

**NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2010**

1. BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Securities.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the financial year ended 31 December 2009. The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2009.

2. AUDITOR'S REPORT ON PRECEDING FINANCIAL STATEMENTS

The auditor's report on the financial statements of the Group and the Company for the financial year ended 31 December 2009 was not subject to any qualification.

3. SEASONAL OR CYCLICAL FACTORS

The manufacture and export of examination gloves remain the flagship business of the Group and generally, this industry is not subject to seasonal or cyclical influences.

4. UNUSUAL ITEMS AFFECTING FINANCIAL STATEMENTS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows because of their nature, size or incidence.

5. MATERIAL CHANGES IN ACCOUNTING ESTIMATES

There were no material changes in estimates that have a material effect in the current financial quarter.

6. DEBT AND EQUITY SECURITIES

There were no issuances, repurchases and repayment of debt and equity securities during the current financial quarter.

7. DIVIDENDS PAID

A first interim tax exempt dividend of 2.5 sen per ordinary share of RM0.50 each in respect of the current financial year was paid on 5 July 2010.

The Board of Directors is pleased to declare a second interim tax exempt dividend of 2.5 sen per ordinary share of RM0.50 each in respect of the financial year ending 31 December 2010.

8. SEGMENTAL REPORTING

The Group is principally engaged in the manufacturing and sales of examination gloves. Accordingly, the Group does not have other segment which is to be disclosed under the requirements of Financial Reporting Standard "FRS 114".

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9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

The valuations of property, plant and equipment have been brought forward without amendment from the annual audited financial statements for the year ended 31 December 2009.

10. EVENTS SUBSEQUENT TO THE END OF INTERIM PERIOD

There were no material events subsequent to the end of the current quarter ended 30 June 2010 that have not been reflected in the financial statements for the interim period.

11. CHANGES IN THE COMPOSITION OF THE GROUP

The Company had on 26 April 2010 acquired 2 ordinary shares of RM1 each in Worldmed Manufacturing Sdn. Bhd. ("Worldmed") representing 100% of issued and paid up share capital in Worldmed, at a cash consideration of RM2.

Worldmed is a dormant company and was incorporated in Malaysia with an authorised capital of RM100,000.00 divided into 100,000 shares of RM1 each. The proposed principal activity of Worldmed is a manufacturer and dealer of natural and synthetic rubber gloves.

12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

Contingent Liabilities

	As at 30.06.2010 RM'000	As at 31.12.2009 RM'000
(a) Corporate guarantee for unsecured banking facilities granted to a subsidiary company.	139,775	42,750
(b) Corporate guarantee for secured banking facilities granted to a subsidiary company.	15,500	67,500
(c) Corporate guarantee in respect of supplier's credit granted to a subsidiary company.	2,000	2,150

13. CAPITAL COMMITMENTS

The commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 30 June 2010 is as follows:

	RM'000
Approved Capital Expenditure:	
a) Contracted for:	
Leasehold building	3,291
b) Non-contracted for:	
Plant and machineries	43,500
Total	46,791
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14. SIGNIFICANT RELATED PARTY TRANSACTIONS

	6 months ended 30.06.2010 RM'000
Purchases of latex concentrate from a related company - Gunung Resources Sdn. Bhd.	30,648 =====

Mr. Low Bok Tek is deemed to have substantial shareholding in Latexx Manufacturing Sdn. Bhd. and a director of Gunung Resources Sdn. Bhd.

All the above transactions were carried out on terms and conditions not materially different from those obtainable in transactions with unrelated parties and in the ordinary course of business of the Group.

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Additional information required by Part A of Appendix 9B of Listing Requirements of Bursa Malaysia Securities Berhad

15. REVIEW OF PERFORMANCE

	3 Months Ended			6 Months Ended		
	2Q10	2Q09	Variance	6M10	6M09	Variance
	RM '000	RM '000	%	RM '000	RM '000	%
Revenue	134,483	74,427	80.7	260,654	144,748	80.1
PBT	24,115	11,412	111.3	47,363	20,556	130.4
PAT	21,551	11,410	88.9	42,266	20,554	105.6

Compared to the same quarter last year, the Group's revenue increased by 80.7% to RM134.48 million from RM74.43 million and profit before tax increased by 111.3% to RM24.12 million from RM11.41 million respectively.

For the current year to date, Group revenue increased by 80.1% to RM260.65 million from RM144.75 million and profit before tax increased by 130.4% to RM47.36 million from RM20.56 million respectively.

The increases in the Group's revenue and profit were mainly driven by recent capacity expansion and fine tuning of glove production lines coupled with aggressive marketing strategy as well as overall cost savings.

The financial results of the Group since FY 2008 are tabulated below:

Financial Year	2008	2009	6M10
	RM '000	RM '000	RM '000
Revenue	223,255	328,473	260,654
EBITDA	24,050	66,804	55,216
EBITDA margin	10.8%	20.3%	21.2%
PBT	15,199	51,781	47,363
PBT margin	6.8%	15.8%	18.2%
PAT	15,191	51,317	42,266
PAT margin	6.8%	15.6%	16.2%

16. COMPARISON WITH PRECEDING QUARTER'S RESULT

For the current quarter, revenue is 6.6% higher, and profit before tax was 3.7% higher at RM24.12 million compared to RM23.25 million recorded in the preceding quarter. The profit after tax is 4% higher at RM21.55 million compared to RM20.72 million in the preceding quarter. The increase in the Group's revenue and profit were due principally to increased sales volume and improved overall efficiency achieved giving rise to lower overheads, operational and supervision costs. However, the Group faces strong challenges from the increase in average latex price and the weakening of US dollar in the current quarter as compared to preceding quarter.

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The financial results of the Group compared to preceding quarter are tabulated below:

Financial Year	2010		Inc/(Dec) %
	Q1 RM '000	Q2 RM '000	
Revenue	126,171	134,483	6.6
EBITDA	27,023	28,193	4.3
EBITDA margin	21.4%	21.0%	(0.4)
PBT	23,248	24,115	3.7
PBT margin	18.4%	17.9%	(0.5)
PAT	20,715	21,551	4.0
PAT margin	16.4%	16.0%	(0.4)

17. PROSPECTS

The Board is confident that the growth in FY 2010 will be sustained in tandem with the growth of world demand for medical gloves in the health sector. The strategy of increasing capacity and switching to a better mix of products coupled with more aggressive marketing efforts by penetrating into new markets will contribute to sustainable profitability.

The construction of an additional production plant adjacent to existing production facilities has been completed. The commissioning of glove production lines was done according to schedule. Four double formers and two single former glove production lines were commissioned and have since started operation. The commissioning of the remaining glove production lines is in progress. It is expected to increase the total capacity to 9 billion pieces per annum by 2011.

The joint venture with Budev B.V. and Total Glove Company Sdn. Bhd., set-up on 8 January 2010 to market and distribute natural latex examination and surgical gloves with unquantifiable protein level under exclusive rights granted on 8 March 2010, is in progress and is on target to be commercialized by the fourth quarter of 2010.

The joint venture has enabled the Group to be the pioneer in this revolutionary technology with its inherent advantages. The target market has responded well and the product is well received.

18. PROFIT FORECAST

Not applicable as no profit forecast was published.

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19. TAXATION

	Current Quarter 3 months ended 30.06.2010 RM'000	Year To Date 6 months ended 30.06.2010 RM'000
Income tax expense	33	66
Deferred tax expense	2,531	5,031
Total	2,564	5,097

The effective tax rate for current quarter and cumulative year to date is lower than the statutory income tax rate mainly due to utilisation of capital and reinvestment allowances.

20. SALES OF UNQUOTED INVESTMENTS AND PROPERTIES

There was no sale of unquoted investments and properties for the financial period under review.

21. QUOTED INVESTMENTS

(a) There was no purchase or sale of quoted investments during the quarter under review.

(b) Investment in quoted shares as at 30 June 2010

	RM
At cost	5,293,000
At carrying value	1
At market value	13,376

22. STATUS OF CORPORATE PROPOSALS

On 21 April 2010, the Company had via its adviser, announced to undertake the following corporate proposals:

- (a) Proposed establishment of a new employee share option scheme involving up to 15% of the issued and paid-up share capital of the Company for the benefit of the eligible executive Directors and employees of the Company and its subsidiaries which are not dormant ("Proposed ESOS");
- (b) Proposed authority for the Company to purchase up to 10% of its issued and paid-up share capital in accordance with Section 67A of the Companies Act, 1965 ("Proposed Share Buy-Back"); and
- (c) Proposed amendments to certain provisions in the Articles of Association of the Company in relation to the Proposed Share Buy-Back ("Proposed Amendments").

The Company has obtained the shareholders' approval for the Proposed ESOS, Proposed Share Buy-Back and Proposed Amendments at the Extraordinary General Meeting held on 18 June 2010.

Save as disclosed above, the Company has not announced any corporate proposal which has not been completed as at the date of this announcement.

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23. GROUP BORROWINGS

Group borrowings as at 30 June 2010, all of which are denominated in Ringgit Malaysia

	Secured	Unsecured	Total	Payable	
	RM'000	RM'000	RM'000		RM'000
Trade facilities	19,648	-	19,648	Within 12 months	32,420
Term loan	23,374	-	23,374	After 12 months	52,780
Hire Purchase/ Lease Creditors	42,178	-	42,178		
Total	85,200	-	85,200	Total	85,200

Secured borrowings are collateralized by the following: -

- Legal charge over the specific machineries of a subsidiary company; and
- Corporate guarantee of the Company

24. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

During the financial period, the Group had entered into forward foreign exchange contracts to hedge its exposure to fluctuations in foreign exchange risk arising from sales.

As at 30 June 2010, the Group's open forward contracts entered into as hedges of anticipated future transactions are as follows:

Foreign exchange forward contracts	Period	Contract Amount RM'000	Fair Value RM'000
US Dollar	Within 3 months	28,521	28,521

The forward foreign exchange contracts are entered with local licensed banks with a view to limit the foreign exchange risk exposure of the Group.

25. MATERIAL LITIGATION

There was no material litigation pending as at the date of this announcement.

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26. EARNINGS PER SHARE

- a) Basic earnings per share are calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.

	Current Quarter 3 months ended 30.06.10	Year To Date 6 months ended 30.06.10
Net profit attributable to equity holders of the Parent (RM'000)	21,551	42,266
Weighted average number of ordinary shares in issue ('000)	207,448	204,880
Basic earnings per share (sen)	10.39	20.63

- b) Diluted earnings per share are calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period have been adjusted for the dilutive effects of all potential ordinary shares.

	Current Quarter 3 months ended 30.06.10	Year To Date 6 months ended 30.06.10
Net profit attributable to equity holders of the Parent (RM'000)	21,551	42,266
Weighted average number of ordinary shares in issue ('000)	207,448	204,880
Effects of dilutive potential ordinary shares on conversion of warrants ('000)	54,127	54,127
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	261,575	259,007
Basic earnings per share (sen)	8.24	16.32