



# TOP GLOVE CORPORATION BHD.

TOP QUALITY, TOP EFFICIENT, GOOD HEALTH,  
SAFETY FIRST & BE HONEST

(Company No. 474423-X)

Public Listed Company on Bursa Malaysia Main Market

The World's Largest Rubber Glove Manufacturer

Lot 4969, Jalan Teratai, Batu 6, Off Jalan Meru,

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## CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2010

	Current Quarter Ended	Corresponding Quarter Ended	Current Year To Date	Corresponding Year To Date
	30-Nov-2010	30-Nov-2009	30-Nov-2010	30-Nov-2009
	RM'000	RM'000	RM'000	RM'000
Revenue	491,509	472,300	491,509	472,300
Operating Expenses	(450,261)	(387,191)	(450,261)	(387,191)
Other Operating Income	3,089	2,106	3,089	2,106
<b>Profit From Operations</b>	<b>44,337</b>	<b>87,215</b>	<b>44,337</b>	<b>87,215</b>
Finance Costs	(37)	(398)	(37)	(398)
Share of gain/(loss) of associate	105	(174)	105	(174)
<b>Profit Before Taxation</b>	<b>44,405</b>	<b>86,643</b>	<b>44,405</b>	<b>86,643</b>
Taxation	(8,072)	(20,095)	(8,072)	(20,095)
<b>Profit for the year</b>	<b>36,333</b>	<b>66,548</b>	<b>36,333</b>	<b>66,548</b>
<b>Profit Attributable to :</b>				
Owners of the Company	36,050	65,208	36,050	65,208
Minority Interest	283	1,340	283	1,340
	<b>36,333</b>	<b>66,548</b>	<b>36,333</b>	<b>66,548</b>
<b>Earnings Per Share (sen)</b>				
Basic	5.83	*10.76	5.83	*10.76
Diluted	5.76	*10.72	5.76	*10.72

\* For comparative purpose, the Earnings Per Share for the quarter and year-to-date ended 30 November 2009 had been adjusted to reflect the bonus issue of 1 for every 1 existing ordinary shares of par value RM0.50 each which was completed on 20 July 2010.

The Condensed Consolidated Income Statement should be read in conjunction with the  
Annual Financial Report for the year ended 31 August 2010

**TOP GLOVE CORPORATION BHD.**

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(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2010**

	<b>Current</b>	<b>Corresponding</b>	<b>Current Year</b>	<b>Corresponding</b>
	<b>Quarter Ended</b>	<b>Quarter Ended</b>	<b>To Date</b>	<b>Year To Date</b>
	<b>30-Nov-2010</b>	<b>30-Nov-2009</b>	<b>30-Nov-2010</b>	<b>30-Nov-2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit for the year	36,333	66,548	36,333	66,548
<b>Other comprehensive income:</b>				
Net gain on fair value on short term investment	1,601	-	1,601	-
Foreign currency translation	2,272	(8,359)	2,272	(8,359)
<b>Other comprehensive income for the year</b>	<b>3,873</b>	<b>(8,359)</b>	<b>3,873</b>	<b>(8,359)</b>
<b>Total comprehensive income for the year</b>	<b>40,206</b>	<b>58,189</b>	<b>40,206</b>	<b>58,189</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	39,603	56,990	39,603	56,990
Minority Interest	603	1,199	603	1,199
	<b>40,206</b>	<b>58,189</b>	<b>40,206</b>	<b>58,189</b>

The Condensed Consolidated Income Statement should be read in conjunction with the  
Annual Financial Report for the year ended 31 August 2010

**TOP GLOVE CORPORATION BHD.**

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 NOVEMBER 2010**

	Unaudited as at 30-Nov-2010 RM'000	Audited as at 31-Aug-2010 RM'000 (Restated)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, Plant and Equipment	621,880	599,583
Prepaid Land Lease Payment	3,591	3,025
Investment in Associate	5,234	5,056
Other Investment	145	145
Goodwill	20,113	20,113
	650,963	627,922
<b>Current assets</b>		
Inventories	150,671	167,511
Trade Receivables	200,276	247,268
Other Receivables and Deposits	29,173	20,349
Tax Recoverable	23,173	5,473
Investment Securities	80,270	40,557
Cash and bank balances	266,675	262,930
	750,238	744,088
<b>Total Assets</b>	<u>1,401,201</u>	<u>1,372,010</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Equity Holders of the Company</b>		
Share Capital	309,167	309,081
Share premium	171,306	170,563
Retained profit	638,483	599,407
Foreign exchange reserves	2,743	791
Others	13,955	12,660
	1,135,654	1,092,502
<b>Minority Interest</b>	24,467	23,864
<b>Total Equity</b>	<u>1,160,121</u>	<u>1,116,366</u>
<b>Non-Current Liabilities</b>		
Long Term Borrowings	1,292	3,025
Deferred Tax Liabilities	35,571	34,360
	36,863	37,385
<b>Current Liabilities</b>		
Trade Payables	110,990	105,116
Other Payables and Accruals	90,286	112,602
Short Term Borrowings	2,679	541
Derivative liability	262	-
	204,217	218,259
<b>Total Liabilities</b>	241,080	255,644
<b>Total Equity and Liabilities</b>	<u>1,401,201</u>	<u>1,372,010</u>
Net Tangible Assets per share (RM)	1.84	1.77
Net Assets per share (RM)	1.88	1.81

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 31 August 2010

**TOP GLOVE CORPORATION BHD**

(Company No. 474423-X)

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2010**

	← Attributable to Equity Holders of the Company →						Minority Interest	Total Equity	
	← Non distributable			→ Distributable					
	Share Capital	Share Premium	Treasury Shares	Other Reserve	Fair value Adjustment Reserve	Retained Profits			Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b><u>3 Months Ended 30 NOVEMBER 2010</u></b>									
Balance as at 01 September 2010 (as previously stated)	309,081	170,563	-	13,451	-	599,407	1,092,502	23,864	1,116,366
Effects of adopting FRS 139						3,026	3,026		3,026
Balance as at 01 September 2010 (as restated)	309,081	170,563	-	13,451	-	602,433	1,095,528	23,864	1,119,392
Total comprehensive income for the period	-	-	-	1,952	1,601	36,050	39,603	603	40,206
Issuance of ordinary shares pursuant to ESOS	86	743	-	(306)	-	-	523	-	523
Balance as at 30 November 2010	309,167	171,306	-	15,097	1,601	638,483	1,135,654	24,467	1,160,121
<b><u>3 Months Ended 30 NOVEMBER 2009</u></b>									
Balance as at 01 September 2009	151,879	243,677	(38,427)	21,964	-	445,420	824,513	21,464	845,977
Total comprehensive income for the period	-	-	-	(8,218)	-	65,208	56,990	1,199	58,189
Movement during the period	-	-	-	269	-	-	269	-	269
Issuance of ordinary shares pursuant to ESOS	758	8,438	-	(2,177)	-	-	7,019	-	7,019
Balance as at 30 November 2009	152,637	252,115	(38,427)	11,838	-	510,628	888,791	22,663	911,454

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Annual Financial Report for the year ended 31 August 2010

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD YEAR ENDED 30 NOVEMBER 2010**

	Current Year To Date Ended 30-Nov-2010	Corresponding Year To Date Ended 30-Nov-2009
	RM'000	RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	44,405	86,643
Other adjustment	16,626	15,087
<b>Operating profit before changes in working capital</b>	<u>61,031</u>	<u>101,730</u>
<b>Changes in working capital</b>		
Net change in current assets	53,053	(16,017)
Net change in current liabilities	(16,442)	13,114
Cash flows from operating activities	97,642	98,827
Tax paid	(24,561)	(10,284)
<b>Net cash flows from operating activities</b>	<u>73,081</u>	<u>88,543</u>
<b>Cash flows from investing activities</b>		
Increase in short term investment	(38,112)	-
Purchase of property, plant and equipment	(33,832)	(18,082)
	<u>1,137</u>	<u>70,461</u>
<b>Cash flows from financing activities</b>		
Dividend paid	-	(20,781)
Increase in share capital	523	7,019
Increase in borrowings	2,085	(5,488)
<b>Net change in cash and cash equivalents</b>	<u>3,745</u>	<u>51,211</u>
<b>Cash and cash equivalents at beginning of year</b>	262,930	185,848
<b>Cash and cash equivalents at end of period</b>	<u><u>266,675</u></u>	<u><u>237,059</u></u>
<b>Breakdown of cash and cash equivalents at end of period</b>		
Bank and cash balances	<u><u>266,675</u></u>	<u><u>237,059</u></u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 August 2010



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## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2010

### 1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard ("FRS") 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements for the Group for the financial year ended 31 August 2010. The explanatory notes attached to the interim financial statements provide an explanation of events and transaction that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 August 2010.

#### Changes in accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 August 2010 except for the adoption of new FRSSs, amendments to FRS and Issues Committee ("IC") Interpretations. The adoption of these new FRSSs, amendments to FRS and IC Interpretations do not have material financial impact on the results and the financial position of the Group except for the adopting of the following FRSSs :-

##### (a) FRS 101: Presentation of Financial Statements

The revised FRS 101 requires Statement of Changes in Equity to include only transaction with owner changes in equity, and all non-owner changes in equity are presented separately in statement of Comprehensive Income, which can be presented as a single statement or two statements. The Group has applied this standard retrospectively and elected to present in two statements. Certain comparative figures have been reclassified to conform with the current period's presentation. There is no impact in the results of the Group apart from the new presentation as described.

##### (b) Amendments to FRS 117: Leases

Prior to adoption of the Amendments to FRS 117, leasehold land were treated as operating lease. The considerations paid were classified and presented as prepaid land lease payments in the statement of financial position. With the adoption of Amendments to FRS 117, based on the extent to which risks and rewards incidents to ownership lie, the Group has determine certain leasehold lands as finance leases to reclassify to property, plant and equipment.

The reclassification has been accounted for retrospectively in accordance with the transitional provision and the comparative figure has been restated. The effects on the comparative figure restated as below:-

	As previously reported (RM'000)	Effect of amendment of FRS 117 (RM'000)	As restated (RM'000)
<b><u>Statement of Financial Position</u></b>			
<b><u>as at 31 August 2010</u></b>			
Property, Plant and Equipment	580,867	18,716	599,583
Prepaid Lease Payments	21,741	(18,716)	3,025

# TOP GLOVE CORPORATION BHD.

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## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2010 (CONTINUED)

### 1. Basis of preparation (cont'd)

#### (c) FRS 139: Financial Instruments: Recognition and Measurement

The Group classifies its financial assets in the following categories : at fair value through profit or loss and available-for-sale. The classification depends on the nature of the asset and the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition. Set out below are the major changes in classification of financial assets of the Group :-

#### (i) Short term investment

Short term investments, are now classified as available-for-sales financial assets. These are initially measured at fair value plus transaction costs and subsequently, at fair value.

Changes in the fair values of available-for-sale financial assets are recognised in other comprehensive income, together with the related currency translation differences.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss.

#### (ii) Derivatives financial instruments

Prior to adoption of FRS139, derivatives financial instruments were not recognised in the financial statements. With the adoption of FRS139, derivatives financial instruments are initially recognised at fair value and are subsequently remeasured at fair value with gain or loss recognised in the profit or loss.

In accordance with the transitional provisions for first time adoption of FRS139, the above changes in accounting policy have been accounted for prospectively and the comparatives are not restated. The effects arising from the adoption of FRS139 has been accounted for by adjusting the opening balance of the retained profit as at 1 September 2010, as follows :-

	As previously reported RM'000	Effects of adopting FRS139 RM'000	Effects after adopting FRS139 RM'000
<u>Current Assets</u>			
Derivatives assets	-	1,394	1,394
<u>Equity</u>			
Retained earnings	599,407	3,026	602,433
<u>Non-current liabilities</u>			
Borrowings	3,025	(1,632)	1,393

### 2. Auditors' report

The audited financial statements for the financial year ended 31 August 2010 was not subject to any qualification.

### 3. Seasonal or cyclical factors

The operations of the Group were not affected by any seasonal or cyclical factors in view of its well-diversified world markets and the nature of the Company's products being disposable gloves.

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2010 (CONTINUED)

#### 4. Extraordinary and exceptional items

There were no extraordinary and exceptional items of unusual nature affecting assets, liabilities, equity, net income, or cash flows in the interim financial report ended 31 August 2010.

#### 5. Changes in estimates of amounts reported previously

There were no material changes in estimates of amounts reported in prior interim periods or prior financial year that have a material effect in the current financial year to-date.

#### 6. Debts and equity securities

The Company 2<sup>nd</sup> Employee Share Option Scheme ("ESOS II") was implemented on 1 August 2008. During the quarter ended 30 November 2010, a total of 171,700 new ordinary shares of RM0.50 each were issued and allotted pursuant to the exercise of the ESOS II. The details of the issued and paid-up capital of the Company as at 30 November 2010 are as follows :-

	No. of shares	RM
As at 31 August 2010	618,162,362	309,081,181
Ordinary shares issued pursuant to the ESOS	171,700	85,850
As at 30 November 2010	618,334,062	309,167,031

Other than the above, there were no issuance and repayment of debt and equity securities, share cancellations and resale of treasury shares for the financial year-to-date.

#### 7. Dividends paid

For the financial year ended 31 August 2010, the Company:-

- i) On 23 July 2010, paid an interim single tier dividend of 7 sen amounting to RM43.23 million.
- ii) On 8 October 2010, a final single tier dividend of 9 sen amounting to approximately RM55.64 million for the financial year ended 31 August 2010 was proposed. The proposed final dividend is subject to shareholders' approval in the forthcoming Annual General Meeting on 11 January 2011.

The total dividend paid and proposed by the Company in respect of financial year ended 31 August 2010 was 16 sen per share represented by a net payment of approximately RM98.87 million.

For the financial year ended 31 August 2009, the Company:-

- i) On 16 September 2009, paid an interim single tier dividend of 3.5 sen per share amounting to RM20.78 million.
- ii) On 12 March 2010, the Company paid a final single tier dividend of 4.5 sen per share amounting to RM27.05 million and a special single tier dividend of 3 sen per share amounting to RM18.04 million which were approved in the Company's Annual General Meeting held on 12 January 2010.

The total dividend paid by the Company in respect of financial year ended 31 August 2009 was 11 sen per share represented by a net payment of RM65.87 million.



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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2010 (CONTINUED)

#### 7. Dividends paid (cont'd)

Record of dividends paid :-

Financial Year	Net Dividend per share (sen)	Total Dividend (RM'000)
2010	7.00 (1 <sup>st</sup> interim)	43,225
2009	11.00	65,872
2008	5.50	32,389
2007	4.61	27,435
2006	3.45	21,173
2005	2.19	14,110
2004	2.06	12,295
2003	1.53	9,550
2002	0.46	2,808
2001	0.66	4,000
Total		232,857

Note : Net dividend per share has been adjusted to reflect :

- Subdivision of shares from one ordinary share of RM1.00 to two ordinary shares of RM0.50 each which was completed in February 2005.
- Bonus issue of 30% in April 2002, 40% in April 2003, 40% in February 2007 and 100% in July 2010.

#### 8. Segmental reporting

- Primary reporting segment – Geographical segments.

The Group operates in three principal geographical areas of the world and is primarily involved in the gloves manufacturing industry.

The directors are of the opinion that all inter-segment transaction have been entered into the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

##### 30 November 2010 (3 months)

	Malaysia RM'000	Thailand RM'000	China RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>						
External sales	401,295	50,649	14,706	24,859	-	491,509
Inter-segment sales	9,799	117,467	11,474	-	(138,740)	-
Total Revenue	411,094	168,116	26,180	24,859	(138,740)	491,509

## TOP GLOVE CORPORATION BHD.

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2010 (CONTINUED)

#### 8. Segmental reporting (cont'd)

##### a. Primary reporting segment – Geographical segments. (cont'd)

	Malaysia RM'000	Thailand RM'000	China RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>Result</b>						
Profit from operations	41,311	5,642	(3,046)	430		44,337
Finance cost						(37)
Share of gain of associate						105
Profit before tax						44,405
Taxation						(8,072)
Profit for the year						36,333
Segment assets	1,020,736	205,250	108,443	41,425		1,375,854
Goodwill						20,113
Investment in associate						5,234
<b>Liabilities</b>						
Segment liabilities	153,559	26,690	15,731	9,529		205,509
Unallocated liabilities						35,571
<b>Other information</b>						
Capital expenditure	24,730	8,996	106	-		33,832
Depreciation	10,656	3,011	1,405	51		15,123

##### b. Secondary reporting segment – Business segments

As the Group is principally involved in gloves manufacturing industry, segment reporting by business segment is not prepared.

#### 9. Valuation of property and equipment

There was no revaluation of property, plant and equipment brought forward from the previous audited financial statements, as the Group does not adopt a revaluation policy on its property, plant and equipment.

#### 10. Material events subsequent to the end of the interim report

There were no significant subsequent events after the end of the interim period to date of this announcement, which will materially affect the earnings or income of the Group.

#### 11. Changes in the composition of the group

There were no significant changes in the composition of the Group for the quarter review, including business combination, acquisition or disposal of subsidiaries and long-term investment, restructuring and discontinuing operations.

#### 12. Contingent liabilities

There were no significant changes in contingent liabilities since the last annual balance sheet date and there were no contingent liabilities pending at the date of this report except the material litigation as disclosed in note 23 below.

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2010 (CONTINUED)

#### ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS

##### 13. Review of performance

For the quarter ended 30 November 2010, the Group sales revenue increased by 4% to RM491.5 million from RM472.3 million in the same period last year. The Group achieved a profit before tax (PBT) of RM44.4 million compared with RM86.6 million in the previous corresponding quarter.

The 3 months to 30 Nov 2010 has been a challenging quarter for the Group due to headwinds such as persistently high latex prices and the continued weakening of the US dollar coupled with the time lag in passing on the higher costs to its customers, which have affected the group's profit margins. Average latex prices rose by 57% (from RM4.58/kg in 1Q2010 to RM7.20/kg in 1Q2011) while the average US dollar against Ringgit weakened by 9.3% (RM3.43 in 1Q2010 to RM3.11 in 1Q2011) during the quarter under review compared with the previous corresponding quarter.

The Group is also dedicating more production lines to produce nitrile gloves, which command better margins and not subject to the volatility in latex prices.

The balance sheet position strengthened further with a net cash position of RM342.9 million for the period ended 30 November 2010.

The financial results of the Group since financial year 2001 (year of listing) are as follow:

RM 'mil	Financial year ended 31 August										1Q2011 3 mths ended 30 Nov 2010 (unaudited)
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
Revenue	138.9	180.2	265.1	418.1	641.8	992.6	1,228.8	1,377.9	1,529.1	2,079.4	491.5
EBITDA	23.9	27.1	39.5	60.6	89.2	130.3	175.7	197.8	287.5	364.7	59.6
EBITDA margin	17.2%	15.0%	14.9%	14.5%	13.9%	13.1%	14.3%	14.4%	18.8%	17.5%	12.1%
PBT	17.2	20.2	29.3	45.2	65.7	91.8	118.6	134.6	222.0	305.0	44.4
PBT margin	12.4%	11.2%	11.1%	10.8%	10.2%	9.2%	9.7%	9.8%	14.5%	14.7%	9.0%
Taxation	1.3	2.4	3.6	5.3	7.5	7.0	29.9	26.5	53.9	54.6	8.1
PAT	15.9	17.8	25.7	39.9	58.2	84.8	88.7	108.1	168.1	250.4	36.3
PAT margin	11.4%	9.9%	9.7%	9.5%	9.1%	8.5%	7.2%	7.8%	11.0%	12.0%	7.4%

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2010 (CONTINUED)

#### 14. Quarterly profits before tax (PBT) comparison with preceding quarter

The Group registered PBT of RM44.4 million for current quarter compared with RM41.1 million in the quarter ended 31 August 2010. The current headwinds of high latex price and weaker US dollar has affected the performance of the Group in this 2 quarters.

#### 15. Commentary on prospects and targets

Top Glove, the world's largest rubber glove manufacturer with its good and established corporate culture, has always emphasized on its business direction to produce consistently high quality gloves at efficient low cost. It has forged ahead strongly to improve and innovate its glove quality, marketing strategies, productivity enhancement and cost efficiency. The Group currently has 20 factories, 379 production lines with production capacity of 33.75 billion pieces of gloves per annum and 10,900 employees. Top Glove has more than 900 customers worldwide and exports to more than 180 countries.

The Group on-going expansion plans are as follows :-

Factory	Location	No. of additional lines	Capacity p.a	Target completion
Factory 21	Klang, Malaysia	16	1.5 billion pcs	March 2011
Factory 7	Sadao, Thailand	16	1.5 billion pcs	April 2011
Factory 22	Klang, Malaysia	16	1.5 billion pcs	June 2011
Factory 23	Ipoh, Malaysia	32	3.0 billion pcs	August 2011
Total		80	7.5 billion pcs	

#### Outlook

The Group was not spared by the headwinds that have affected the rubber glove industry. As it is, latex prices, which were at an all time high of RM9.42 per kg as at December 13, 2010 and the weakening of the US dollar have impacted the Group's revenue and profit margins.

In addition, demand for rubber gloves, which has been normalizing coupled with the excess capacity situation, have also impacted the industry. At the same time, customers kept their inventory level at a minimum level due to high selling prices of latex gloves, which reflected the increasing cost of latex prices.

Nevertheless, this adverse situation will possibly lead to further consolidation among the industry players and Top Glove is in a good position to further enlarge its business when the opportunities arise.

The Group believe that although demand for gloves has slowed down as it starts to normalize, this is only be in the short term as demand is expected to pick up over the longer term especially from the healthcare sector and emerging markets.

Top Glove is committed to strengthen its leadership position within the rubber glove industry through continued focus on enhancing its quality through innovation, process re-engineering, efficient cost reduction and running its business with honesty, integrity and transparency. With a large customer base and a diversified range of good quality glove products, coupled with a team of dedicated, healthy and efficient employees, the Group is confident of continuing growth and profitable performance in the coming financial years.

#### 16. Variance of actual profits from forecast profits

Not applicable as no profit forecast was issued.

## TOP GLOVE CORPORATION BHD.

(Company No. 474423-X)

(Incorporated in Malaysia)

### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2010 (CONTINUED)

#### 17. Taxation

	Quarter Ended		Year To Date Ended	
	30 Nov 2010 RM'000	30 Nov 2009 RM'000	30 Nov 2010 RM'000	30 Nov 2009 RM'000
Income tax	6,861	17,081	6,861	17,081
Deferred taxation	1,211	3,014	1,211	3,014
	<u>8,072</u>	<u>20,095</u>	<u>8,072</u>	<u>20,095</u>

The effective tax rate of the Group is lower than the statutory tax rate due to the availability of reinvestment allowance by certain subsidiaries and the tax-free status of certain overseas subsidiaries.

#### 18. Profit/(loss) on sale of unquoted investments and/or properties

There were no sales of unquoted investments and/or properties during the current interim report and financial year-to-date.

#### 19. Purchase and dispose of quoted securities

There was no purchase or disposal of quoted securities by the Group for the current quarter and financial year-to-date.

#### 20. Status of corporate proposals announced

There were no corporate proposals announced which remain uncompleted during the quarter under review as at the date of this report.

#### 21. Group borrowings

The Group borrowings as at 30 November 2010 were as follows :-

	Unsecured RM'000
Short term borrowings	2,679
Long term borrowings	1,292
	<u>3,971</u>

#### 22. Financial derivative instruments

The Group uses derivative financial instruments, mainly forward foreign exchange contracts to hedge its exposure to fluctuations in foreign exchange arising from sales. The Group does not hold or issue derivative financial instruments for trading purposes.

The details of the outstanding foreign currency forward contracts agreement as at 30 November 2010 are as follows:-

	Notional Amount	Fair Value
	As At 30 Nov 2010 RM'000	As At 30 Nov 2010 RM'000
Foreign currency forward contracts :		
Less than 1 year	<u>205,854</u>	<u>205,592</u>

The above instruments are executed with credit worthy financial institutions in Malaysia. The Directors are of the view that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

There are also no cash requirements risks as the Group only uses forward foreign currency contracts as its hedging instruments.

With the adoption of FRS139, the fair value changes has been recognised in the profit or loss.

## TOP GLOVE CORPORATION BHD.

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2010 (CONTINUED)

#### 23. Material litigation

The Company and its subsidiaries are not engaged in any litigation, either as plaintiff or defendant, which has a material effect on the financial position of the Company and its subsidiaries, and the Directors do not know of any proceedings pending or threatened or of any fact likely to give to any proceedings which might materially and/or adversely affect the position or business of the Company or subsidiaries.

#### 24. Dividends

No dividend was proposed by the Board of Directors for current quarter under review.

The total dividend declared for financial year 2010 was 16 sen. The Company paid 1<sup>st</sup> interim dividend of 14 sen (single tier) amounting to RM 43.23 million on 23 July 2010. The Board of Directors has also proposed a final dividend of 9 sen (single tier) amounting to approximately RM55.64 million for the financial year ended 31 August 2010. The proposed final dividend is subject to shareholders' approval in the forthcoming Annual General Meeting on 11 January 2011.

Record of dividends:-

Financial Year	Net Dividend per share (sen)	Total Dividend (RM'000)	Status
2010	9.00 (final)	(i) 55,634	(i) Proposed
	7.00 (1 <sup>st</sup> interim)	(ii) 43,225	(ii) Paid
2009	11.00	65,872	Paid
2008	5.50	32,389	Paid
2007	4.61	27,435	Paid
2006	3.45	21,173	Paid
2005	2.19	14,110	Paid
2004	2.06	12,295	Paid
2003	1.53	9,550	Paid
2002	0.46	2,808	Paid
2001	0.66	4,000	Paid
Total		288,491	

Note : Net dividend per share has been adjusted to reflect :

- Subdivision of shares from one ordinary share of RM1.00 to two ordinary shares of RM0.50 each which was completed in February 2005.
- Bonus issue of 30% in April 2002, 40% in April 2003, 40% in February 2007 and 100% in July 2010.

**TOP GLOVE CORPORATION BHD.**

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2010 (CONTINUED)****25. Earnings per share**

	<b>Quarter Ended</b>		<b>Year To Date Ended</b>	
	<b>30 Nov 2010</b>	<b>30 Nov 2009</b>	<b>30 Nov 2010</b>	<b>30 Nov 2009</b>
Net profit attributable to owners of the Company shareholders (RM'000)	36,050	65,208	36,050	65,208
<b><u>Basic</u></b>				
Weighted average number of ordinary shares in issue ('000)	618,218	605,922	618,218	605,922
<b>Basic earnings per share (sen)</b>	<b>5.83</b>	<b>10.76</b>	<b>5.83</b>	<b>10.76</b>
<b><u>Diluted</u></b>				
Weighted average number of ordinary shares in issue ('000)	618,218	605,922	618,218	605,922
Effect of dilution : share options ('000)	7,206	2,289	7,206	2,289
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	625,424	608,211	625,424	608,211
<b>Diluted earnings per share (sen)</b>	<b>5.76</b>	<b>10.72</b>	<b>5.76</b>	<b>10.72</b>

\* For comparative purpose, the number of ordinary shares issued as at 31 August 2009 had been adjusted to reflect the bonus issue of 1 for every 1 existing ordinary shares which was completed on 20 July 2010.