results	1,030	75,288	8,729	60		85,107
Finance costs						(13,094)
Interest income						6,101
Share of profit in associated companies						34,836
PBT						112,950
Tax expenses						(6,937)
Minority Interest						112
PAT						106,125

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 23 February 2012, the Group had capital commitments amounting to RM 14.1 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

The Company had on 30 December 2011 incorporated a wholly-owned subsidiary in the United Kingdom, namely Supermax Healthcare Limited with its registered office situated at England and Wales. The principal activities of this company are marketing, importing and distributing latex gloves.

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	4th Qtr 2011 RM '000	4th Qtr 2010 RM '000	Increase/(Decrease) RM'000	Increase/(Decrease) %
Revenue	276,200	246,208	29,992	+12.2%
Profit before tax (PBT)	29,311	34,425	(5,114)	(14.9%)
Profit after tax (PAT)	28,056	30,401	(2,345)	(7.7%)

The Group recorded a 12.2 % increase in revenue compared to last year. This was achieved on the back of better sell through recorded as customers increased their orders to replenish their depleted inventories towards the year end.

However, profit margins were lower largely because some of the Group's associated companies & overseas subsidiaries were carrying higher priced inventory going into the last quarter of the year and had to realise lower profits when sold. Share of profit from Associated Companies fell by 65.8% (RM 8.4 million) compared to a year ago.

Nevertheless, the Group expects profit contribution from associated companies & overseas subsidiaries will be better & higher in Q1 2012 as they would have inventory brought in during 4Q 2011 at lower prices.

2. Comparison with Preceding Quarter's Result

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

Description	4th Qtr 2011 RM '000	3rd Qtr 2011 RM '000	Increase/(Decrease) RM'000	Increase/(Decrease) %
Revenue	276,200	271,419	4,781	+1.8%
Profit before tax (PBT)	29,311	34,088	(4,777)	(14%)
Profit after tax (PAT)	28,056	30,900	(2,844)	(9.2%)

The Group's revenue was relatively unchanged compared to the preceding quarter. Although there was better sell through in term of units as customer demand returned to replenish depleted stocks, average selling prices were lower in tandem with lower cost of raw materials.

As mentioned above, profitability in Q4,2011 was impacted by the performance of one associated company which resulted in the Group's Share of Profits from Associated Companies falling by 51.4% (RM 4.6 million) from RM 8.99 million to RM 4.4 million.

3. Year-on-Year Comparison

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

Description	FY 2011	FY 2010	Increase/(Decrease)	
	RM '000	RM '000	RM'000	%
Revenue	1,026,909	977,281	49,628	+5.1%
Profit before tax (PBT)	112,949	183,835	(70,886)	(38.6%)
Profit after tax (PAT)	106,013	158,955	(52,942)	(33.3%)
Core PAT*	110,013	158,955	(48,942)	(30.8%)

The Group's revenue rose by 5.1 % as the Group adjusted average selling prices upwards to pass through higher costs from rising latex costs and weakening USD.

However, the continuous rise in rubber latex prices throughout most of the year as well as the weakening of the USD resulted in the Group's profit margins being squeezed.

Description	2011	2010	Increase/(Decrease)
Average NR latex prices (RM per kg wet)	8.90	7.43	+19.8%
Average NBR latex prices (USD per metric ton)	1,813	1,369	+32.4%
Average USD1: RM	3.06	3.23	(5.3%)

4. Prospects

Rubber Glove Industry To Resume Profit Growth

2011 was indeed a challenging year to the rubber glove industry. The average prices for both natural rubber and synthetic rubber (nitrile) latex rose by 19.8% and 32.4% respectively, each recording record highs of close to RM 11 per kg wet and USD 2,200 per metric ton.

The strong upward spiral in NR rubber prices was largely driven by a booming auto sector and very active speculative activities in the latex markets. Nevertheless, we have seen the US and Europe economic woes as well as the severe flooding in Thailand take a toll on the auto industry and speculative activities have waned.

Moreover, going forward, with more and more new natural rubber latex supply coming from fast rising suppliers of this commodity such as Vietnam and Cambodia, and not to mention Malaysia's plans to become the world's number one rubber producer again, we see NR rubber latex prices moderating to an average of RM 6.00 – RM 6.50 per kg wet levels this year.

Right now, NR latex prices have again risen to the RM 7.80 level after falling to RM 6.30 earlier this year. This was caused by the advent of the wintering season as well as the Thai government intervention in setting up a fund to shore up rubber prices. But the effects of these 2 factors are temporary in nature and current high prices will not be sustainable.

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 commissioned in stages from March 2012 onwards and this would enable the Group to better tap this market segment. This new capacity will be housed in one of its rebuilt plants located in Sg. Buloh. Additional contribution of sales of Surgical gloves would be reflected from 2nd Quarter, 2012 onwards.

Expansion of Nitrile Latex Examination Gloves Capacity

Besides surgical gloves, the Group is also moving ahead with its plans to build plants #10 and #11 over the next 2 years in Meru, Klang. These new plants will have lines that are built to be inter-switchable between natural rubber and Nitrile rubber glove production but have currently been earmarked for Nitrile in tandem with market demand. Works are also ongoing to refurbish the older plants by replacing old lines with newer more efficient lines including one particular plant currently being converted from a natural rubber plant into a full Nitrile producing facility.

When the 2 new plants as well as the converted plant have been fully commissioned by the 4^{th} quarter of 2013, it would more than double the Supermax Group's current Nitrile capacity from 5.2 billion pieces per annum to **10.5 billion pieces per annum**. This increase in production capacity of Nitrile Gloves will result in total contribution of **52%** of the entire Supermax Group's total installed capacity to be **on Nitrile Gloves** & **48%** composition of installed capacity remain to be on NR Latex Gloves.

The additional capacity from the Group's new plants as well as the rebuilt plant will not only enable the Group to reduce the lead times to meet demand of Nitrile Gloves but also improve profitability through higher efficiency and better productivity. In addition, the increase in production capacity of Nitrile Glove would provide Not only to Manufacturing Division's additional new sales & additional profits, it also provides additional new sales and additional profits contribution to Supermax Group's overseas distribution activities, providing additional income and increase in market shares of Nitrile Gloves where the Group's overseas distribution companies operate.

Earnings Guidance for FY2011/FY2012

The Company recorded RM 106.0 million for the FYE 31st December 2011, within the Company's earnings guidance of RM 100 million to RM 120 million. The Company had performed creditably and remained profitable in the face of escalating natural rubber latex prices and a weakening USD for the most part of the year.

In view of the high volatility of NR latex prices, anticipation of lower manufacturing margins on Nitrile gloves and high volatility of foreign exchange currencies, for the earnings guidance of financial year 2012, ***we aim to achieve a 20% earnings growth from the previous year.***

This guidance is based on the assumption of both Nitrile & NR Gloves prices, the material prices & foreign exchange rates remain highly volatile & the Glove Industry Players remain operating under challenging environment. A further review of the Earning Guidance for FY 2012 would be carried out upon completion of 1H2012.

Below are the tables showing historical average quarterly price trend of NR and nitrile latex, foreign exchange fluctuations and glove price movements:

NR & Nitrile Latex Prices and MYR/USD Exchange Rates

Natural Rubber Latex	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	YOY %
USD	2,735	3,338	3,213	2,858	2,284	(16%)
RM	8,507	10,181	9,704	8,630	7,220	(15%)
(MYR/USD)	3.11	3.05	3.02	3.02	3.16	2%

Synthetic Latex (Nitrile)	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	YOY %
USD	1,450	1,500	1,896	2,128	1,773	22%
RM	4,510	4,575	5,726	6,426	5,603	24%
(MYR/USD)	3.11	3.05	3.02	3.02	3.16	2%

Average Selling Prices

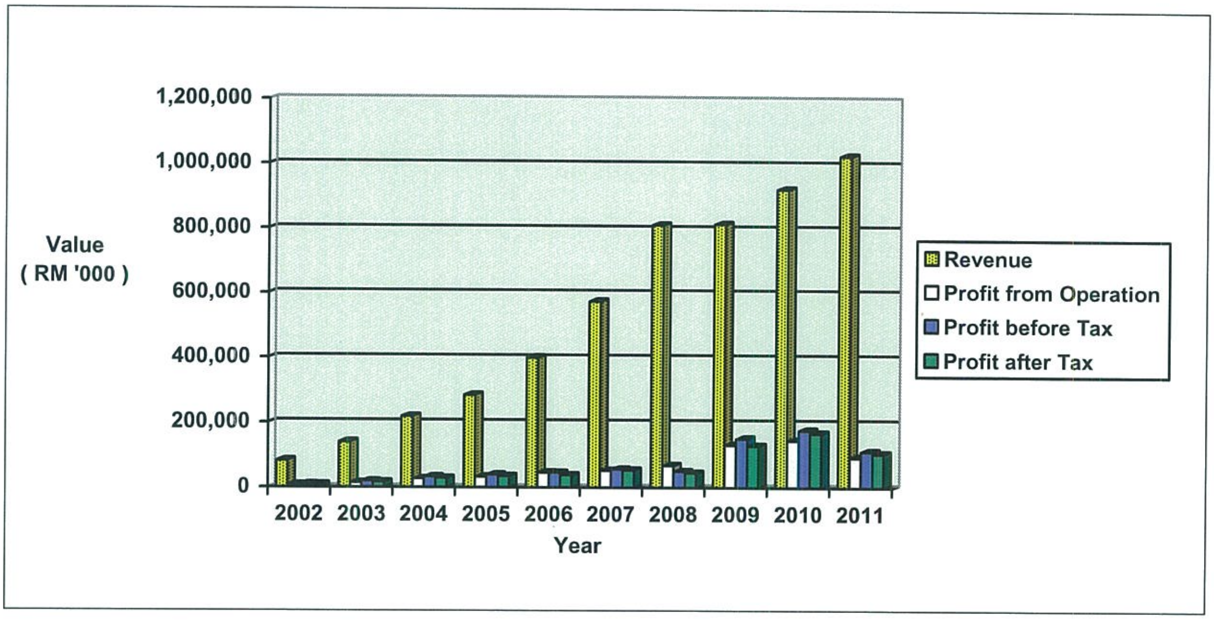
(USD/ 1,000 pcs)	Q4 2010 USD	Q1 2011 USD	Q2 2011 USD	Q3 2011 USD	Q4 2011 USD
Powdered Latex Gloves	25.50 - 36.95	31.50 – 38.95	30.55 – 39.95	26.95 – 35.95	23.95 - 29.95
Powder-Free Latex Gloves	33.65 - 40.95	40.95 – 43.95	41.75 – 43.95	35.50 – 39.95	31.50 – 39.95
Nitrile - 2.5mil	25.95 - 27.95	25.95 – 27.95	25.95 – 32.95	28.25 – 31.95	24.50 – 31.95
Nitrile - 3.2mil	26.50 - 27.95	26.50 – 27.95	26.50 – 32.95	28.95 – 31.95	24.95 – 31.95
Nitrile - 4.0mil	27.95 - 29.95	27.95 – 29.95	27.95 – 35.95	32.25 – 34.95	26.95 – 34.95
Nitrile - 5.0mil	32.50 - 34.95	32.50 – 34.95	32.50 – 41.95	37.95 – 39.95	30.95 – 39.95
(MYR/USD)	3.11	3.05	3.02	3.02	3.16

Supermax Group has been actively adjusting selling prices to mitigate the negative 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 of Nitrile Glove at between 11% - 15% to be in line with global prices, especially Nitrile gloves from China & Thailand. This is in line with our objective to be globally competitive.

The Group's yearly performances are tabled below:

Description	Year 2006 (RM '000)	Year 2007 (RM '000)	Year 2008 (RM '000)	Year 2009 (RM '000)	Year 2010 (RM '000)	Year 2011 (RM '000)
Revenue	400,324	574,260	811,824	803,633	977,281	1,026,909
Profit from operations	48,158	54,983	70,203	131,710	155,458	95,208
EBITDA	61,113	93,730	101,197	205,670	223,373	154,131
EBITDA Margin	15.3%	16.3%	12.5%	25.6%	22.9%	15.0%
Profit before Tax (PBT)	47,338	58,550	51,998	151,470	183,835	112,949
PBT Margin	11.8%	10.2%	6.4%	18.8%	18.8%	11.0%
Profit after Tax (PAT)	39,749	55,946	46,997	126,585	158,955	106,013
Core Profit after Tax (PAT)	39,749	55,946	63,658	126,585	158,955	110,013
Core PAT Margin	9.9%	9.7%	7.8%	15.8%	16.3%	10.7%
No. of Shares	226,367	265,240	265,270	268,250	340,077	340,077
Net Tangible Asset (NTA)	239,904	383,789	416,380	558,835	691,468	770,341
NTA per share (RM)	1.06	1.45	1.57	2.08	2.03	2.27
Core EPS (sen)	14.09	19.40	24.00	48.61	46.74	32.34
Return on Assets (ROA)	7.6%	6.4%	5.0%	13.4%	14.9%	8.9%
Return on Equity (ROE)	16.6%	14.6%	11.3%	22.7%	23.0%	14.3%



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 31.12.2011 RM '000	Year to Date Ended 31.12.2011 RM '000
Income tax	1,182	6,937
Deferred Tax	-	-
Total	1,182	6,937

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

The Company had on 1st November 2011 announced a bonus issue exercise involving the issuance of 340,077,440 new ordinary shares of 50 sen each on the basis of one bonus share for every existing share held. This exercise was completed on 31st January 2012.

10. Group Borrowings and Debt Securities

Group borrowings as at 31.12.2011 are as follows: -

	Secured RM'000	**Unsecured** RM'000	**Total** RM'000
Short term borrowings	5,686	152,265	157,951
Long term borrowings	6,160	159,294	165,454
Total borrowings	11,846	311,559	323,405

94% of the short term borrowings comprise trade facilities amounting to RM148 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%.

11. Financial Instruments with Off Balance Sheet Risks

There were no financial instruments with off balance sheet risk as at 23.2.2012 (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 Declared

The Board of Directors has proposed a final dividend of 3.5% tax exempt amounting to RM 11.9 million to be paid on 28 June 2012 in respect of the financial year ended 31 December 2011, subject to shareholders' approval at the upcoming Annual General Meeting.

14. Earnings per Share (EPS)

Basic earnings per share

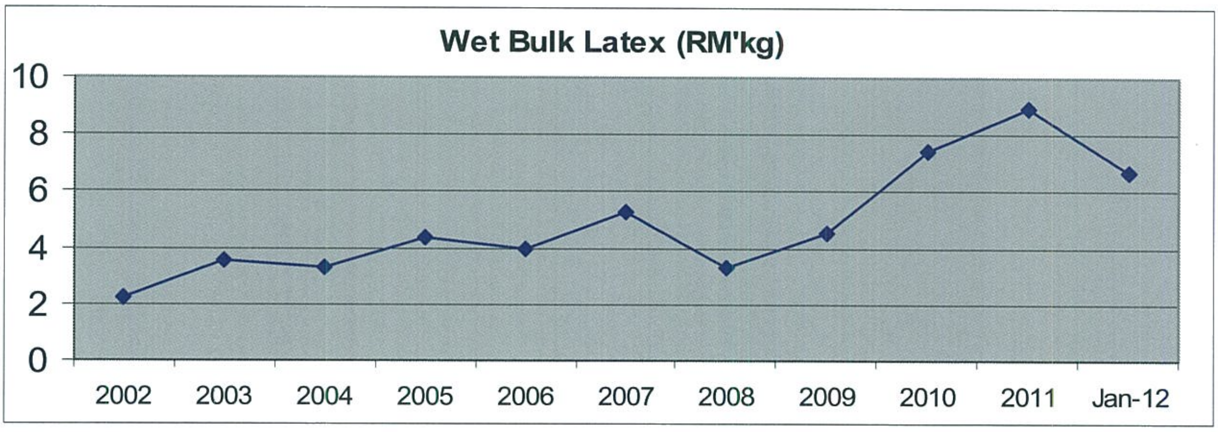
	2011 Current Quarter Ended 31.12.2011	2011 Year to Date Ended 31.12.2011
Net profit / (loss) (RM'000) attributable to ordinary shareholders	28,056	106,013
Weighted average ('000) Number of ordinary shares in issue	340,077*	340,077*
Basic earnings per share (sen)	8.23	31.17

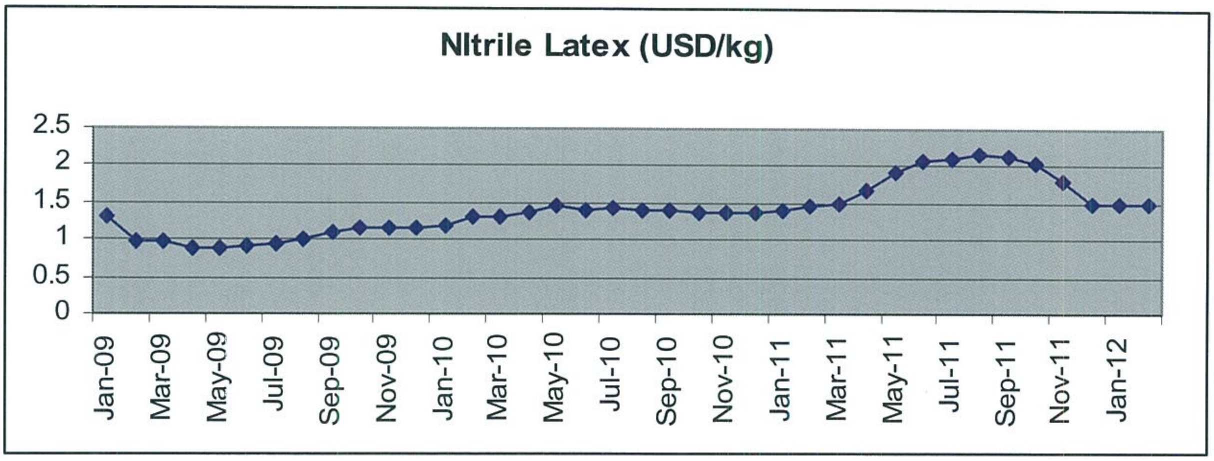
* Note that the number of ordinary shares in issue has increased to 680.2 million after completion of a 1-for-1 bonus issue exercise on 31st January 2012.

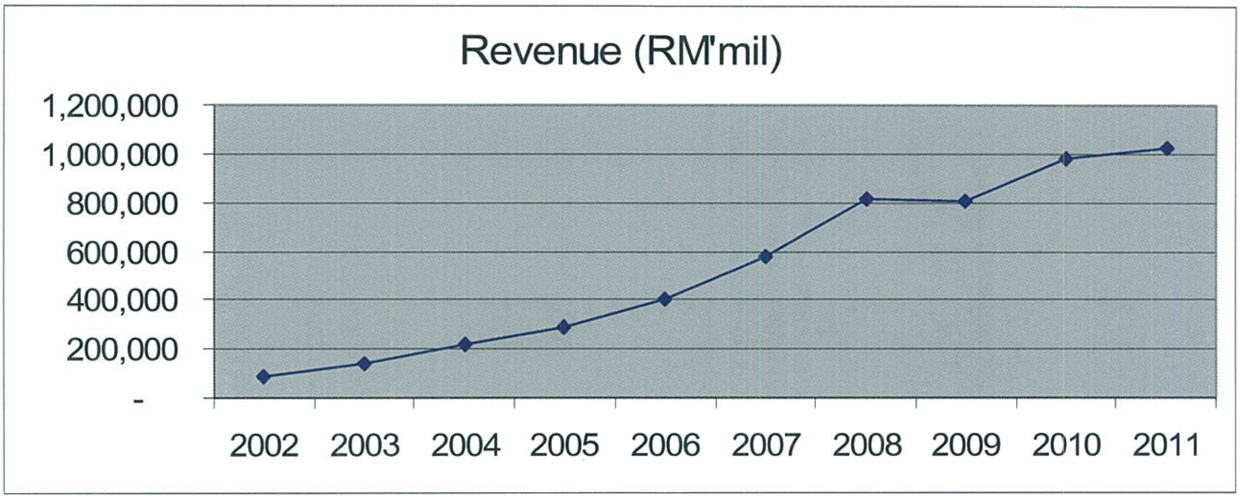
15. Management of Latex Cost Fluctuations

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 have mostly been 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.





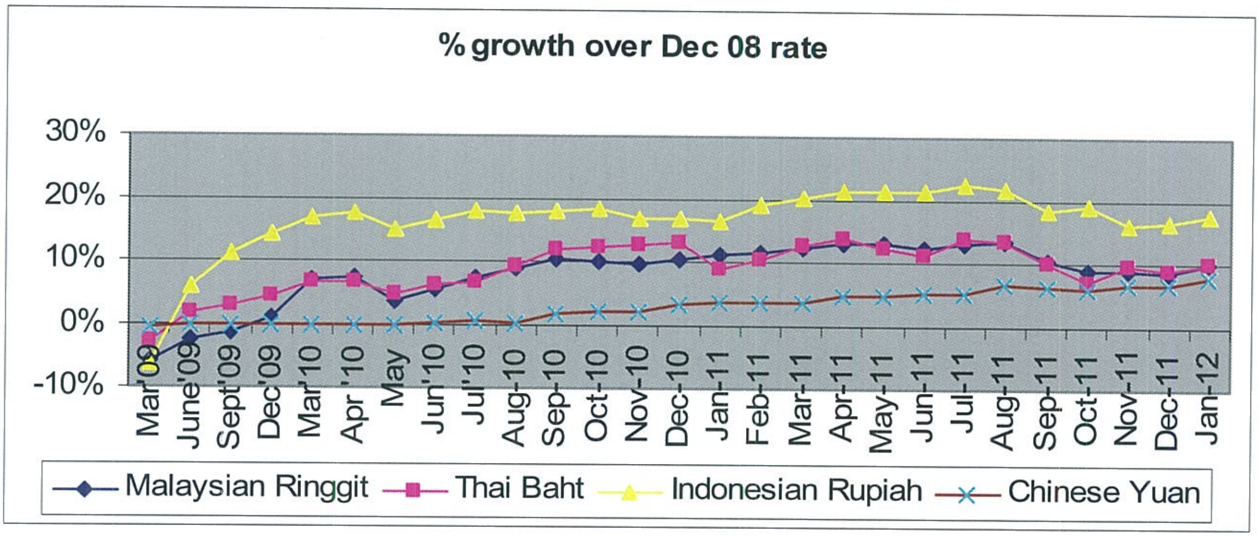


16. Management of Foreign Exchange Rate Fluctuations

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 relatively strong 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

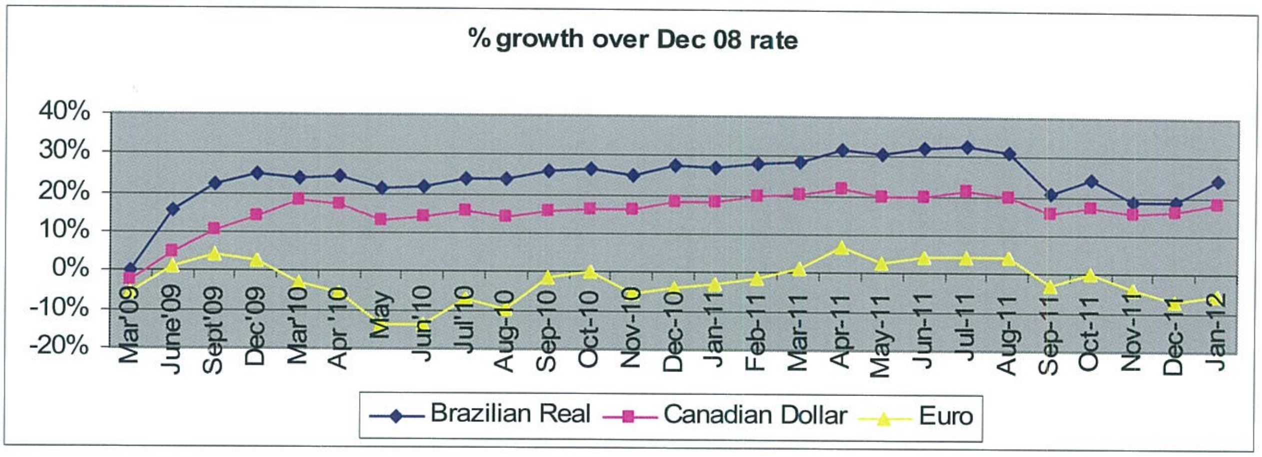
Currencies of Major Rubber Glove Producing Countries

	Jun'11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12
Malaysian Ringgit	12%	13%	13%	10%	9%	9%	8%	10%
Thai Baht	11%	14%	13%	10%	7%	10%	9%	10%
Indonesian Rupiah	21%	22%	22%	18%	19%	16%	16%	18%
Chinese Yuan	5%	5%	6%	6%	6%	6%	7%	8%

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 associated companies and overseas subsidiaries

The USD has been depreciating against most of the currencies of the countries in which Supermax Group has associated companies, namely the 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 and Overseas Subsidiaries Operate

	Jun-11	Jul-11	Aug'11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12
Brazilian Real	32%	33%	31%	21%	25%	19%	19%	24%
Canadian Dollar	20%	21%	20%	16%	17%	16%	16%	18%
Euro	4%	4%	4%	-3%	0%	-4%	-7%	-6%