TOP GLOVE CORPORATION BHD.
(474423-X)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 August 2010

474423-X

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Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 August 2010.

Principal activities

The principal activities of the Company are investment holding and the provision of management services.

The principal activities of the subsidiaries are described in Note 12 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit for the year	250,411	53,511
Profit attributable to:		
Equity holders of the Company	245,231	53,511
Minority interests	5,180	-
	250,411	53,511

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividends

The amount of dividends paid by the Company since 31 August 2009 were as follows:

	RM'000
In respect of the financial year ended 31 August 2009 :	
Interim single tier dividend of 14%, paid on 16 September 2009	20,781
Final single tier dividend of 18%, paid on 12 March 2010	27,055
Special single tier dividend of 12%, paid on 12 March 2010	18,037
In respect of the financial year ended 31 August 2010 :	
First interim single tier dividend of 28%, paid on 23 July 2010	43,225
	109,098

Dividends (continued)

At the forthcoming Annual General Meeting, a single tier final dividend of 18% on 618,256,062 ordinary shares amounting to RM55,643,046 (9 sen per share) in respect of the financial year ended 31 August 2010 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 August 2011.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are :

Tan Sri Dato Sri Lim, Wee-Chai
Tan Sri Dato' Seri Arshad bin Ayub
Tan Sri Dato' Dr. Lin See Yan (appointed on 16 June 2010)
Lee Kim Meow
Puan Sri Tong Siew Bee
Lim Hooi Sin
Sekarajasekaran a/l Arasaratnam
Quah Chin Chye
Lim Cheong Guan

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employee Share Options Scheme ("ESOS").

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 6 to the financial statements) by reason of a contract made by the Company or a related corporation with a director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	Number of ordinary shares of RM0.50 each			
	1 September 2009	**Bought**	**Sold**	**Balance prior to bonus issue ***
Tan Sri Dato Sri Lim, Wee-Chai				
- direct	87,587,900	1,657,669	-	89,245,569
- indirect	30,468,821	336,000	(1,539,269)	29,265,552
Tan Sri Dato' Seri Arshad bin Ayub	1,550,000	-	(850,000)	700,000
Lee Kim Meow				
- direct	619,816	378,000	(497,016)	500,800
- indirect	5,000	-	-	5,000
Puan Sri Tong Siew Bee				
- direct	4,597,874	105,600	(105,600)	4,597,874
- indirect	113,458,847	1,888,069	(1,433,669)	113,913,247
Lim Hooi Sin				
- direct	7,155,181	187,200	(1,301,600)	6,040,781
- indirect	110,901,540	1,806,469	(237,669)	112,470,340
Sekarajasekaran a/l Arasaratnam	7,155,559	52,100	(46,800)	7,160,859
Lim Cheong Guan	-	100,000	(60,000)	40,000

	Number of ordinary shares of RM0.50 each			
	Balance after bonus issue *	**Bought**	**Sold**	**31 August 2010**
Tan Sri Dato Sri Lim, Wee-Chai				
- direct	178,491,138	420,000	-	178,911,138
- indirect	58,531,104	-	(1,241,900)	57,289,204
Tan Sri Dato' Seri Arshad bin Ayub	1,400,000	-	-	1,400,000
Lee Kim Meow				
- direct	1,001,600	-	-	1,001,600
- indirect	10,000	-	-	10,000
Puan Sri Tong Siew Bee				
- direct	9,195,748	-	-	9,195,748
- indirect	227,826,494	420,000	(1,241,900)	227,004,594
Lim Hooi Sin				
- direct	12,081,562	-	(1,241,900)	10,839,662
- indirect	224,940,680	420,000	-	225,360,680
Sekarajasekaran a/l Arasaratnam	14,321,718	22,000	-	14,343,718
Lim Cheong Guan	80,000	-	-	80,000

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Directors' interests (continued)

	Number of options over ordinary shares of RM0.50 each			
	1 September 2009	Granted	Exercised	Balance prior to bonus issue *
Tan Sri Dato Sri Lim, Wee-Chai	630,000	210,000	(420,000)	420,000
Lee Kim Meow	378,000	126,000	(378,000)	126,000
Puan Sri Tong Siew Bee	153,600	48,000	(105,600)	96,000
Lim Hooi Sin	201,600	67,200	(187,200)	81,600
Lim Cheong Guan	158,500	58,500	(100,000)	117,000

	Number of options over ordinary shares of RM0.50 each			
	Balance after bonus issue *	Granted	Exercised	31 August 2010
Tan Sri Dato Sri Lim, Wee-Chai	840,000	-	(420,000)	420,000
Lee Kim Meow	252,000	-	-	252,000
Puan Sri Tong Siew Bee	192,000	-	-	192,000
Lim Hooi Sin	163,200	-	-	163,200
Lim Cheong Guan	234,000	-	-	234,000

* Bonus issue on the basis of one new ordinary share for every one existing ordinary share held.

Tan Sri Dato Sri Lim, Wee-Chai, Puan Sri Tong Siew Bee and Lim Hooi Sin by virtue of their interest in shares of the Company are also deemed interested in shares of all the subsidiaries to the extent the Company has an interest.

The other directors in office at the end of the financial year had no interest in shares in the Company or its related corporations or in share options in the Company during the financial year.

Issue of shares

During the financial year, the Company increased its:

a) authorised share capital from RM200,000,000 to RM400,000,000 through the creation of 400,000,000 shares of RM0.50 each; and

b) issued and paid-up share capital from RM151,879,000 to RM309,081,000 by way of :

   (i) issuance of 5,651,000 ordinary shares of RM0.50 each pursuant to the ESOS at an option price between RM2.01 and RM11.58 per ordinary share; and

   (ii) issuance of 308,753,000 ordinary shares of RM 0.50 each through a bonus issue on the basis of one new ordinary share of RM0.50 each for every one existing ordinary share of RM0.50 each held in the Company, by way of capitalisation of RM154,376,000 from the share premium account.

Issue of shares (continued)

Subsequent to the end of the financial year up to the date of this report, the Company increased its issued and paid-up share capital from RM309,081,000 to RM309,128,000 by way of issuance of 94,000 ordinary shares of RM0.50 each pursuant to the ESOS at an option price between RM2.01 and RM4.60 per ordinary share.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

Treasury shares

During the financial year, the Company re-issued all 6,617,000 treasury shares of RM0.50 each via sale in the open market for a total consideration of RM81,575,000, after deducting transaction cost of RM250,000 at an average price of RM12.54 per share as disclosed in Note 26 to the financial statements

Employee share options scheme

The Company's ESOS is governed by the by-laws which was approved by the shareholders at the Extraordinary General Meeting held on 9 January 2008 and became effective on 1 August 2008.

The main features and other terms of the ESOS are disclosed in Note 28 to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of employees who have been granted options to subscribe for less than 100,000 ordinary shares. The list of employees granted options to subscribe for 100,000 or more ordinary shares during the financial year is disclosed in the section on Directors' Interests in this report.

Other statutory information

(a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

    (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

Other statutory information (continued)

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumtances which would render:

(i) it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumtances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

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Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 3 November 2010.

Tan Sri Dato Sri Lim, Wee-Chai

Quah Chin Chye

Selangor, Malaysia

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Statement by directors
Pursuant to Section 169 (15) of the Companies Act, 1965

We, Tan Sri Dato Sri Lim, Wee-Chai and Quah Chin Chye, being two of the directors of Top Glove Corporation Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 12 to 77 are drawn up in accordance with the provisions of Companies Act, 1965 and Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 August 2010 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 3 November 2010.

Tan Sri Dato Sri Lim, Wee-Chai

Quah Chin Chye

Selangor, Malaysia

Statutory declaration
Pursuant to Section 169 (16) of the Companies Act, 1965

I, Tan Sri Dato Sri Lim, Wee-Chai, the director primarily responsible for the financial management of Top Glove Corporation Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 12 to 77 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the
abovenamed Tan Sri Dato Sri Lim, Wee-Chai
at Klang in the State of Selangor
on 3 November 2010

Tan Sri Dato Sri Lim, Wee-Chai

Before me,

LEE PEI NAM
Commissioner for Oaths

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Independent auditors' report to the members of
Top Glove Corporation Bhd.
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Report on the financial statements

We have audited the financial statements of Top Glove Corporation Bhd., which comprise the balance sheets as at 31 August 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 12 to 77.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 August 2010 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 12 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

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Independent auditors' report to the members of
Top Glove Corporation Bhd. (continued)

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young	Lee Ah Too
AF: 0039	2187/09/11(J)
Chartered Accountants	Chartered Accountant

Melaka, Malaysia
Date: 3 November 2010

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Income statements
For the year ended 31 August 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Revenue	3	2,079,432	1,529,077	55,205	67,644
Cost of sales		(1,640,550)	(1,155,975)	-	-
Gross profit		438,882	373,102	55,205	67,644
Other operating income		14,660	6,979	73	469
Distribution and selling costs		(66,008)	(53,091)	-	-
Administrative and general expenses		(80,987)	(95,484)	(1,622)	(4,305)
Operating profit		306,547	231,506	53,656	63,808
Interest expense		(639)	(8,530)	-	-
Share of loss of associate		(947)	(984)	-	-
Profit before tax	4	304,961	221,992	53,656	63,808
Income tax expense	7	(54,550)	(53,922)	(145)	(138)
Profit for the year		250,411	168,070	53,511	63,670
Attributable to:					
Equity holders of the Company		245,231	169,133	53,511	63,670
Minority interests		5,180	(1,063)	-	-
		250,411	168,070	53,511	63,670
Earnings per share attributable to equity holders of the Company (sen):					
Basic	8	39.83	28.01		
Diluted	8	39.69	27.98		

The accompanying notes form an integral part of the financial statements.

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Top Glove Corporation Bhd.
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Balance sheets as at 31 August 2010

		Group		Company	
	Note	**2010 RM'000**	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Assets					
Non-current assets					
Property, plant and equipment	10	580,867	564,380	-	-
Prepaid land lease payments	11	21,741	14,200	-	-
Investments in subsidiaries	12	-	-	28,503	28,503
Investments in associate	13	5,056	9,366	-	-
Other investments	14	145	12,853	-	-
Due from a subsidiary	15	-	-	363,856	289,579
Goodwill	16	20,113	20,113	-	-
		627,922	620,912	392,359	318,082
Current assets					
Inventories	17	167,511	119,053	-	-
Trade receivables	18	247,268	198,263	-	-
Other receivables	19	20,349	8,333	107,724	119,727
Tax recoverable		5,473	-	153	123
Other investments	14	40,557	-	-	-
Cash and bank balances	20	262,930	185,848	3,015	9,968
		744,088	511,497	110,892	129,818
Total assets		1,372,010	1,132,409	503,251	447,900
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	24	309,081	151,879	309,081	151,879
Share premium	25	170,563	243,677	170,563	243,677
Treasury shares	26	-	(38,427)	-	(38,427)
Other reserves	27	13,451	21,964	10,260	9,995
Retained earnings	30	599,407	445,420	12,820	47,626
Shareholders' equity		1,092,502	824,513	502,724	414,750
Minority interests		23,864	21,464	-	-
Total equity		1,116,366	845,977	502,724	414,750
Non-current liabilities					
Borrowings	21	3,025	8,960	-	5,000
Deferred tax liabilities	29	34,360	33,413	-	-
Non-current liabilities		37,385	42,373	-	5,000

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Top Glove Corporation Bhd.
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Balance sheets as at 31 August 2010

		Group		Company	
	Note	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current liabilities					
Borrowings	21	541	11,573	-	6,500
Trade payables	23	105,116	92,430	-	-
Other payables		112,602	104,554	527	869
Tax payable		-	14,721	-	-
Dividends payable		-	20,781	-	20,781
		218,259	244,059	527	28,150
Total liabilities		255,644	286,432	527	33,150
Total equity and liabilities		1,372,010	1,132,409	503,251	447,900

The accompanying notes form an integral part of the financial statements.

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Top Glove Corporation Bhd.
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Statements of changes in equity
For the year ended 31 August 2010

	Attributable to equity holders of the Company								Minority interests	Total Equity
	Non distributable						Distributable			
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Foreign exchange reserve RM'000	Legal reserve RM'000	Share option reserve RM'000	Retained earnings RM'000	Total RM'000	RM'000	RM'000
Group										
At 1 September 2008	150,532	230,193	(38,427)	6,262	1,388	-	317,100	667,048	19,741	686,789
Foreign currency translation, representing net income recognised directly in equity	-	-	-	4,319	-	-	-	4,319	(402)	3,917
Profit for the year	-	-	-	-	-	-	169,133	169,133	(1,063)	168,070
Total recognised income and expense for the year	-	-	-	4,319	-	-	169,133	173,452	(1,465)	171,987
Issuance of ordinary shares pursuant to ESOS	1,347	10,018	-	-	-	-	-	11,365	-	11,365
Share options granted under ESOS	-	-	-	-	-	13,461	-	13,461	-	13,461
Transfer from share option reserve	-	3,466	-	-	-	(3,466)	-	-	-	-
Issuance of share capital to minority shareholders of a subsidiary	-	-	-	-	-	-	-	-	823	823
Loss on accretion of a subsidiary	-	-	-	-	-	-	(2,365)	(2,365)	2,365	-
Dividends (Note 9)	-	-	-	-	-	-	(38,448)	(38,448)	-	(38,448)
At 31 August 2009	151,879	243,677	(38,427)	10,581	1,388	9,995	445,420	824,513	21,464	845,977

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Top Glove Corporation Bhd.
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Statements of changes in equity

	Attributable to equity holders of the Company								Minority interests	Total Equity
		Non distributable					Distributable			
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Foreign exchange reserve RM'000	Legal reserve RM'000	Share option reserve RM'000	Retained earnings RM'000	Total RM'000	RM'000	RM'000
At 1 September 2009	151,879	243,677	(38,427)	10,581	1,388	9,995	445,420	824,513	21,464	845,977
Foreign currency translation, representing net income recognised directly in equity	-	-	-	(9,790)	-	-	-	(9,790)	(4,695)	(14,485)
Profit for the year	-	-	-	-	-	-	245,231	245,231	5,180	250,411
Total recognised income and expense for the year	-	-	-	(9,790)	-	-	245,231	235,441	485	235,926
Issuance of ordinary shares pursuant to ESOS	2,826	28,520	-	-	-	-	-	31,346	-	31,346
Share options granted under ESOS	-	-	-	-	-	9,930	-	9,930	-	9,930
Transfer from share option reserve	-	9,665	-	-	-	(9,665)	-	-	-	-
Issuance of bonus shares	154,376	(154,376)	-	-	-	-	-	-	-	-
Share issue expenses	-	(71)	-	-	-	-	-	(71)	-	(71)
Sale of treasury shares	-	43,148	38,427	-	-	-	-	81,575	-	81,575
Loss on accretion of a subsidiary	-	-	-	-	-	-	(1,915)	(1,915)	1,915	-
Transfer to legal reserve	-	-	-	-	1,012	-	(1,012)	-	-	-
Dividends (Note 9)	-	-	-	-	-	-	(88,317)	(88,317)	-	(88,317)
At 31 August 2010	309,081	170,563	-	791	2,400	10,260	599,407	1,092,502	23,864	1,116,366

Top Glove Corporation Bhd.
Statements of changes in equity

	← Non distributable			→	Distributable	
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Share option reserve RM'000	Retained earnings RM'000	Total RM'000
Company						
At 31 August 2008	150,532	230,193	(38,427)	-	22,404	364,702
Profit for the year, representing total recognised income and expense for the year	-	-	-	-	63,670	63,670
Issuance of ordinary shares pursuant to ESOS	1,347	10,018	-	-	-	11,365
Share options granted under ESOS	-	-	-	13,461	-	13,461
Transfer from share option reserve	-	3,466	-	(3,466)	-	-
Dividends (Note 9)	-	-	-	-	(38,448)	(38,448)
At 31 August 2009	151,879	243,677	(38,427)	9,995	47,626	414,750
Profit for the year, representing total recognised income and expense for the year	-	-	-	-	53,511	53,511
Issuance of ordinary shares pursuant to ESOS	2,826	28,520	-	-	-	31,346
Share options granted under ESOS	-	-	-	9,930	-	9,930
Transfer from share option reserve	-	9,665	-	(9,665)	-	-
Issuance of bonus shares	154,376	(154,376)	-	-	-	-
Share issue expenses	-	(71)	-	-	-	(71)
Sale of treasury shares	-	43,148	38,427	-	-	81,575
Dividends (Note 9)	-	-	-	-	(88,317)	(88,317)
At 31 August 2010	309,081	170,563	-	10,260	12,820	502,724

The accompanying notes form an integral part of the financial statements.

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Cash flow statements
For the year ended 31 August 2010

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before tax	304,961	221,992	53,656	63,808
Adjustments for :				
Gross dividend	-	-	(53,767)	(66,138)
Depreciation and amortisation				
- Property, plant and equipment	58,834	56,744	-	-
- Prepaid land lease payment	227	218	-	-
Gain on disposal of property, plant and equipment	(849)	(366)	-	-
Property, plant and equipment written off	118	10,198	-	-
Reversal of provision for doubtful debts	-	(17)	-	-
Share options granted under ESOS	9,930	13,461	(328)	1,760
Provision for doubtful debts	14	-	-	-
Unrealised foreign exchange loss/(gain)	13,763	(416)	-	-
Impairment on investment in associate	2,800	-	-	-
Share of loss of associate	947	984	-	-
Interest expense	639	8,530	-	-
Interest income	(4,288)	(2,233)	(73)	(469)
Operating profit/(loss) before working capital changes	387,096	309,095	(512)	(1,039)
(Increase)/decrease in inventories	(48,458)	38,713	-	-
(Increase)/decrease in receivables	(71,409)	22,411	-	-
(Decrease)/increase in payables	20,702	9,000	(342)	(612)
Cash generated from/(used in) operations	287,931	379,219	(854)	(1,651)
Interest paid	(639)	(8,530)	-	-
Tax paid	(73,797)	(38,851)	(30)	(40)
Net cash generated from/(used in) operating activities	213,495	331,838	(884)	(1,691)

Top Glove Corporation Bhd.
(Incorporated in Malaysia)
Cash flow statements

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows from investing activities				
Purchase of property, plant and equipment	(88,840)	(67,229)	-	-
Prepayment of land lease	(8,140)	(2,773)	-	-
Purchase of other investments	(27,849)	(12,708)	-	-
Interest received	4,288	2,233	73	469
Dividends received	-	-	53,622	412
Proceeds from disposal of property, plant and equipment	2,812	2,895	-	-
Issuance of share capital to minority shareholders of a subsidiary	-	823	-	-
Net cash (used in)/generated from investing activities	(117,729)	(76,759)	53,695	881
Cash flows from financing activities				
(Advances to)/repayment from subsidiaries	-	-	(52,016)	64,846
Proceeds from issuance of shares	31,346	11,365	31,346	11,365
Share issue expenses	(71)	-	(71)	-
Proceeds from sale of treasury shares	81,575	-	81,575	-
Payment of dividends	(109,098)	(32,389)	(109,098)	(32,389)
Repayment of hire purchase payables	(53)	(1,181)	-	-
Repayment of term loans	(3,204)	(48,809)	-	-
Repayment of medium term notes	(11,500)	(58,500)	(11,500)	(58,500)
Decrease in short term borrowings	(2,210)	(56,889)	-	-
Net cash used in financing activities	(13,215)	(186,403)	(59,764)	(14,678)
Net increase/(decrease) in cash and cash equivalents	82,551	68,676	(6,953)	(15,488)
Effects of foreign exchange rate changes	(5,469)	(3,298)	-	-
Cash and cash equivalents at beginning of year	185,848	120,470	9,968	25,456
Cash and cash equivalents at end of year (Note 20)	262,930	185,848	3,015	9,968

The accompanying notes form an integral part of the financial statements.

Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Notes to the financial statements - 31 August 2010

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The principal place of business of the Company is located at Lot 4969, Jalan Teratai, Batu 6, off Jalan Meru, 41050 Klang, Selangor.

The principal activities of the Company are investment holding and the provision of management services. The principal activities of the subsidiaries are described in Note 12. There were no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 3 November 2010.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRSs") in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 September 2009 as described fully in Note 2.3.

The financial statements of the Group and of the Company have also been prepared on a historical basis.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(a) Subsidiaries and basis of consolidation (continued)

(i) Subsidiaries (continued)

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

All the subsidiaries are consolidated using the merger method of accounting except for the subsidiaries of Top Glove Sdn. Bhd., which are accounted for under the acquisition method.

Acquisition of subsidiaries that meets the conditions of a merger are accounted for using the merger method. Under the merger method of accounting, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous years. In the consolidated financial statements, the cost of the merger is cancelled with the nominal values of the shares received. Any resulting debit difference is adjusted against the consolidated capital and revenue reserves.

Subsidiaries accounted for using the purchase method are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries that do not meet the conditions of a merger are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(a) Subsidiaries and basis of consolidation (continued)

(ii) Basis of consolidation (continued)

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(b) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(b) Associates (continued)

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(c) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(d) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(d) Property, plant and equipment and depreciation (continued)

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimate useful life at the following annual rates:

Buildings	2% to 5%
Plant and equipment	10%
Other assets	10% to 20%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

(e) Impairment of non-financial assets

The carrying amounts of assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill that have an indefinite useful life, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(e) Impairment of non-financial assets (continued)

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

(f) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the first-in, first-out method. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

(g) Financial instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(g) Financial instruments (continued)

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Other non-current investments

Non-current investments other than investments in subsidiaries and associates are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the profit or loss.

(iii) Marketable securities

Marketable securities are carried at the lower of cost and market value, determined on aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in profit or loss. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

(iv) Trade receivables

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(v) Trade payables

Trade payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(g) Financial instruments (continued)

(vi) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(vii) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(viii) Derivative financial instruments

Derivative financial statements are not recognised in the financial statements.

(h) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Company all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(h) Leases (continued)

(i) Classification (continued)

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and

- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Finance leases - the Group as lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2 (d).

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(h) Leases (continued)

(iii) Operating leases - the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(i) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying ecomonic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

(j) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(j) Income tax (continued)

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(k) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(k) Employee benefits (continued)

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into seperate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes.

(iii) Equity compensation benefits

The Company's ESOS allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest.The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amounts is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(l) Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised :

(i) Sale of goods

Revenue is recognised net of sales taxes, discounts and returns upon the transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs and the possible return of goods.

(ii) Management fees

Management fees are recognised when services are rendered.

(iii) Interest income

Interest is recognised on an accrual basis using the effective interest method.

(iv) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(m) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(m) Foreign currencies (continued)

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(m) Foreign currencies (continued)

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;

- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

(n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. Significant accounting policies (continued)

2.3 Changes in accounting policies and effects arising from adoption of new FRS

On 1 September 2009, the Group and the Company adopted FRS 8: Operating Segments which does not has any significant impact to the financial statements of the Group and the Company upon their initial application.

2.4 Standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new FRSs and Interpretations, and amendments to certain Standards and Interpretations were issued but not yet effective and have not been applied by the Group and the Company, which are:

Effective for financial periods beginning on or after 1 January 2010:

FRS 4: Insurance Contracts
FRS 7: Financial Instruments: Disclosures
FRS 101: Presentation of Financial Statements (revised)
FRS 123: Borrowing Costs
FRS 139: Financial Instruments: Recognition and Measurement
Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2: Share-based Payments- Vesting Conditions and Cancellations
Amendment to FRS 5: Non-current Assets Held For Sale and Discontinued Operations
Amendment FRS 8: Operating Segments
Amendment to FRS 108: Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS 117: Leases
Amendment to FRS 119: Employee Benefits
Amendment to FRS 120: Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 123: Borrowing Costs
Amendment to FRS 127: Consolidated and Separate Financial Statements
Amendment to FRS 128: Investment in Associates
Amendment to FRS 129: Financial Reporting in Hyperinflationary Economies
Amendment to FRS 131: Interests in Joint Ventures
Amendments to FRS 132: Financial Instruments: Presentation
Amendment to FRS 134: Interim Financial Reporting
Amendment to FRS 138: Intangible Assets
Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Intrepretation 9: Reassessment of Embedded Derivatives
Amendment to FRS 140: Investment Property

2. Significant accounting policies (continued)

2.4 Standards and interpretations issued but not yet effective (continued)

IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 10: Interim Financial Reporting and Impairment
IC Interpretation 11: FRS 2: Group and Treasury Share Transactions
IC Interpretation 13: Customer Loyalty Programmes
IC Interpretation 14: FRS 119 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TR i-3: Presentation of Financial Statements of Islamic Financial Institutions

Effective for financial periods beginning on or after 1 March 2010

Amendments to FRS 132 Financial Instruments: Presentation - Classification of Rights Issues

Effective for financial periods beginning on or after 1 July 2010:

FRS 1: First-time Adoption of Financial Reporting Standards
FRS 3: Business Combinations (revised)
FRS 127: Consolidated and Separate Financial Statements (amended)
Amendments to FRS 2: Share-based Payments
Amendments to FRS 5: Non-current Assets Held For Sale and Discontinued Operations
Amendments to FRS 138: Intangible Assets
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 12: Service Concession Arrangements
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17: Distributions of Non-cash Assets to Owners

Effective for financial periods beginning on or after 1 January 2011:

Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7: Improving Disclosures about Financial Instruments
IC Interpretation 4: Determining whether an Arrangement contains a Lease
IC Interpretation 18: Transfers of Assets from Customers
TR i - 3: Guidance on Disclosures of Transition to IFRSs
TR i - 4: Shariah Compliant Sale Contracts

Effective for financial periods beginning on or after 1 January 2012:

IC Interpretation 15: Agreements for the Construction of Real Estate

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the Group and the Company upon their initial implication.

2. Significant accounting policies (continued)

2.4 Standards and interpretations issued but not yet effective (continued)

FRS 101: *Presentation of Financial Statements (revised)*

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

FRS 139: *Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures*

The new Standard on FRS 139: Financial Instruments: Recognition and Measurement establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: Financial Instruments: Presentation and the requirements for disclosing information about financial instruments are in FRS 7: Financial Instruments: Disclosures.

FRS 7: Financial Instruments: Disclosures is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group and the Company's exposure to risks, enhanced disclosure regarding components of the Group and the Company's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, the Group and the Company is exempted from disclosing the possible impact to the financial statements upon the initial application.

2. Significant accounting policies (continued)

2.4 Standards and interpretations issued but not yet effective (continued)

Amendment to FRS 117: *Leases*

FRS 117 Leases: Clarifies on the classification of leases of land and buildings. The Group and the Company is still assessing the potential implication as a result of the reclassification of its unexpired land leases as operating or finance leases. For those land element held under operating leases that are required to be reclassified as finance leases, the Group and the Company shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provision, the Group and the Company is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained earnings. The Group and the Company is currently in the process of assessing the impact of this amendment.

2.5 Significant accounting estimates and judgements

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Depreciation of plant and machinery

The cost of plant and machinery for the manufacture of gloves is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be 10 years. These are common life expectancies applied in the gloves industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

2. Significant accounting policies (continued)

2.5 Significant accounting estimates and judgements (continued)

Key sources of estimation uncertainty (continued)

(ii) Impairment of goodwill

The Group determines whether goodwill are impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill are allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 August 2010 is RM 20,113,000 (2009: RM20,113,000) . Further details are disclosed in Note 16.

(iii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and unused reinvestment allowances to the extent that it is probable that taxable profit will be available against which the losses, capital allowances and reinvestment allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised capital allowances of the Group was RM28,060,000 (2009: RM28,060,000) and the unrecognised tax losses, capital allowances and reinvestment allowances of the Group was RM25,389,000 (2009: RM63,084,000).

3. Revenue

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Sales of goods	2,079,432	1,529,077	-	-
Management fees from subsidiaries	-	-	1,438	1,506
Dividend income from subsidiaries	-	-	53,767	66,138
	2,079,432	1,529,077	55,205	67,644

4. Profit before tax

The following amounts have been included in arriving at profit before tax:

	Group		Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Auditors' remuneration:				
- Statutory audit				
Company's auditors	210	200	48	43
Other auditors	134	128	-	-
Overprovision in prior year	(3)	(3)	-	-
Reversal of provision for doubtful debts	-	(17)	-	-
Provision for doubtful debts	14	-	-	-
Depreciation and amortisation:				
- Property, plant and equipment	58,834	56,744	-	-
- Prepaid land lease payments	227	218	-	-
Impairment on investment in associate	2,800	-	-	-
Non-executive directors' remuneration (Note 6)	326	311	143	127
Net foreign exchange losses	19,500	20,967	-	-
Employee benefits expense (Note 5)	176,878	141,608	1,147	3,908
Operating lease - Minimum lease payment for building and machinery	690	1,108	-	-
Property, plant and equipment written off	118	10,198	-	-
Gain on disposal of property, plant and equipment	(849)	(366)	-	-
Interest income	(4,288)	(2,233)	(73)	(469)
Rental income	(33)	(301)	-	-

5. Employee benefits expense

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Wages and salaries	154,035	118,226	1,106	1,754
Social security costs	2,042	2,512	4	7
Pension costs - defined contribution plan	4,098	3,144	148	177
Share options granted under ESOS	9,931	13,461	(328)	1,760
Other staff related expenses	6,555	4,059	-	4
Directors' fees	217	206	217	206
	176,878	141,608	1,147	3,908

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM6,665,000 (2009: RM7,433,000) and RM653,000 (2009: RM2,170,000) respectively as further disclosed in Note 6.

6. Directors' remuneration

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	2,684	2,529	676	608
Pension costs - defined contribution plan	263	244	82	74
Social security contributions	1	1	1	1
Share options granted under ESOS	1,514	2,444	(323)	1,281
Fees	217	206	217	206
Benefits-in-kind	63	68	41	41
	4,742	5,492	694	2,211
Non-executive :				
Fees	143	127	143	127
Other directors				
Executive:				
Salaries and other emoluments	1,482	1,296	-	-
Pension costs - defined contribution plan	108	89	-	-
Social security contributions	5	2	-	-
Share options granted under ESOS	391	622	-	-
Benefits-in-kind	17	17	-	-
	2,003	2,026	-	-

6. Directors' remuneration (continued)

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-executive :				
Fees	183	184	-	-
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration (Note 5)	6,665	7,433	653	2,170
Total non-executive directors' remuneration (Note 4)	326	311	143	127
Total directors' remuneration	6,991	7,744	796	2,297

7. Income tax expense

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Tax expense for the year:				
Malaysian income tax	51,921	45,006	145	138
Foreign tax	1,010	310	-	-
Underprovided in prior years	672	5,240	-	-
	53,603	50,556	145	138
Deferred tax (Note 29):				
Relating to origination and reversal of temporary differences	(38)	1,871	-	-
Relating to changes in tax rate	-	98	-	-
Underprovided in prior years	985	1,397	-	-
	947	3,366	-	-
	54,550	53,922	145	138

Domestic current income tax is calculated at the Malaysian statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

7. Income tax expense (continued)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit before tax	304,961	221,992	53,656	63,808
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	76,240	55,498	13,414	15,952
Different tax rates in other countries	946	219	-	-
Effect of changes in tax rates on opening balance of deferred tax	-	98	-	-
Effects of tax incentives claimed by foreign subsidiaries	(7,529)	(9,683)	-	-
Effect of income not subject to tax	(1,698)	(36)	(13,297)	(16,431)
Expenses not deductible for tax purposes	2,133	4,905	28	617
Expenses entitled for double deduction for tax purposes	(12)	(45)	-	-
Utilisation of current year's reinvestment allowances	-	(4,748)	-	-
Utilisation of current year's increase export allowances	(15,103)	-	-	-
Utilisation of previously unrecognised tax losses	(2,105)	(59)	-	-
Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed reinvestment allowances and unabsorbed capital allowances	21	1,136	-	-
Underprovision of deferred tax in prior years	985	1,397	-	-
Underprovision of income tax expense in prior years	672	5,240	-	-
Income tax expense for the year	54,550	53,922	145	138

8. Earnings per share

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	Group	
	2010	**2009**
Profit attributable to ordinary equity holders of the Company (RM'000)	245,231	169,133
Weighted average number of ordinary shares in issue ('000)	615,626	603,739
Basic earnings per share (sen)	39.83	28.01

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of share options granted to employees.

	Group	
	2010	**2009**
Profit attributable to ordinary equity holders of the Company (RM'000)	245,231	169,133
Weighted average number of ordinary shares in issue ('000)	615,626	603,739
Effect of dilution: share options ('000)	2,289	838
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	617,915	604,577
Diluted earnings per share (sen)	39.69	27.98

The comparative basic and diluted earnings per share have been restated to take into account the effect of bonus issue as disclosed in Note 24.

9. Dividends

	Dividends in respect of Year			Dividends Recognised in Year	
	2010 RM'000	**2009 RM'000**	**2008 RM'000**	**2010 RM'000**	**2009 RM'000**
Group and Company					
Recognised during the year:					
Final single tier dividend of 12%, paid on 16 March 2009	-	-	17,667	-	17,667
Interim single tier dividend of 14%, paid on 16 September 2009	-	20,781	-	-	20,781
Final single tier dividend of 18%, paid on 12 March 2010	-	27,055	-	27,055	-
Special single tier dividend of 12%, paid on 12 March 2010	-	18,037	-	18,037	-
First interim single tier dividend of 28%, paid on 23 July 2010	43,225	-	-	43,225	-
Proposed for approval: at AGM (not recognised as at 31 August):					
Final single tier dividend of 18%	55,643	-	-	-	-
	98,868	65,873	17,667	88,317	38,448

At the forthcoming Annual General Meeting, a single tier final dividend of 18% on 618,256,062 ordinary shares amounting to RM55,643,046 (9 sen per share) in respect of the financial year ended 31 August 2010 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 August 2011.

10. Property, plant and equipment

Group	* Land and buildings RM'000	Plant and equipment RM'000	** Other assets RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 August 2010					
Cost					
At 1 September 2009	233,195	535,883	34,944	5,768	809,790
Additions	24,098	34,883	6,780	23,079	88,840
Disposals	(1,149)	(960)	(647)	-	(2,756)
Written off	-	(141)	(14)	-	(155)
Reclassification	5,398	3,876	449	(9,723)	-
Exchange differences	(5,521)	(9,191)	(529)	(39)	(15,280)
At 31 August 2010	256,021	564,350	40,983	19,085	880,439
Accumulated depreciation					
At 1 September 2009	18,102	210,554	16,754	-	245,410
Depreciation charge for the year	3,595	51,303	3,936	-	58,834
Disposals	(6)	(200)	(587)	-	(793)
Written off	-	(33)	(4)	-	(37)
Exchange differences	(431)	(3,140)	(271)	-	(3,842)
At 31 August 2010	21,260	258,484	19,828	-	299,572
Net carrying amount					
At 31 August 2010	234,761	305,866	21,155	19,085	580,867

10. Property, plant and equipment (continued)

Group	* Land and buildings RM'000	Plant and equipment RM'000	** Other assets RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 August 2009					
Cost					
At 1 September 2008	203,105	499,125	31,336	32,604	766,170
Additions	21,606	32,611	3,774	9,238	67,229
Disposals	(1,131)	(5,915)	(526)	-	(7,572)
Written off	(308)	(24,478)	(699)	-	(25,485)
Reclassification	7,254	29,012	712	(36,542)	436
Exchange differences	2,669	5,528	347	468	9,012
At 31 August 2009	233,195	535,883	34,944	5,768	809,790
Accumulated depreciation					
At 1 September 2008	14,760	177,958	14,015	-	206,733
Depreciation charge for the year	3,374	49,765	3,605	-	56,744
Disposals	(215)	(4,414)	(414)	-	(5,043)
Written off	(101)	(14,596)	(590)	-	(15,287)
Exchange differences	284	1,841	138	-	2,263
At 31 August 2009	18,102	210,554	16,754	-	245,410
Net carrying amount					
At 31 August 2009	215,093	325,329	18,190	5,768	564,380

10. Property, plant and equipment (continued)

* Land and buildings

	Freehold land RM'000	Buildings RM'000	Total RM'000
At 31 August 2010			
Cost			
At 1 September 2009	66,044	167,151	233,195
Additions	11,289	12,809	24,098
Disposals	(1,090)	(59)	(1,149)
Reclassification	-	5,398	5,398
Exchange differences	(619)	(4,902)	(5,521)
At 31 August 2010	75,624	180,397	256,021
Accumulated depreciation			
At 1 September 2009	-	18,102	18,102
Depreciation charge for the year	-	3,595	3,595
Disposals	-	(6)	(6)
Exchange differences	-	(431)	(431)
At 31 August 2010	-	21,260	21,260
Net carrying amount			
At 31 August 2010	75,624	159,137	234,761

10. Property, plant and equipment (continued)

	Freehold land RM'000	Buildings RM'000	Total RM'000
At 31 August 2009			
Cost			
At 1 September 2008	51,592	151,513	203,105
Additions	11,358	10,248	21,606
Disposals	(635)	(496)	(1,131)
Written off	-	(308)	(308)
Reclassification	3,349	3,905	7,254
Exchange differences	380	2,289	2,669
At 31 August 2009	66,044	167,151	233,195
Accumulated depreciation			
At 1 September 2008	-	14,760	14,760
Depreciation charge for the year	-	3,374	3,374
Disposals	-	(215)	(215)
Written off	-	(101)	(101)
Exchange differences	-	284	284
At 31 August 2009	-	18,102	18,102
Net carrying amount			
At 31 August 2009	66,044	149,049	215,093

** Other assets comprise motor vehicles, renovation, office furniture and equipment.

10. Property, plant and equipment (continued)

(a) Property, plant and equipment of the Group with the following net carrying amounts are pledged to banks for banking facilities granted to the Group as referred to in Note 21.

	2010 RM'000	2009 RM'000
Land and buildings	7,532	8,614

(b) The net carrying amounts of motor vehicles held under hire purchase arrangements amounted to RM53,000 (2009: RM141,000).

11. Prepaid land lease payments

	Group	
	2010 RM'000	2009 RM'000
At 1 September	14,200	11,928
Additions	8,140	2,773
Reclassification	-	(436)
Amortisation for the year	(227)	(218)
Exchange differences	(372)	153
At 31 August	21,741	14,200
Analysed as:		
Long term leasehold land	18,716	10,731
Short term leasehold land	3,025	3,469
	21,741	14,200

12. Investments in subsidiaries

	Company	
	2010 RM'000	2009 RM'000
Unquoted shares, at cost :		
- in Malaysia	25,620	25,620
Less: Accumulated impairment losses	(845)	(845)
	24,775	24,775
- outside Malaysia	3,728	3,728
	28,503	28,503

12. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows :

Name of companies	Country of incorporation	Proportion of Ownership interest (%) 2010	2009	Principal activities
Top Glove Sdn. Bhd. ("TGSB")*	Malaysia	100	100	Manufacturing and trading of gloves
TG Medical Sdn. Bhd. #	Malaysia	100	100	Manufacturing and trading of gloves
Great Glove Sdn. Bhd. #	Malaysia	100	100	Provision of management services
Top Glove Engineering Sdn. Bhd. #	Malaysia	100	100	Property investment and trading of machinery
TG Medical (U.S.A.) Inc #	United States of America	100	100	Trading of gloves
Top Quality Glove Sdn. Bhd. (formerly known as Ultra Combo Sdn. Bhd.) #	Malaysia	100	-	Dormant
Top Care Sdn. Bhd.*	Malaysia	100	-	Dormant
Subsidiaries of TGSB :				
Great Glove (Thailand) Co. Ltd.#	Thailand	74	74	Manufacturing of gloves
Top Glove Medical (Thailand) Co. Ltd.#	Thailand	100	100	Manufacturing of gloves
Top Glove Technology (Thailand) Co. Ltd.#	Thailand	100	100	Producing and selling concentrate latex
B Tech Industry Co. Ltd.#	Thailand	100	100	Producing and selling concentrate latex

12. Investments in subsidiaries (continued)

Name of companies	Country of incorporation	Proportion of Ownership interest (%) 2010	2009	Principal activities
Top Glove (Zhangjiagang) Co. Ltd.#	The People's Republic of China	100	100	Manufacturing of gloves
Great Glove (Xinghua) Co. Ltd.#	The People's Republic of China	100	100	Manufacturing of gloves
TG Medical (Zhangjiagang) Incorporated #	The People's Republic of China	100	100	Trading of gloves
Top Glove International Sdn. Bhd.#	Malaysia	100	100	Dormant
Top Glove Academy Sdn. Bhd. #	Malaysia	100	100	Dormant
Top Quality Glove (Thailand) Co Ltd. #	Thailand	100	-	Dormant
Medi-Flex Limited ("Medi-Flex")**	Singapore	80	78	Investment holding
Subsidiaries of Medi-Flex :				
Flexitech Sdn. Bhd. ("Flexitech") *	Malaysia	80	78	Manufacturing of gloves
Hiclean International Pte. Ltd. @	Singapore	-	78	Trading of gloves
Subsidiary of Flexitech :				
Techniglove Asia Sdn. Bhd. *	Malaysia	80	78	Temporarily ceased operations

* Audited by Ernst & Young, Malaysia
** Audited by member firms of Ernst & Young Global in the respective countries
# Audited by firms other than Ernst & Young
@ On 11 August 2010, Hiclean International Pte. Ltd. was struck off the Register of Companies pursuant to Section 344 of Companies Act (Cap.50) of Singapore

12. Investments in subsidiaries (continued)

Additional investment in subsidiary

During the financial year, the Company through its wholly owned subsidiary, TGSB completed the acquisition of 20,408,163 ordinary shares in Medi-Flex for a cash consideration of SGD0.08 for each ordinary share or total consideration of RM4,000,000, resulting in an increase in the Company's interest in Medi-Flex from 77.57% to 79.77%.

13. Investments in associate

	Group	
	2010	**2009**
	RM'000	**RM'000**
Unquoted shares at cost	8,677	8,677
Share of post-acquisition reserves	(962)	(15)
Foreign currency translation	141	704
	7,856	9,366
Less: Accumulated impairment losses	(2,800)	-
	5,056	9,366

Details of the associate are as follows :

Name of company	Country of incorporation	Proportion of Ownership interest (%) 2010	2009	Principal activities
Held through subsidiary:				
Sonic Clean Pte. Ltd.	Singapore	28	27	Provide all kinds of aqueous

13. Investments in associate (continued)

The summarised financial information of the associate are as follows:

	Group 2010 RM'000	Group 2009 RM'000
Assets and liabilities		
Current assets	5,740	10,360
Non-current assets	11,539	12,642
Total assets	17,279	23,002
Current liabilities	(2,769)	(4,176)
Non-current liabilities	(63)	(65)
Total liabilities	(2,832)	(4,241)
Results		
Revenue	15,840	15,255
Loss for the year	(2,705)	(2,810)

14. Other investments

	Group 2010 RM'000	Group 2009 RM'000
Current		
Quoted investments in Malaysia, at cost		
- bonds	5,052	-
Quoted investments outside Malaysia, at cost		
- bonds	33,811	-
- debt securities	1,694	-
	40,557	-
Non-current		
Quoted investments in Malaysia, at cost		
- bonds	-	5,318
Quoted investments outside Malaysia, at cost		
- bonds	-	7,390
Unquoted investments		
- golf club membership	145	145
	145	12,853
	40,702	12,853
Market value of quoted investments in Malaysia		
- bonds	5,257	5,318
Market value of quoted investments outside Malaysia		
- bonds	33,785	7,418
- debt securities	1,662	-

15. Due from a subsidiary

	Company 2010 RM'000	Company 2009 RM'000
Interest bearing at 5.50% (2009: 5.50%) per annum	-	5,000
Non interest bearing	363,856	284,579
	363,856	289,579

The amount due from a subsidiary is unsecured and is not receivable within the next twelve months.

16. Goodwill

Goodwill has been allocated to the Group's CGUs identified according to the subsidiaries, as follows:

	Group 2010 RM'000	Group 2009 RM'000
Top Glove (Zhangjiagang) Co. Ltd.	2,378	2,378
Top Glove Medical (Thailand) Co. Ltd.	2,946	2,946
B Tech Industry Co. Ltd.	14,789	14,789
	20,113	20,113

Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five to ten years period. The key assumptions used for value-in-use calculations are:

	Gross Margin		Discount Rate	
	2010	2009	2010	2009
Top Glove (Zhangjiagang) Co. Ltd.	7%	9%	10%	7%
Top Glove Medical (Thailand) Co. Ltd.	10%	10%	10%	7%
B Tech Industry Co. Ltd.	7%	11%	10%	7%

The following describes each key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill:

16. Goodwill (continued)

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements.

(ii) Discount rate

The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

The Group believes that any reasonably possible change in the above key assumptions applied are not likely to materially cause recoverable amount to be lower than its carrying amount.

17. Inventories

	Group	
	2010	**2009**
	RM'000	**RM'000**
At cost:		
Raw materials	44,916	31,476
Consumables and hardware	12,488	8,309
Work-in-progress	12,094	11,369
Finished goods	90,273	67,651
	159,771	118,805
At net realisable value:		
Finished goods	7,740	248
	167,511	119,053

18. Trade receivables

	Group	
	2010	**2009**
	RM'000	**RM'000**
Trade receivables	247,678	198,659
Less: Provision for doubtful debts	(410)	(396)
	247,268	198,263

The Group's normal trade credit term ranges from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

19. Other receivables

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Due from subsidiaries:				
- interest bearing at 1.00%-5.30% per annum	-	-	-	7,656
- non interest bearing	-	-	107,722	112,069
Other receivables, deposits and prepayments	20,349	8,333	2	2
	20,349	8,333	107,724	119,727

The amounts due from subsidiaries are unsecured and are repayable on demand.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

20. Cash and cash equivalents

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at banks	103,866	68,881	3,015	1,348
Deposits with licensed banks and other financial institutions	82,203	55,361	-	8,620
Money market funds	76,861	61,606	-	-
Cash and cash equivalents	262,930	185,848	3,015	9,968

Deposits with a licensed bank of the Group and of the Company amounting to RM Nil (2009: RM8,620,000) were pledged to bank for Murabahah/Ijarah medium term notes facilities granted to the Company as referred to in Note 21 and Note 31.

Cash at bank of the Company amounting to RM Nil (2009: RM3,000) are pledged to bank for Murabahah/Ijarah medium term notes facilities granted to the Company as referred to in Note and 21 and Note 31.

The weighted average effective interest rates of deposits at the balance sheet date were as follows:

	Group		Company	
	2010	2009	2010	2009
	%	%	%	%
Deposits with licensed banks and other financial institutions	1.81	1.81	-	1.82
Money market funds	2.29	1.73	-	-

20. Cash and cash equivalents (continued)

The average maturities of deposits as at the end of the financial year were as follows:

	Group		Company	
	2010 Days	**2009 Days**	**2010 Days**	**2009 Days**
Deposits with licensed banks	219	157	-	106

There is no maturity period for money market funds as these money are callable on demand.

21. Borrowings

	Group		Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Short term borrowings				
Secured:				
Medium term notes	-	6,500	-	6,500
Revolving credits	-	2,210	-	-
Term loans	521	2,813	-	-
Hire purchase payables (Note 22)	20	50	-	-
	541	11,573	-	6,500
Long term borrowings				
Secured:				
Medium term notes	-	5,000	-	5,000
Term loans	3,025	3,937	-	-
Hire purchase payables (Note 22)	-	23	-	-
	3,025	8,960	-	5,000
Total borrowings				
Medium term notes	-	11,500	-	11,500
Revolving credits	-	2,210	-	-
Term loans	3,546	6,750	-	-
Hire purchase payables	20	73	-	-
	3,566	20,533	-	11,500

21. Borrowings (continued)

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Maturity of borrowings (excluding hire purchase)				
Within one year	521	11,523	-	6,500
More than 1 year and less than 2 years	115	5,530	-	5,000
More than 2 years and less than 5 years	347	377	-	-
5 years or more	2,563	3,030	-	-
	3,546	20,460	-	11,500

The weighted average effective interest rates at the balance sheet date for borrowings, excluding hire purchase payables were as follows:

	Group 2010 %	Group 2009 %	Company 2010 %	Company 2009 %
Medium term notes	-	5.4	-	5.4
Revolving credits	-	3.1	-	-
Term loans	3.5	4.4	-	-

The above bank borrowings are secured by way of fixed and floating charges over certain property, plant and equipment and deposits with a licensed bank as disclosed in Note 10 and Note 20 respectively.

22. Hire purchase payables

	Group 2010 RM'000	Group 2009 RM'000
Minimum hire purchase payments:		
Not later than 1 year	21	53
Later than 1 year and not later than 2 years	-	24
	21	77
Less :Future finance charges	(1)	(4)
Present value of hire purchase payables	20	73

22. Hire purchase payables (continued)

	Group 2010 RM'000	Group 2009 RM'000
Present value of hire purchase payables:		
Not later than 1 year	20	50
Later than 1 year and not later than 2 years	-	23
	20	73
Analysed as:		
Due within 12 months (Note 21)	20	50
Due after 12 months (Note 21)	-	23
	20	73

The hire purchase bore interest at the balance sheet date of 3.15% (2009: 3.15% to 3.75%) per annum.

23. Trade payables

The normal trade credit term granted to the Group ranges from 30 to 90 days.

24. Share capital

	Group and Company: Number of ordinary shares of RM0.50 each		Amount	
	2010 '000	2009 '000	2010 RM'000	2009 RM'000
Authorised				
At 1 September	400,000	400,000	200,000	200,000
Created during the year	400,000	-	200,000	-
At 31 August	800,000	400,000	400,000	200,000
Issued and fully paid				
At 1 September	303,759	301,065	151,879	150,532
Exercise of ESOS	5,651	2,694	2,826	1,347
Bonus issue	308,753	-	154,376	-
At 31 August	618,163	303,759	309,081	151,879

The new ordinary shares ranked pari passu in all respects with the existing ordinary shares of the Company.

25. Share premium

This is a non-distributable reserve which arose from the issue of the Company's shares at a premium :

	Group and Company	
	2010	**2009**
	RM'000	**RM'000**
At 1 September	243,677	230,193
Issuance of ordinary shares pursuant to ESOS	28,520	10,018
Transfer from share option reserve	9,665	3,466
Share issue expenses	(71)	-
Bonus Issue	(154,376)	-
Sale of treasury shares	43,148	-
At 31 August	170,563	243,677

26. Treasury shares

This amount relates to the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

The shareholders of the Company, by an ordinary resolution passed in an annual general meeting held on 12 January 2010, renewed their approval for the Company's plan to repurchase its own shares. The Directors of the Company are committed in enhancing the value of the Company to its shareholders and believe that the Share Buy Back can be applied in the best interests of the Company and its shareholders. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

During the financial year, the Company re-issued all 6,617,000 treasury shares of RM0.50 each by sale in the open market for a total consideration of RM81,575,000, after deducting transaction cost of RM250,000 at an average price of RM12.54 per share.

27. Other reserves

	Foreign exchange reserve RM'000	Legal reserve RM'000	Share option reserve RM'000	Total RM'000
Group				
At 1 September 2008	6,262	1,388	-	7,650
Foreign currency translation	4,319	-	-	4,319
Share options granted under ESOS	-	-	13,461	13,461
Transfer to share premium	-	-	(3,466)	(3,466)

27. Other reserves (continued)

	Foreign exchange reserve RM'000	Legal reserve RM'000	Share option reserve RM'000	Total RM'000
At 31 August 2009	10,581	1,388	9,995	21,964
Foreign currency translation	(9,790)	-	-	(9,790)
Share options granted under ESOS	-	-	9,930	9,930
Transfer to share premium	-	-	(9,665)	(9,665)
Transfer from retained earnings	-	1,012	-	1,012
At 31 August 2010	791	2,400	10,260	13,451

Company	Share option reserve RM'000
At 1 September 2008	-
Share options granted under ESOS	13,461
Transfer to share premium	(3,466)
At 31 August 2009	9,995
Share options granted under ESOS	9,930
Transfer to share premium	(9,665)
At 31 August 2010	10,260

(a) Foreign exchange reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(b) Legal reserve

This represents a general reserve provided for in respect of subsidiaries incorporated in the People's Republic of China and Thailand.

Under the Wholly Foreign Owned Enterprise ("WFOE") Law in the People's Republic of China, at least 10% of the net profit after taxation in each financial year must be credited to this reserve, until it reaches 50% of the registered paid up capital of the subsidiary.

Under the Civil and Commercial Code in Thailand, a company is required to set aside a statutory reserve equal to at least 5% of its net profit each time when the company pays out a dividend, until it reaches 10% of the registered share capital of the company.

27. Other reserves (continued)

(c) Share option reserve

The share option reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on grant of share options.

28. Employee Share Options Scheme (ESOS)

The Company ESOS is governed by the By-Laws which was approved by the shareholders at the Extraordinary General Meeting held on 9 January 2008 and became effective on 1 August 2008.

The main features of the ESOS are as follows:

(a) The ESOS shall be in force for a period of ten years from the date of the receipt of the last of the requisite approvals.

(b) Eligible persons are employees of the Group (including executive directors) who have been confirmed in the employment of the Group and have served for at least one year before the date of the offer. The eligibility for participation in the ESOS shall be at the discretion of the Options Committee appointed by the Board of Directors.

(c) The total number of shares to be issued under the ESOS shall not exceed in aggregate 15% of the issued and paid up share capital of the Company at any point of time during the tenure of the ESOS.

(d) The option price for each share shall be the 5-days weighted average market price of the underlying shares at the time the ESOS Options are granted, with either a premium or a discount of not more than ten percent (10%), or the par value of the ordinary shares of the Company of RM0.50, whichever is higher.

(e) No option shall be granted for less than 100 shares to any eligible employee.

(f) An option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company commencing from the date of the offer but before the expiry on 1 August 2018.

(g) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respect with the existing ordinary shares of the Company other than as may be specified in a resolution approving the distribution of dividends prior to their exercise dates.

(h) No eligible person shall participate at any time in more than one share option scheme implemented by any company within the Group unless otherwise approved by the Options Committee.

(i) The options shall not carry any right to vote at a general meeting of the Company.

28. Employee Share Options Scheme (ESOS) (continued)

The terms of share options outstanding as at end of the financial year are as follows:

2010

			Number of share options over the ordinary shares of RM0.50 each				
Grant Date	**Expiry Date**	**Exercise Price RM**	**At beginning of year '000**	**Granted '000**	**Exercised '000**	**Lapsed '000**	**Balance prior to adjustment for bonus issue* '000**
5.9.2008	1.8.2018	4.01	1,138.7	-	(1,015.8)	(2.9)	120.0
5.10.2008	1.8.2018	3.98	0.4	-	-	-	0.4
5.12.2008	1.8.2018	3.58	3.0	-	(3.0)	-	-
5.2.2009	1.8.2018	4.49	2.1	-	(2.1)	-	-
5.3.2009	1.8.2018	4.52	1,738.1	-	(1,585.8)	(0.6)	151.7
6.4.2009	1.8.2018	4.90	28.5	-	(28.1)	-	0.4
5.5.2009	1.8.2018	5.76	32.8	-	(32.8)	-	-
5.6.2009	1.8.2018	5.90	70.7	-	(68.1)	-	2.6
6.7.2009	1.8.2018	6.54	56.9	-	(56.9)	-	-
5.8.2009	1.8.2018	7.15	46.7	-	(45.5)	-	1.2
20.8.2009	1.8.2018	7.03	2,795.8	1.4	(1,815.1)	(20.7)	961.4
5.10.2009	1.8.2018	7.19	-	78.6	(67.8)	(2.4)	8.4
5.11.2009	1.8.2018	8.23	-	69.8	(49.1)	-	20.7
4.12.2009	1.8.2018	9.20	-	90.1	(51.8)	-	38.3
5.1.2010	1.8.2018	10.07	-	57.1	(21.0)	-	36.1
5.2.2010	1.8.2018	11.28	-	52.0	(3.6)	(4.0)	44.4
5.3.2010	1.8.2018	11.58	-	2,890.4	(147.7)	(31.9)	2,710.8
5.4.2010	1.8.2018	13.93	-	95.4	-	(14.0)	81.4
6.5.2010	1.8.2018	12.31	-	127.1	-	(0.4)	126.7
5.6.2010	1.8.2018	12.24	-	191.7	-	-	191.7
5.7.2010	1.8.2018	13.69	-	123.9	-	-	123.9
			5,913.7	3,777.5	(4,994.2)	(76.9)	4,620.1

28. Employee Share Options Scheme (ESOS) (continued)

Grant Date	Expiry Date	Exercise Price RM	Balance after adjustment for bonus issue* '000	Granted '000	Exercised '000	Lapsed '000	At end of year '000
			Number of share options over the ordinary shares of RM0.50 each				
5.9.2008	1.8.2018	2.01	240.0	-	(4.8)	-	235.2
5.10.2008	1.8.2018	1.99	0.8	-	-	-	0.8
5.3.2009	1.8.2018	2.26	303.4	-	(3.6)	-	299.8
6.4.2009	1.8.2018	2.45	0.8	-	-	-	0.8
5.6.2009	1.8.2018	2.95	5.2	-	-	-	5.2
5.8.2009	1.8.2018	3.58	2.4	-	-	-	2.4
20.8.2009	1.8.2018	3.52	1,922.8	-	(524.6)	-	1,398.2
5.10.2009	1.8.2018	3.60	16.8	-	-	-	16.8
5.11.2009	1.8.2018	4.12	41.4	-	-	-	41.4
4.12.2009	1.8.2018	4.60	76.6	-	(6.0)	-	70.6
5.1.2010	1.8.2018	5.04	72.2	-	(9.5)	-	62.7
5.2.2010	1.8.2018	5.64	88.8	-	-	-	88.8
5.3.2010	1.8.2018	5.79	5,421.6	-	(108.2)	(2.0)	5,311.4
5.4.2010	1.8.2018	6.97	162.8	-	-	-	162.8
6.5.2010	1.8.2018	6.16	253.4	-	-	-	253.4
5.6.2010	1.8.2018	6.12	383.4	-	-	(16.0)	367.4
5.7.2010	1.8.2018	6.85	247.8	-	-	-	247.8
6.8.2010	1.8.2018	6.51	-	93.1	-	-	93.1
			9,240.2	93.1	(656.7)	(18.0)	8,658.6

* Bonus issue on the basis of one new ordinary share for every existing ordinary share held.

28. Employee Share Options Scheme (ESOS) (continued)

2009

			Number of share options over the ordinary shares of RM0.50 each				
Grant Date	**Expiry Date**	**Exercise Price RM**	**At beginning of year '000**	**Granted '000**	**Exercised '000**	**Lapsed '000**	**At end of year '000**
5.9.2008	1.8.2018	4.01	-	2,792.1	(1,588.4)	(65.0)	1,138.7
5.10.2008	1.8.2018	3.98	-	24.8	(20.9)	(3.5)	0.4
5.11.2008	1.8.2018	3.78	-	15.5	(15.5)	-	-
5.12.2008	1.8.2018	3.58	-	25.4	(22.4)	-	3.0
5.1.2009	1.8.2018	3.62	-	4.5	(3.0)	(1.5)	-
5.2.2009	1.8.2018	4.49	-	17.2	(15.1)	-	2.1
5.3.2009	1.8.2018	4.52	-	2,718.1	(971.8)	(8.2)	1,738.1
6.4.2009	1.8.2018	4.90	-	63.1	(33.9)	(0.7)	28.5
5.5.2009	1.8.2018	5.76	-	36.5	(3.7)	-	32.8
5.6.2009	1.8.2018	5.90	-	89.7	(19.0)	-	70.7
6.7.2009	1.8.2018	6.54	-	56.9	-	-	56.9
5.8.2009	1.8.2018	7.15	-	46.7	-	-	46.7
20.8.2009	1.8.2018	7.03	-	2,795.8	-	-	2,795.8
			-	8,686.3	(2,693.7)	(78.9)	5,913.7

28. Employee Share Options Scheme (ESOS) (continued)

Details of share options exercised during the financial year and the fair value, at exercise date, of ordinary shares issued are as follows :

Exercise Date	Exercise price RM	Fair value of ordinary shares RM	Number of share options '000	Consider-ations received RM'000
2010				
Before bonus issue				
September 2009 - June 2010	4.01	6.90 - 13.92	1,015.8	4,073
September 2009 - June 2010	3.58	6.90 - 13.92	3.0	11
September 2009 - June 2010	4.49	6.90 - 13.92	2.1	9
September 2009 - June 2010	4.52	6.90 - 13.92	1,585.9	7,168
September 2009 - June 2010	4.90	6.90 - 13.92	28.1	138
September 2009 - June 2010	5.76	6.90 - 13.92	32.8	189
September 2009 - June 2010	5.90	6.90 - 13.92	68.1	402
September 2009 - June 2010	6.54	6.90 - 13.92	56.9	372
September 2009 - June 2010	7.15	6.90 - 13.92	45.5	325
September 2009 - June 2010	7.03	6.90 - 13.92	1,815.1	12,760
October 2009 - June 2010	7.19	7.19 - 13.92	67.8	487
November 2009 - June 2010	8.23	8.23 - 13.92	49.1	404
December 2009 - June 2010	9.20	9.20 - 13.92	51.8	477
January 2010 - June 2010	10.07	10.07 - 13.92	21.0	211
February 2010 - June 2010	11.28	11.28 - 13.92	3.6	41
March 2010 - June 2010	11.58	11.58 - 13.92	147.7	1,710
After bonus issue				
August 2010	2.01	6.06 - 7.22	4.8	10
August 2010	2.26	6.06 - 7.22	3.6	8
August 2010	3.52	6.06 - 7.22	524.6	1,847
August 2010	4.60	6.06 - 7.22	6.0	28
August 2010	5.04	6.06 - 7.22	9.5	48
August 2010	5.79	6.06 - 7.22	108.2	627
			5,651.0	31,345
Add: Administrative fee received				1
Less: Par value of ordinary shares				(2,826)
Share premium				28,520

28. Employee Share Options Scheme (ESOS) (continued)

Exercise Date	Exercise price RM	Fair value of ordinary shares RM	Number of share options '000	Consider-ations received RM'000
2009				
September 2008 - August 2009	4.01	4.01 - 7.15	1,588.4	6,369
October 2008 - August 2009	3.98	3.98 - 7.15	20.9	83
November 2008 - August 2009	3.78	3.78 - 7.15	15.5	59
December 2008 - August 2009	3.58	3.58 - 7.15	22.4	80
January 2009 - August 2009	3.62	3.62 - 7.15	3.0	11
February 2009 - August 2009	4.49	4.49 - 7.15	15.1	68
March 2009 - August 2009	4.52	4.52 - 7.15	971.8	4,393
April 2009 - August 2009	4.90	4.90 - 7.15	33.9	166
May 2009 - August 2009	5.76	5.76 - 7.15	3.7	21
June 2009 - August 2009	5.90	5.90 - 7.15	19.0	112
			2,693.7	11,362
Add : Administrative fee received				3
Less : Par value of ordinary shares				(1,347)
Share premium				10,018

Fair value of share options granted during the year

The fair value of share options granted during the year was estimated by using a binomial model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

	2010	2009
Fair value of share options at the following grant dates (RM)		
5 September 2008	-	1.14 & 1.29
5 October 2008	-	1.10 & 1.24
5 November 2008	-	1.04 & 1.17
5 December 2008	-	0.91 & 1.02
5 January 2009	-	0.99
5 February 2009	-	1.11 & 1.25
5 March 2009	-	1.31 & 1.46
6 April 2009	-	1.30 & 1.46
5 May 2009	-	1.50 & 1.69
5 June 2009	-	1.53 & 1.73
6 July 2009	-	1.69 & 1.91
5 August 2009	-	1.96 & 2.19
20 August 2009	-	1.79 & 2.02

28. Employee Share Options Scheme (ESOS) (continued)

Fair value of share options granted during the year (continued)

	2010	2009
Fair value of share options at the following grant dates (RM)		
5 October 2009	1.48 & 1.61	-
5 November 2009	1.59 & 1.77	-
4 December 2009	1.82 & 2.02	-
5 January 2010	1.93 & 2.15	-
5 February 2010	2.12 & 2.36	-
5 March 2010	2.51, 2.77 & 2.97	-
5 April 2010	2.49 & 2.76	-
6 May 2010	1.89 & 2.14	-
5 June 2010	2.21 & 2.45	-
5 July 2010	2.42 & 2.67	-
6 August 2010	1.06 & 1.19	-
Weighted average share price (RM)	9.89	5.05
Weighted average exercise price (RM)	5.55	4.22
Expected volatility (%)	27.30-29.42	28.89-29.29
Expected life (years)	7.99-8.82	9.00-9.92
Risk free rate (%)	3.79-4.23	3.12-4.99
Expected dividend yield (%)	4.39	2.75

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option were incorporated into the measurement of fair value.

29. Deferred tax liabilities

	Group	
	2010	2009
	RM'000	RM'000
At 1 September	33,413	30,047
Recognised in the income statement (Note 7)	947	3,366
At 31 August	34,360	33,413

29. Deferred tax liabilities (continued)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows :

Group	Deferred tax liabilities Property, plant and equipment RM	Deferred tax assets Provisions RM	Unabsorbed capital allowances and reinvestment allowances RM	Total RM
At 1 September 2008	37,737	-	(7,690)	30,047
Recognised in income statement	3,218	(527)	675	3,366
At 31 August 2009	40,955	(527)	(7,015)	33,413
Recognised in income statement	2,970	(2,023)	-	947
At 31 August 2010	43,925	(2,550)	(7,015)	34,360

Deferred tax assets have not been recognised in respect of the following items:

	Group 2010 RM'000	 2009 RM'000
Unused tax losses	3,808	15,321
Unabsorbed capital allowances	10,123	12,400
Unabsorbed reinvestment allowances	11,458	35,363
	25,389	63,084

30. Retained earnings

The Company has elected for the irrevocable option under the Finance Act 2007 to disregard the 108 balance as at 31 December 2007. Hence, the Company will be able to distribute dividends out of its entire retained earnings as at 31 August 2010 and 2009 under the single tier system.

31. Islamic medium term notes

The Company entered into RM100 million Murabahah/Ijarah medium term notes ("MTN") facilities. The MTN facility has an availability period of 15 years from the date of the first issue under the MTN programme. MTN are issued at par or at discount to face value and have a maturity period of more than 1 year to not more than 15 years. The profit rates are determined on the formula specified in FAST rules issued by BNM.

The MTN were secured by an assignment of the Finance Service Reserve Account as disclosed in Note 20.

During the financial year, the MTN has been fully settled.

32. Commitments

	Group	
	2010	**2009**
	RM'000	**RM'000**
Capital expenditure:		
Approved and contracted for	59,390	13,311

33. Operating lease arrangements

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as liabilities are as follows:

	Group	
	2010	**2009**
	RM'000	**RM'000**
Future minimum rentals payments:		
Not later than 1 year	691	688
Later than 1 year and not later than 2 years	231	660
Later than 2 years and not later than 5 years	291	235
	1,213	1,583

34. Significant related party transactions

(a) Transactions with related parties

The Company had the following transactions with related parties during the financial year:

	Company	
	2010 RM'000	2009 RM'000
Gross dividends from subsidiaries	53,767	66,138
Management fees from subsidiaries	1,438	1,506
Interest recouped from subsidiaries	308	3,792
Interest charged to a subsidiary	-	230
Share options granted under ESOS recouped from subsidiaries	10,259	11,701
Advances to subsidiaries	169,677	34,703
Repayment received from subsidiaries	73,984	93,137
Payments on behalf for a subsidiary	-	347
Payments on behalf by a subsidiary	95,815	12,873

The directors are of the opinion that the transactions above have been entered into in the normal course of business and have been established on negotiated and mutually agreed terms.

(b) Compensation of key management personnel

There are no other key management personnel other than the executive directors. The remuneration of executive directors during the year were as follows :

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Salaries and other emoluments	4,166	3,825	676	608
Pension costs - defined contribution plan	371	333	82	74
Social security contributions	6	3	1	1
Share options granted under ESOS	1,905	3,066	(323)	1,281
Fees	217	206	217	206
	6,665	7,433	653	2,170

35. Contingent liabilities - unsecured

	Company	
	2010 RM'000	2009 RM'000
Corporate guarantee issued to financial institutions for credit facilities granted to subsidiaries	24,192	24,640

36. Segmental information

(a) Primary reporting segment - Geographical segments

The Group operates in four 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 transactions have been entered into in the normal course of business and have been established on negotiated and mutually agreed terms.

31 August 2010

	Malaysia RM'000	Thailand RM'000	The People's Republic of China RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	1,679,555	206,669	87,209	105,999	-	2,079,432
Inter-segment sales	42,430	481,478	83,287	-	(607,195)	-
Total revenue	1,721,985	688,147	170,496	105,999	(607,195)	2,079,432
Results						
Operating profit/(loss)	281,003	37,468	(7,180)	(3,624)	(1,120)	306,547
Interest expense						(639)
Share of loss of associate						(947)
Profit before tax						304,961
Income tax expense						(54,550)
Profit for the year						250,411
Assets						
Segment assets	965,001	218,675	125,893	37,272	-	1,346,841
Investments in associate						5,056
Goodwill						20,113
Total assets						1,372,010
Liabilities						
Segment liabilities	159,887	26,688	30,418	9,764	-	226,757
Unallocated liabilities						28,887
Total liabilities						255,644
Other information						
Capital expenditure	77,580	11,835	7,263	302	-	96,980
Depreciation	41,546	11,479	5,580	229	-	58,834
Amortisation of prepaid land lease payments	156	-	71	-	-	227

36. Segmental information (continued)

	Malaysia RM'000	Thailand RM'000	The People's Republic of China RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
31 August 2009						
Revenue						
External sales	1,216,662	126,822	104,022	81,571	-	1,529,077
Inter-segment sales	46,790	248,020	68,701	-	(363,511)	-
Total revenue	1,263,452	374,842	172,723	81,571	(363,511)	1,529,077
Results						
Operating profit	189,305	33,364	9,003	916	(1,082)	231,506
Interest expense						(8,530)
Share of loss of associate						(984)
Profit before tax						221,992
Income tax expense						(53,922)
Profit for the year						168,070
Assets						
Segment assets	758,338	177,573	134,946	32,073	-	1,102,930
Investments in associate						9,366
Goodwill						20,113
Total assets						1,132,409
Liabilities						
Segment liabilities	183,370	20,344	27,061	7,523	-	238,298
Unallocated liabilities						48,134
Total liabilities						286,432
Other information						
Capital expenditure	53,322	5,832	10,809	39	-	70,002
Depreciation	40,560	10,925	5,050	209	-	56,744
Amortisation of prepaid land lease payments	144	-	74	-	-	218

(b) Secondary reporting segment - Business segments

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

37. Financial instruments

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risk, foreign exchange risk, credit risk and liquidity risk.

(b) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's primary interest rate risk relates to interest-bearing debt. The investments in financial assets are not held for speculative purposes but have been mostly placed in fixed deposits, money market funds and bonds.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

(c) Foreign exchange risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollars, Australian Dollars and Euro. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts.

37. Financial instruments (continued)

(c) Foreign exchange risk (continued)

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows :

Functional currency of Group Companies	United States Dollars RM'000	Australian Dollars RM'000	Euro RM'000	Total RM'000
	Net financial assets held in non-functional currency			
At 31 August 2010 :				
Ringgit Malaysia	49,501	41,075	-	90,576
Thailand Baht	33,063	-	-	33,063
Chinese Renminbi	11,828	-	-	11,828
	94,392	41,075	-	135,467
At 31 August 2009 :				
Ringgit Malaysia	30,204	-	520	30,724
Thailand Baht	23,264	-	-	23,264
Chinese Renminbi	6,442	-	-	6,442
	59,910	-	520	60,430

As at balance sheet date, the Group entered into forward foreign exchange contracts with the following notional amount and maturity :

		Notional Amount 2010 RM'000	Notional Amount 2009 RM'000
Forwards used to hedge trade receivables - United States Dollars	Maturity within 1 year	88,358	172,079

(d) Credit risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

37. Financial instruments (continued)

(d) Credit risk (continued)

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and non-current investments, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

(e) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(f) Fair values

The carrying amounts of financial assets and liabilities of the Group at the balance sheet date approximated their fair values except for the followings:

		Group	
	Note	Carrying amount RM'000	Fair value RM'000
At 31 August 2010			
Current quoted bonds and debt securities	14	40,557	40,704
Term loans	21	3,546	1,762
Hire purchase payables	22	20	21
Forward foreign exchange contracts	37 (c)	-	758
At 31 August 2009			
Non-current quoted bonds	14	12,708	12,736
Term loans	21	6,750	4,823
Hire purchase payables	22	73	74
Forward foreign exchange contracts	37 (c)	-	(3,829)