# TOP GLOVE CORPORATION BHD. (Company No. 474423-X)

A Public Company Listed on Main Market of Bursa Malaysia
Manufacturer and Exporter of Latex Examination, Nitrile, Surgical, Household, Vinyl, Cleanroom, PE, Industrial Gloves & PE Apron
**The World's Largest Rubber Glove Manufacturer**
**Top Glove, Top Quality, Top Efficiency, Good Health, Safety First & Be Honest**
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AWARDED ISO 9001

## CONDENSED CONSOLIDATED INCOME STATEMENT
## FOR THE THIRD QUARTER ENDED 31 MAY 2011

| | Current Quarter Ended | Corresponding Quarter Ended | Current Year To Date | Corresponding Year To Date |
|---|---|---|---|---|
| | 31-May-2011 | 31-May-2010 | 31-May-2011 | 31-May-2010 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 535,363 | 555,851 | 1,512,080 | 1,538,046 |
| Operating Expenses | (504,914) | (475,736) | (1,412,748) | (1,280,557) |
| Other Operating Income | 3,919 | 3,142 | 10,568 | 7,906 |
| **Profit From Operations** | **34,368** | **83,257** | **109,900** | **265,395** |
| Finance Costs | (77) | (101) | (165) | (575) |
| Share of gain/(loss) of associate | 214 | 168 | 650 | (968) |
| **Profit Before Taxation** | **34,505** | **83,324** | **110,385** | **263,852** |
| Taxation | **(8,464)** | **(17,944)** | **(22,071)** | **(59,666)** |
| **Profit for the year** | **26,041** | **65,380** | **88,314** | **204,186** |
| **Profit Attributable to :** | | | | |
| Owners of the Company | 25,597 | 64,484 | 87,057 | 200,218 |
| Minority Interest | 444 | 896 | 1,257 | 3,968 |
| | **26,041** | **65,380** | **88,314** | **204,186** |
| **Earnings Per Share (sen)** | | | | |
| **Basic** | **4.14** | ***10.55** | **14.08** | ***32.84** |
| **Diluted** | **4.09** | ***10.51** | **13.93** | ***32.71** |

* For comparative purpose, the Earnings Per Share for the quarter and year-to-date ended 31 May 2010 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.
(Company No. 474423-X)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
**FOR THE THIRD QUARTER ENDED 31 MAY 2011**

| | Current Quarter Ended | Corresponding Quarter Ended | Current Year To Date | Corresponding Year To Date |
|---|---|---|---|---|
| | 31-May-2011 | 31-May-2010 | 31-May-2011 | 31-May-2010 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit for the year | 26,041 | 65,380 | 88,314 | 204,186 |
| **Other comprehensive income:** | | | | |
| Net gain on fair value on short term investment | 3,476 | - | 6,483 | - |
| Foreign currency translation | (1,448) | (10,595) | (1,490) | (18,213) |
| **Other comprehensive income for the year** | **2,028** | **(10,595)** | **4,993** | **(18,213)** |
| **Total comprehensive income for the year** | **28,069** | **54,785** | **93,307** | **185,973** |
| **Total comprehensive income attributable to:** | | | | |
| Owners of the Company | 27,503 | 54,159 | 92,086 | 184,217 |
| Minority Interest | 566 | 626 | 1,221 | 1,756 |
| | **28,069** | **54,785** | **93,307** | **185,973** |

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.**
(Company No. 474423-X)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**AS AT 31 MAY 2011**

| | Unaudited as at 31-May-2011 RM'000 | Audited as at 31-Aug-2010 RM'000 (Restated) | Audited as at 1-Sep-2009 RM'000 (Restated) |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, Plant and Equipment | 639,679 | 599,583 | 575,111 |
| Prepaid Land Lease Payment | 2,969 | 3,025 | 3,469 |
| Investment in Associate | 5,745 | 5,056 | 9,366 |
| Other Investment | 145 | 145 | 12,853 |
| Goodwill | 20,113 | 20,113 | 20,113 |
| | 668,651 | 627,922 | 620,912 |
| **Current assets** | | | |
| Inventories | 181,689 | 167,511 | 119,053 |
| Trade Receivables | 253,290 | 247,268 | 198,263 |
| Other Receivables and Deposits | 34,344 | 20,349 | 8,333 |
| Tax Recoverable | 19,494 | 5,473 | - |
| Short Term Investments | 82,654 | 40,557 | - |
| Cash and bank balances | 135,907 | 262,930 | 185,848 |
| Derivative Asset | 352 | - | - |
| | 707,730 | 744,088 | 511,497 |
| **Total Assets** | 1,376,381 | 1,372,010 | 1,132,409 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity Attributable to Equity Holders of the Company** | | | |
| Share Capital | 309,232 | 309,081 | 151,879 |
| Share Premium | 171,777 | 170,563 | 243,677 |
| Treasury Shares | - | - | (38,427) |
| Retained Profit | 601,712 | 599,407 | 445,420 |
| Foreign Exchange Reserves | (663) | 791 | 10,581 |
| Others | 19,840 | 12,660 | 11,383 |
| | 1,101,898 | 1,092,502 | 824,513 |
| **Minority Interest** | 23,804 | 23,864 | 21,464 |
| **Total Equity** | 1,125,702 | 1,116,366 | 845,977 |
| **Non-Current Liabilities** | | | |
| Long Term Borrowings | 1,000 | 3,025 | 8,960 |
| Deferred Tax Liabilities | 36,819 | 34,360 | 33,413 |
| | 37,819 | 37,385 | 42,373 |
| **Current Liabilities** | | | |
| Trade Payables | 93,094 | 105,116 | 92,430 |
| Other Payables and Accruals | 88,018 | 112,602 | 104,554 |
| Short Term Borrowings | 825 | 541 | 11,573 |
| Tax Payable | - | - | 14,721 |
| Dividend payable | 30,923 | - | 20,781 |
| | 212,860 | 218,259 | 244,059 |
| **Total Liabilities** | 250,679 | 255,644 | 286,432 |
| **Total Equity and Liabilities** | 1,376,381 | 1,372,010 | 1,132,409 |
| Net Tangible Assets per share (RM) | 1.79 | 1.77 | *1.35 |
| Net Assets per share (RM) | 1.82 | 1.81 | *1.38 |

* For comparative purpose, the Net Tangible Assets per share and Net Assets per share as at 1 September 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 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)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**FOR THE THIRD QUARTER ENDED 31 MAY 2011**

| | 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 | RM'000 |
| **9 Months Ended 31 MAY 2011** | | | | | | | | | |
| 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 |
| Profit for the year | - | - | - | - | - | 87,057 | 87,057 | 1,257 | 88,314 |
| Total comprehensive income for the period | - | - | - | (1,454) | 6,483 | - | 5,029 | (36) | 4,993 |
| Transfer to legal reserve | - | - | - | 1,204 | - | (1,204) | - | - | - |
| Issuance of ordinary shares pursuant to ESOS | 151 | 1,214 | - | (507) | - | - | 858 | - | 858 |
| Dividend | - | - | - | - | - | (86,574) | (86,574) | (1,281) | (87,855) |
| Balance as at 31 MAY 2011 | 309,232 | 171,777 | - | 12,694 | 6,483 | 601,712 | 1,101,898 | 23,804 | 1,125,702 |
| **9 Months Ended 31 MAY 2010** | | | | | | | | | |
| Balance as at 01 September 2009 | 151,879 | 243,677 | (38,427) | 21,964 | - | 445,420 | 824,513 | 21,464 | 845,977 |
| Profit for the year | - | - | - | - | - | 200,218 | 200,218 | 3,968 | 204,186 |
| Total comprehensive income for the period | - | - | - | (16,001) | - | - | (16,001) | (2,212) | (18,213) |
| Transfer to legal reserve | - | - | - | 996 | - | (996) | - | - | - |
| Resold of treasury shares | - | 8,622 | 8,662 | - | - | - | 17,284 | - | 17,284 |
| Share options granted under ESOS | - | - | - | 9,495 | - | - | 9,495 | - | 9,495 |
| Issuance of ordinary shares pursuant to ESOS | 2,345 | 31,906 | - | (7,701) | - | - | 26,550 | - | 26,550 |
| Dividend | - | - | - | - | - | (45,292) | (45,292) | - | (45,292) |
| Balance as at 31 MAY 2010 | 154,224 | 284,205 | (29,765) | 8,753 | - | 599,350 | 1,016,767 | 23,220 | 1,039,987 |



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

**TOP GLOVE CORPORATION BHD.**
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**
**FOR THE PERIOD YEAR ENDED 31 MAY 2011**

| | Current Year To Date Ended 31-May-2011 | Corresponding Year To Date Ended 31-May-2010 |
|---|---|---|
| | RM'000 | RM'000 |
| **Cash Flows From Operating Activities** | | |
| Profit before taxation | 110,385 | 263,852 |
| Other adjustment | 35,364 | 58,444 |
| **Operating profit before changes in working capital** | 145,749 | 322,296 |
| **Changes in working capital** | | |
| Net change in current assets | (23,605) | (123,001) |
| Net change in current liabilities | (36,606) | 23,235 |
| Cash flows from operating activities | 85,538 | 222,530 |
| Tax paid | (33,633) | (36,978) |
| **Net cash flows from operating activities** | 51,905 | 185,552 |
| **Cash flows from investing activities** | | |
| Increase in short term investment | (35,614) | - |
| Proceeds from resale of treasury shares | - | 17,284 |
| Purchase of property, plant and equipment | (86,985) | (55,638) |
| | (70,694) | 147,198 |
| **Cash flows from financing activities** | | |
| Dividend paid | (56,932) | (66,073) |
| Increase in share capital | 858 | 26,550 |
| (Decrease) in borrowings | (255) | (9,678) |
| **Net change in cash and cash equivalents** | (127,023) | 97,997 |
| **Cash and cash equivalents at beginning of year** | 262,930 | 185,848 |
| **Cash and cash equivalents at end of period** | 135,907 | 283,845 |
| **Breakdown of cash and cash equivalents at end of period** | | |
| Bank and cash balances | 135,907 | 283,845 |

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 THIRD QUARTER ENDED 31 MAY 2011

### 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 FRSs, amendments to FRS and Issues Committee ("IC") Interpretations. The adoption of these new FRSs, 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 FRSs :-

(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:-

| **<u>Consolidated Statement of Financial Position</u>** | **As previously reported (RM'000)** | **Effect of amendment of FRS 117 (RM'000)** | **As restated (RM'000)** |
|---|---|---|---|
| **<u>As at 31 August 2010</u>** | | | |
| Property, Plant and Equipment | 580,867 | 18,716 | 599,583 |
| Prepaid Lease Payments | 21,741 | (18,716) | 3,025 |
| **<u>As at 1 September 2009</u>** | | | |
| Property, Plant and Equipment | 564,380 | 10,731 | 575,111 |
| Prepaid Lease Payments | 14,200 | (10,731) | 3,469 |

## 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 :-

| **Consolidated Statement of Financial Position** | **As previously reported RM'000** | **Effects of adopting FRS139 RM'000** | **Effects after adopting FRS139 RM'000** |
|---|---|---|---|
| **As at 1 September 2010** | | | |
| **Current Assets** | | | |
| Derivatives assets | - | 1,394 | 1,394 |
| **Equity** | | | |
| Retained earnings | 599,407 | 3,026 | 602,433 |
| **Non-current liabilities** | | | |
| 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.

## 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 May 2011.

## 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 2nd Employee Share Option Scheme ("ESOS II") was implemented on 1 August 2008. During the quarter ended 31 May 2011, a total of 83,400 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 31 May 2011 are as follows :-

| | No. of shares | RM |
|---|---|---|
| As at 28 February 2011 | 618,380,962 | 309,190,481 |
| Ordinary shares issued pursuant to the ESOS | 83,400 | 41,700 |
| As at 31 May 2011 | 618,464,362 | 309,232,181 |

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 20 January 2011, the Company paid a final single tier dividend of 9 sen amounting to RM55.65 million which was approved in the Company's Annual General Meeting held on 11 January 2011.

The total dividend paid by the Company in respect of financial year ended 31 August 2010 was 16 sen per share represented by a net payment of RM98.88 million.

Record of dividends paid :-

| **Financial Year** | **Net Dividend per share (sen)** | **Total Dividend (RM'000)** |
|---|---|---|
| 2010 | 16.00 | 98,877 |
| 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** | | **288,509** |

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

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

## 8. Segmental reporting

a. 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.

**9 months ended 31 May 2011**

| | Malaysia RM'000 | Thailand RM'000 | China RM'000 | Others RM'000 | Eliminations RM'000 | Consolidated RM'000 |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| External sales | 1,257,881 | 144,182 | 44,259 | 65,758 | - | 1,512,080 |
| Inter-segment sales | 27,447 | 386,535 | 31,501 | - | (445,483) | - |
| Total Revenue | 1,285,328 | 530,717 | 75,760 | 65,758 | (445,483) | 1,512,080 |
| **Result** | | | | | | |
| Profit from operations | 97,344 | 15,158 | (4,346) | 1,744 | | 109,900 |
| Finance cost | | | | | | (165) |
| Share of gain of associate | | | | | | 650 |
| Profit before tax | | | | | | 110,385 |
| Taxation | | | | | | (22,071) |
| Profit for the year | | | | | | 88,314 |
| **Assets** | | | | | | |
| Segment assets | 988,536 | 226,654 | 97,503 | 37,830 | | 1,350,523 |
| Goodwill | | | | | | 20,113 |
| Investment in associate | | | | | | 5,745 |
| **Liabilities** | | | | | | |
| Segment liabilities | 163,933 | 26,504 | 12,738 | 10,685 | | 213,860 |
| Unallocated liabilities | | | | | | 36,819 |
| **Other information** | | | | | | |
| Capital expenditure | 66,014 | 20,098 | 822 | 51 | | 86,985 |
| Depreciation | 32,133 | 9,026 | 4,102 | 154 | | 45,415 |

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.

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

### 13. Review of performance

The Group sales revenue for 3 months ("3Q2011") and the 9 months ("9M2011") ended 31 May 2011 has decreased by 3.7% to RM535.36 million and by 1.7% to RM1,512.08 million respectively, in comparison with the corresponding period of the last financial year. The Group profit before tax (PBT) for 3Q2011 and 9M2011 has declined by 58.6% to RM34.50 million and by 58.2% to RM110.38 million respectively.

The decline was mainly due to last year's exceptionally good result which was boosted by a surge in demand of rubber gloves during the influenza A(H1N1) virus outbreak; and the more favourable latex prices and US Dollar exchange rate at that time. Average latex prices rose by 39% (from RM7.10/kg in 3Q2010 to RM9.85/kg in 3Q2011) while the average US dollar against Ringgit weakened by 7.4% (RM3.26 in 3Q2010 to RM3.02 in 3Q2011). Also, the time lag in the cost pass-through to its customers has contributed to the decline in profit. However, since reaching its peak of RM10.99 per kg on 11 April 2011, latex price has declined by 14% to RM9.44 per kg as at 16 June 2011.

The Group continued to maintain its strong balance sheet position with net cash and short term investments of RM218.6 million despite higher working capital requirement from the escalating latex price.

The Company has on today, 17 June 2011, declared a first single tier interim dividend of 5 sen (net) per share for this quarter payable on 21 July 2011.

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

| RM 'mil | Financial year ended 31 August | | | | | | | | | | 9M11 9 mths ended 31 May 2011 (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 | 1,512.1 |
| EBITDA | 23.9 | 27.1 | 39.5 | 60.6 | 89.2 | 130.3 | 175.7 | 197.8 | 287.5 | 364.7 | 156.0 |
| EBITDA margin | 17.2% | 15.0% | 14.9% | 14.5% | 13.9% | 13.1% | 14.3% | 14.4% | 18.8% | 17.5% | 10.3% |
| PBT | 17.2 | 20.2 | 29.3 | 45.2 | 65.7 | 91.8 | 118.6 | 134.6 | 222.0 | 305.0 | 110.4 |
| PBT margin | 12.4% | 11.2% | 11.1% | 10.8% | 10.2% | 9.2% | 9.7% | 9.8% | 14.5% | 14.7% | 7.3% |
| Taxation | 1.3 | 2.4 | 3.6 | 5.3 | 7.5 | 7.0 | 29.9 | 26.5 | 53.9 | 54.6 | 22.1 |
| PAT | 15.9 | 17.8 | 25.7 | 39.9 | 58.2 | 84.8 | 88.7 | 108.1 | 168.1 | 250.4 | 88.3 |
| PAT margin | 11.4% | 9.9% | 9.7% | 9.5% | 9.1% | 8.5% | 7.2% | 7.8% | 11.0% | 12.0% | 5.8% |

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

The Group registered PBT of RM34.50 million for current quarter compared with RM31.48 million in the quarter ended 28 February 2011. Despite the ongoing headwinds of high latex price and weaker US dollar, the Group managed to show an improvement in PBT. The continuous price revision on latex glove prices and the long-standing business relationship with its customers had enabled it to seek their understanding in passing on part of the increased raw material costs to them, which enabled it to reduce the impact on the PBT.

## 15. Commentary on prospects and targets

Top Glove which is currently the world's largest rubber glove manufacturer has a good and established corporate culture and business direction of producing consistently high quality gloves at efficient low cost. It has forged ahead strongly to improve its glove quality, marketing strategies, productivity and cost efficiency. The Group currently has 21 factories, 395 production lines with production capacity of 35.25 billion pieces of gloves per annum. It has a 10,900-strong work force to serve its growing customer base of approximately 1000 in more than 180 countries worldwide.

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

| Factory | Location | No. of additional lines | Capacity p.a | Target completion |
|---|---|---|---|---|
| Factory 7 | Sadao, Thailand | 16 | 1.5 billion pcs | August 2011 |
| Factory 22 | Klang, Malaysia | 16 | 1.5 billion pcs | October 2011 |
| Factory 23 | | | | |
| Phase 1 | Ipoh, Malaysia | 20 | 1.8 billion pcs | August 2011 |
| Phase 2 | Ipoh, Malaysia | 16 | 1.5 billion pcs | March 2012 |
| | **Total** | **68** | **6.3 billion pcs** | |

**Outlook**

Even though in the short term business conditions are expected to remain challenging, the Group believes its prospects going forward are good. Latex price has started to ease in recent weeks from its all-time high of RM10.99/kg and the Group expects it to go down further with many rubber producing countries stepping up production through more intensive tapping in the near term, and expansion of plantation area in the longer term. In order to mitigate latex cost increases in the future, Top Glove has also started moving upstream by acquiring land and diversifying into rubber plantation.

Top Glove is also increasing its production lines to produce nitrile gloves, which command better margins and not subjected to the volatility in latex prices. In Q3FY11, nitrile glove production has increased to 13% of its product mix. The group has targeted for its product mix to be made up of 15% nitrile gloves by end of this year. However, as nitrile raw material is also dependent on crude oil, which is depleting and competing with other types of usage, our new production lines have been built to be inter-switchable between producing natural rubber gloves and nitrile gloves.

Top Glove believed the demand will remain strong as gloves are deemed as necessity items especially in the healthcare industry. Demand from emerging markets is also growing as the health care standards in these markets improve. To capture the opportunity Top Glove has undertaken a reorganisation of its marketing team to focus on special growth areas.

## 16. Variance of actual profits from forecast profits

Not applicable as no profit forecast was issued.

## 17. Taxation

| | Quarter Ended | | Year To Date Ended | |
|---|---|---|---|---|
| | 31 May 2011 RM'000 | 31 May 2010 RM'000 | 31 May 2011 RM'000 | 31 May 2010 RM'000 |
| Income tax | 7,194 | 15,252 | 18,760 | 50,716 |
| Deferred taxation | 1,270 | 2,692 | 3,311 | 8,950 |
| | 8,464 | 17,944 | 22,071 | 59,666 |

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 31 May 2011 were as follows :-

| | Unsecured RM'000 |
|---|---|
| Short term borrowings | 825 |
| Long term borrowings | 1,000 |
| | 1,825 |

## 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 31 May 2011 are as follows:-

| | Notional Amount As At 31 May 2011 RM'000 | Fair Value As At 31 May 2011 RM'000 |
|---|---|---|
| Foreign currency forward contracts : | | |
| Less than 1 year | 200,100 | 201,226 |

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 have been recognised in the profit or loss.

## 23. Realised and Unrealised Profits/Losses

The breakdown of the retained profits of the Group as at 31 May 2011, into realised and unrealised profits, pursuant to a directive issued by Bursa Securities on 25 March 2010 and 20 December 2010 is as follows :

| | **As at 31-May-11 RM'000** | **As at 28-Feb-11 RM'000** |
|---|---|---|
| Total retained profits / (accumulated losses) of Top Glove Corporation Berhad and its subsidiaries: | | |
| - Realised | 634,316 | 643,525 |
| - Unrealised | (25,802) | (26,784) |
| | 608,514 | 616,741 |
| Total share of retained profits / (accumulated losses) from associate company: | | |
| - Realised | (7,515) | (7,717) |
| - Unrealised | (122) | (134) |
| | 600,877 | 608,890 |
| Add: Consolidation adjustments | 835 | (1,852) |
| Total group retained profits as per consolidated accounts | 601,712 | 607,038 |

## 24. Material litigation

The Company and its subsidiaries are not engaged in any material 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.

## 25. Dividends

The Board of Directors has on today, 17 June 2011, declared a first single tier interim dividend of 5 sen (net) per ordinary share payable on 21 July 2011, amounting to approximately RM30.92 million for the quarter ended 31 May 2011.

The dividend payment for previous financial years were as follow :-

| Financial Year | Net Dividend per share (sen) | Total Dividend (RM'000) | Status |
|---|---|---|---|
| 2011 | 5.00 | 30,923 | Declared |
| 2010 | 16.00 | 98,877 | 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 | | 319,432 | |

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

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

## 26. Earnings per share

| | Quarter Ended | | Year To Date Ended | |
|---|---|---|---|---|
| | **31 May 2011** | **31 May 2010** | **31 May 2011** | **31 May 2010** |
| Net profit attributable to owners of the Company shareholders (RM'000) | 25,597 | 64,484 | 87,057 | 200,218 |
| **Basic** | | | | |
| Weighted average number of ordinary shares in issue ('000) | 618,437 | 611,408 | 618,336 | 609,747 |
| **Basic earnings per share (sen)** | 4.14 | 10.55 | 14.08 | 32.84 |
| **Diluted** | | | | |
| Weighted average number of ordinary shares in issue ('000) | 618,437 | 611,408 | 618,336 | 609,747 |
| Effect of dilution : share options ('000) | 6,935 | 2,339 | 6,935 | 2,339 |
| Adjusted weighted average number of ordinary shares in issue and issuable ('000) | 625,372 | 613,747 | 625,271 | 612,086 |
| **Diluted earnings per share (sen)** | 4.09 | 10.51 | 13.92 | 32.71 |

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