



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

A Public Company Listed on Main Market of Bursa Malaysia
 Manufacturer and Exporter of Latex Examination, Nitrile, Surgical, Household, Vinyl, Cleanroom, PE,
 Industrial Gloves & PE Apron

The World's Largest Rubber Glove Manufacturer

Top Glove, Top Quality, Top Efficiency, Good Health, Safety First & Be Honest

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**CONDENSED CONSOLIDATED INCOME STATEMENT
 FOR THE FOURTH QUARTER ENDED 31 AUGUST 2011**

	Current Quarter Ended	Corresponding Quarter Ended	Current Year To Date	Corresponding Year To Date
	31-Aug-2011	31-Aug-2010	31-Aug-2011	31-Aug-2010
	RM'000	RM'000	RM'000	RM'000
Revenue	541,836	541,386	2,053,916	2,079,432
Operating Expenses	(515,069)	(506,988)	(1,927,817)	(1,787,545)
Other Operating Income	8,048	6,754	18,616	14,660
Profit From Operations	34,815	41,152	144,715	306,547
Finance Costs	(77)	(64)	(242)	(639)
Share of gain/(loss) of associate	267	21	917	(947)
Profit Before Taxation	35,005	41,109	145,390	304,961
Taxation	(8,131)	5,116	(30,202)	(54,550)
Profit for the year	26,874	46,225	115,188	250,411
Profit Attributable to :				
Owners of the Company	26,086	45,013	113,143	245,231
Minority Interest	788	1,212	2,045	5,180
	26,874	46,225	115,188	250,411
Earnings Per Share (sen)				
Basic	4.22	7.30	18.30	39.83
Diluted	4.17	7.26	18.10	39.69

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

TOP GLOVE CORPORATION BHD.

(Company No. 474423-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2011**

	Current Quarter Ended	Corresponding Quarter Ended	Current Year To Date	Corresponding Year To Date
	31-Aug-2011	31-Aug-2010	31-Aug-2011	31-Aug-2010
	RM'000	RM'000	RM'000	RM'000
Profit for the year	26,874	46,225	115,188	250,411
Other comprehensive income:				
Net loss on fair value on short term investment	(7,539)	-	(1,056)	-
Foreign currency translation	2,410	3,728	920	(14,485)
Other comprehensive income for the year	(5,129)	3,728	(136)	(14,485)
Total comprehensive income for the year	21,745	49,953	115,052	235,926
Total comprehensive income attributable to:				
Owners of the Company	20,976	49,309	113,062	233,526
Minority Interest	769	644	1,990	2,400
	21,745	49,953	115,052	235,926
The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31 August 2010				

TOP GLOVE CORPORATION BHD.

(Company No. 474423-X)
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2011**

	Unaudited as at 31-Aug-2011 RM'000	Audited as at 31-Aug-2010 RM'000 (Restated)	Audited as at 1-Sep-2009 RM'000 (Restated)
ASSETS			
Non-current assets			
Property, Plant and Equipment	670,974	593,192	568,636
Prepaid Land Lease Payment	9,326	9,416	9,944
Investment in Associate	7,039	5,056	9,366
Other Investment	145	145	12,853
Goodwill	20,113	20,113	20,113
	<u>707,597</u>	<u>627,922</u>	<u>620,912</u>
Current assets			
Inventories	175,532	167,511	119,053
Trade Receivables	224,413	247,268	198,263
Other Receivables and Deposits	15,961	20,349	8,333
Tax Recoverable	13,366	5,473	-
Short Term Investments	108,512	40,557	-
Cash and bank balances	148,760	262,930	185,848
Derivative Asset	2,954	-	-
	<u>689,498</u>	<u>744,088</u>	<u>511,497</u>
Total Assets	<u><u>1,397,095</u></u>	<u><u>1,372,010</u></u>	<u><u>1,132,409</u></u>
EQUITY AND LIABILITIES			
Equity Attributable to Equity Holders of the Company			
Share Capital	309,256	309,081	151,879
Share Premium	171,780	170,563	243,677
Treasury Shares	-	-	(38,427)
Retained Profit	626,730	599,407	445,420
Foreign Exchange Reserves	1,766	791	10,581
Others	13,065	12,660	11,383
	<u>1,122,597</u>	<u>1,092,502</u>	<u>824,513</u>
Minority Interest	<u>24,574</u>	<u>23,864</u>	<u>21,464</u>
Total Equity	<u>1,147,171</u>	<u>1,116,366</u>	<u>845,977</u>
Non-Current Liabilities			
Long Term Borrowings	2,071	3,025	8,960
Deferred Tax Liabilities	44,393	34,360	33,413
	<u>46,464</u>	<u>37,385</u>	<u>42,373</u>
Current Liabilities			
Trade Payables	105,721	105,116	92,430
Other Payables and Accruals	97,505	112,602	104,554
Short Term Borrowings	234	541	11,573
Tax Payable	-	-	14,721
Dividend payable	-	-	20,781
	<u>203,460</u>	<u>218,259</u>	<u>244,059</u>
Total Liabilities	<u>249,924</u>	<u>255,644</u>	<u>286,432</u>
Total Equity and Liabilities	<u><u>1,397,095</u></u>	<u><u>1,372,010</u></u>	<u><u>1,132,409</u></u>
Net Tangible Assets per share (RM)	1.82	1.77	*1.36
Net Assets per share (RM)	1.85	1.81	*1.39

* For comparative purpose, the Net Tangible Assets per share and Net Assets per share as at 1 September 2009 had been adjusted to reflect the bonus issue of 1 for every 1 existing ordinary shares of par value RM0.50 each which was completed on 20 July 2010.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2011**

	← Attributable to Equity Holders of the Company →						Minority Interest	Total Equity	
	← Non distributable →		Distributable						
	Share Capital	Share Premium	Treasury Shares	Other Reserve	Fair value Adjustment Reserve	Retained Profits			Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
12 Months Ended 31 August 2011									
Balance as at 01 September 2010 (as previously stated)	309,081	170,563	-	13,451	-	599,407	1,092,502	23,864	1,116,366
Effects of adopting FRS 139	-	-	-	-	640	1,959	2,599	-	2,599
Balance as at 01 September 2010 (as restated)	309,081	170,563	-	13,451	640	601,366	1,095,101	23,864	1,118,965
Profit for the year	-	-	-	-	-	113,143	113,143	2,045	115,188
Total comprehensive income for the period	-	-	-	975	(1,056)	-	(81)	(55)	(136)
Transfer to legal reserve	-	-	-	1,204	-	(1,204)	-	-	-
Issuance of ordinary shares pursuant to ESOS	175	1,217	-	(383)	-	-	1,009	-	1,009
Dividend	-	-	-	-	-	(86,575)	(86,575)	(1,280)	(87,855)
Balance as at 31 August 2011	309,256	171,780	-	15,247	(416)	626,730	1,122,597	24,574	1,147,171
12 Months Ended 31 August 2010									
Balance as at 01 September 2009	151,879	243,677	(38,427)	21,964	-	445,420	824,513	21,464	845,977
Profit for the year	-	-	-	-	-	245,231	245,231	5,180	250,411
Total comprehensive income for the period	-	-	-	(9,790)	-	-	(9,790)	(4,695)	(14,485)
Transfer to legal reserve	-	-	-	1,012	-	(1,012)	-	-	-
Resold of treasury shares	-	43,148	38,427	-	-	-	81,575	-	81,575
Share issue expenses	-	(71)	-	-	-	-	(71)	-	(71)
Share options granted under ESOS	-	-	-	9,930	-	-	9,930	-	9,930
Issuance of ordinary shares pursuant to ESOS	2,826	28,520	-	-	-	-	31,346	-	31,346
Issuance of bonus shares	154,376	(154,376)	-	-	-	-	-	-	-
Loss on accretion of a subsidiary	-	-	-	-	-	(1,915)	(1,915)	1,915	-
Transfer from share option reserve	-	9,665	-	-	(9,665)	-	-	-	-
Dividend	-	-	-	-	-	(88,317)	(88,317)	-	(88,317)
Balance as at 31 August 2010	309,081	170,563	-	23,116	(9,665)	599,407	1,092,502	23,864	1,116,366

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD YEAR ENDED 31 AUGUST 2011**

	Current Year To Date Ended 31-Aug-2011	Corresponding Year To Date Ended 31-Aug-2010
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	145,390	304,961
Other adjustment	50,270	85,784
Operating profit before changes in working capital	195,660	390,745
Changes in working capital		
Net change in current assets	27,366	(119,867)
Net change in current liabilities	(14,492)	20,702
Cash flows from operating activities	208,534	291,580
Tax paid	(28,062)	(73,797)
Net cash flows from operating activities	180,472	217,783
Cash flows from investing activities		
Increase in short term investment	(68,371)	(27,849)
Proceeds from resale of treasury shares	-	81,575
Purchase of property, plant and equipment	(139,036)	(94,168)
	(26,935)	177,341
Cash flows from financing activities		
Dividend paid	(87,855)	(109,098)
Proceeds from issuance of shares	1,009	31,275
Increase/(Decrease) in borrowings	(558)	(16,967)
Net change in cash and cash equivalents	(114,339)	82,551
Cash and cash equivalents at beginning of year	262,930	185,848
Effects of foreign exchange rate changes	169	(5,469)
Cash and cash equivalents at end of period	148,760	262,930
Breakdown of cash and cash equivalents at end of period		
Bank and cash balances	148,760	262,930

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



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ISO 9001

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2011

1. Basis of preparation

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

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

Changes in accounting policies

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

(a) FRS 101: Presentation of Financial Statements

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

(b) Amendments to FRS 117: Leases

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

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

<u>Consolidated Statement of Financial Position</u>	<u>As previously reported (RM'000)</u>	<u>Effect of amendment of FRS 117 (RM'000)</u>	<u>As restated (RM'000)</u>
<u>As at 31 August 2010</u>			
Property, Plant and Equipment	580,867	12,325	593,192
Prepaid Lease Payments	21,741	(12,325)	9,416
<u>As at 1 September 2009</u>			
Property, Plant and Equipment	564,380	4,256	568,636
Prepaid Lease Payments	14,200	(4,256)	9,944

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2011 (CONTINUED)

1. Basis of preparation (cont'd)

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

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

(i) Short term investments

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

Changes in the fair values of available-for-sale financial assets are recognised in other comprehensive income.

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

(ii) Derivatives financial instruments

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

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

<u>Consolidated Statement of Financial Position</u>	<u>As previously reported RM'000</u>	<u>Effects of adopting FRS139 RM'000</u>	<u>Effects after adopting FRS139 RM'000</u>
<u>As at 1 September 2010</u>			
<u>Current Assets</u>			
Derivatives assets	-	1,217	1,217
Short term investments	-	640	640
<u>Non-current liabilities</u>			
Borrowings	3,025	(742)	2,283
<u>Equity</u>			
Retained earnings	599,407	1,959	601,366
Fair value adjustment reserve	-	640	640

2. Auditors' report

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2011 (CONTINUED)

3. Seasonal or cyclical factors

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

4. Extraordinary and exceptional items

There were no extraordinary and exceptional items of unusual nature affecting assets, liabilities, equity, net income, or cash flows in the interim financial report ended 31 August 2011.

5. Changes in estimates of amounts reported previously

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

6. Debts and equity securities

The Company 2nd Employee Share Option Scheme ("ESOS II") was implemented on 1 August 2008. During the quarter ended 31 August 2011, a total of 48,600 new ordinary shares of RM0.50 each were issued and allotted pursuant to the exercise of the ESOS II. The details of the issued and paid-up capital of the Company as at 31 August 2011 are as follows :-

	No. of shares	RM
As at 31 May 2011	618,464,362	309,232,181
Ordinary shares issued pursuant to the ESOS	48,600	24,300
As at 31 August 2011	618,512,962	309,256,481

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

7. Dividends paid

On 21 July 2011, the company paid 1st interim dividend of 5 sen per share (single tier) amounting to RM30.92 million, which was declared on 17 June 2011 in conjunction with the 3rd quarter ended 31 May 2011 financial results announcement.

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

- i) On 23 July 2010, paid an interim single tier dividend of 7 sen amounting to RM43.23 million.
- ii) On 20 January 2011, the Company paid a final single tier dividend of 9 sen amounting to RM55.65 million which was approved in the Company's Annual General Meeting held on 11 January 2011.

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2011 (CONTINUED)

7. Dividend paid (cont'd)

Record of dividends paid :-

Financial Year	Net Dividend per share (sen)	Total Dividend (RM'000)
2011	5.00 (interim)	30,923
2010	16.00	98,877
2009	11.00	65,873
2008	5.50	32,389
2007	4.61	27,435
2006	3.67	21,173
2005	2.66	14,110
2004	2.36	12,295
2003	1.85	9,550
2002	0.56	2,808
2001	0.80	4,000
Total		319,433

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

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

8. Segmental reporting

- a. Primary reporting segment – Geographical segments.

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

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2011 (CONTINUED)

8. Segmental reporting (cont'd)

12 months ended 31 August 2011

	Malaysia RM'000	Thailand RM'000	China RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	1,707,269	195,403	61,482	89,762	-	2,053,916
Inter-segment sales	38,410	522,077	41,395	-	(601,882)	-
Total Revenue	<u>1,745,679</u>	<u>717,480</u>	<u>102,877</u>	<u>89,762</u>	<u>(601,882)</u>	<u>2,053,916</u>
Result						
Profit from operations	123,682	21,438	(2,822)	2,417		144,715
Finance cost						(242)
Share of gain of associate						917
Profit before tax						145,390
Taxation						(30,202)
Profit for the year						<u>115,188</u>
Assets						
Segment assets	1,008,909	216,584	102,050	42,400		1,369,943
Goodwill						20,113
Investment in associate						7,039
Liabilities						
Segment liabilities	151,544	29,131	13,312	11,544		205,531
Unallocated liabilities						44,393
Other information						
Capital expenditure	109,591	28,082	1,001	193		138,867
Depreciation	43,681	12,063	5,391	209		61,344

b. Secondary reporting segment – Business segments

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

9. Valuation of property and equipment

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

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

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

11. Changes in the composition of the group

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2011 (CONTINUED)

12. Contingent liabilities

There were no significant changes in contingent liabilities since the last annual balance sheet date and there were no contingent liabilities pending at the date of this report.

ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS

13. Review of performance

The Group sales revenue for the 3 months ("4QFY2011") and the 12 months ("FY2011") ended 31 August 2011 have increased by 0.1% to RM541.84 million and decreased by 1.2% to RM2.05 billion respectively, compared with the corresponding period of the last financial year. The Group profit before tax (PBT) for 4QFY2011 and FY2011 have declined by 14.8% to RM35.01 million and by 52.3% to RM145.39 million respectively.

The decline in profit was mainly due to continuously high volatility in latex price, the weaker US dollar against the Ringgit and the oversupply situation in the industry which resulted in a lower cost pass through to the customers. The average natural latex prices rose by 45.8% (from RM6.12/kg in FY2010 to RM8.92/kg in FY2011) while the average US dollar against the Ringgit weakened by 8.1% (from RM3.32 in FY2010 to RM3.05 in FY2011). The comparability of the figures is also affected by the previous year's exceptionally high earnings, which had been boosted by the surge in demand for rubber gloves during the influenza A(H1N1) virus outbreak.

Despite the lower profit and higher working capital requirement from the escalating latex prices, its cash position remained strong, with net cash and short term investments of RM257.3 million. The Board of Directors has today, 11 October 2011, proposed a final single tier dividend of 6 sen (net) per share, subject to the shareholders' approval at the forthcoming Annual General Meeting. Total dividend for the year will be 11 sen per share, which is equivalent to a payout ratio of 60%.

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

RM 'mil	Financial year ended 31 August										2011 (unaudited)
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
Revenue	138.9	180.2	265.1	418.1	641.8	992.6	1,228.8	1,377.9	1,529.1	2,079.4	2,053.9
EBITDA	23.9	27.1	39.5	60.6	89.2	130.3	175.7	197.8	287.5	364.7	207.0
EBITDA margin	17.2%	15.0%	14.9%	14.5%	13.9%	13.1%	14.3%	14.4%	18.8%	17.5%	10.1%
PBT	17.2	20.2	29.3	45.2	65.7	91.8	118.6	134.6	222.0	305.0	145.4
PBT margin	12.4%	11.2%	11.1%	10.8%	10.2%	9.2%	9.7%	9.8%	14.5%	14.7%	7.1%
Taxation	1.3	2.4	3.6	5.3	7.5	7.0	29.9	26.5	53.9	54.6	30.2
PAT	15.9	17.8	25.7	39.9	58.2	84.8	88.7	108.1	168.1	250.4	115.2
PAT margin	11.4%	9.9%	9.7%	9.5%	9.1%	8.5%	7.2%	7.8%	11.0%	12.0%	5.6%

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2011 (CONTINUED)

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

The Group's current quarter's PBT of RM35.01 million is higher compared to the PBT of RM34.51 million in the preceding quarter. The decline in latex prices by 10% from the previous quarter and the increase in the sales of nitrile gloves have enabled the Group to show an improvement in PBT.

15. Commentary on prospects and targets

Top Glove which is currently the world's largest rubber glove manufacturer has a good and established corporate culture and business direction of producing consistently high quality gloves at efficient low cost. It has forged ahead strongly to improve its glove quality, marketing strategies, productivity and cost efficiency. The Group currently has 21 factories, 395 production lines with a production capacity of 35.25 billion pieces of gloves per annum. It has a 10,900-strong work force to serve its growing customer base of approximately 1,000 in more than 180 countries worldwide.

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

Factory	Location	No. of additional lines	Capacity p.a	Target completion
Factory 7	Sadao, Thailand	16	1.5 billion pcs	November 2011
Factory 22	Klang, Malaysia	16	1.5 billion pcs	December 2011
Factory 23				
Phase 1	Ipoh, Malaysia	20	1.8 billion pcs	November 2011
Phase 2	Ipoh, Malaysia	16	1.5 billion pcs	May 2012
	Total	68	6.3 billion pcs	

Outlook

The global economic sentiment, commodity prices and foreign exchange have been very volatile in the past year, and this trend seems set to continue in the near future.

Given the uncertainty that we are faced with, Top Glove has also set out to plan for the longer term, besides taking immediate short-term steps to mitigate the challenges. Fortunately for Top Glove, we have the upside of having a strong balance sheet and cash flow position, resulting from our strong performance in the last 20 years and our cost efficient business model, to deal with the challenges.

In order to lessen the impact of latex costs fluctuation in the future, Top Glove has been working on acquiring land in Cambodia, Malaysia and Indonesia, for rubber plantation development to meet its own latex needs. Simultaneously, Top Glove has been increasing the production of nitrile gloves to avoid over-reliance on natural rubber gloves.

Top Glove is also investing in more highly automated production lines to ensure more efficient production of consistently high quality products.

Over the longer term, demand for rubber gloves is expected to remain robust since it is required by the healthcare and food industry regardless of the economic situation.

16. Variance of actual profits from forecast profits

Not applicable as no profit forecast was issued.

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(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2011 (CONTINUED)****17. Taxation**

	Quarter Ended		Year To Date Ended	
	31 Aug 2011 RM'000	31 Aug 2010 RM'000	31 Aug 2011 RM'000	31 Aug 2010 RM'000
Income tax	1,409	2,887	20,169	53,603
Deferred taxation	6,722	(8,003)	10,033	947
	<u>8,131</u>	<u>(5,116)</u>	<u>30,202</u>	<u>54,550</u>

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

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

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

19. Purchase and dispose of quoted securities

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

20. Status of corporate proposals announced

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

21. Group borrowings

The Group borrowings as at 31 August 2011 were as follows :-

	Unsecured RM'000
Short term borrowings	234
Long term borrowings	2,071
	<u>2,305</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2011 (CONTINUED)

22. Financial derivative instruments

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

The details of the outstanding foreign currency forward contracts agreement as at 31 August 2011 are as follows:-

	Notional Amount As At 31 Aug 2011 RM'000	Fair Value As At 31 Aug 2011 RM'000
Foreign currency forward contracts :		
Less than 1 year	635,324	638,278

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

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

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

23. Realised and Unrealised Profits/Losses

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

	As at 31-Aug-11 RM'000	As at 31-May-11 RM'000
Total retained profits / (accumulated losses) of Top Glove Corporation Berhad and its subsidiaries:		
- Realised	671,325	643,316
- Unrealised	(36,746)	(25,802)
	634,579	608,514
Total share of retained profits / (accumulated losses) from associate company:		
- Realised	(6,609)	(7,515)
- Unrealised	(303)	(122)
	627,667	600,877
Add: Consolidation adjustments	937	(835)
Total group retained profits as per consolidated accounts	626,730	601,712

24. Material litigation

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2011 (CONTINUED)

25. Dividends

The Board of Directors is pleased to propose a final dividend of 6 sen per share (single tier) amounting to approximately RM37.11 million for the financial year ended 31 August 2011. The proposed final dividend is subject to shareholders' approval in the forthcoming Annual General Meeting.

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

The total dividend paid and proposed by the Company in respect of the financial year ended 31 August 2011 is 11 sen represented by a net payment of approximately RM68.03 million.

26. Earnings per share

	Quarter Ended		Year To Date Ended	
	31 Aug 2011	31 Aug 2010	31 Aug 2011	31 Aug 2010
Net profit attributable to owners of the Company shareholders (RM'000)	26,086	45,013	113,143	245,231
Basic				
Weighted average number of ordinary shares in issue ('000)	618,468	617,479	618,373	615,626
Basic earnings per share (sen)	4.22	7.29	18.30	39.83
Diluted				
Weighted average number of ordinary shares in issue ('000)	618,468	617,479	618,373	615,626
Effect of dilution : share options ('000)	6,813	2,289	6,813	2,289
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	625,281	619,768	625,186	617,915
Diluted earnings per share (sen)	4.17	7.26	18.10	39.69