



**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 THIRD QUARTER ENDED 31 MAY 2013**

	Current Quarter Ended	Corresponding Quarter Ended	Current Year To Date	Corresponding Year To Date
	31-May-2013	31-May-2012	31-May-2013	31-May-2012
	RM'000	RM'000	RM'000	RM'000
Revenue	604,082	603,295	1,765,075	1,707,129
Operating Expenses	(568,418)	(544,477)	(1,609,105)	(1,548,304)
Other Operating Income	7,061	4,831	18,287	15,201
<b>Profit From Operations</b>	<b>42,725</b>	<b>63,649</b>	<b>174,257</b>	<b>174,026</b>
Finance Costs	(73)	(31)	(163)	(83)
Share of results of associate	721	65	1,051	133
<b>Profit Before Tax</b>	<b>43,373</b>	<b>63,683</b>	<b>175,145</b>	<b>174,076</b>
Taxation	(1,828)	(8,837)	(23,378)	(32,579)
<b>Profit Net of Tax</b>	<b>41,545</b>	<b>54,846</b>	<b>151,767</b>	<b>141,497</b>
<b>Profit Attributable to :</b>				
Owners of the Company	40,271	53,810	148,078	138,697
Minority Interest	1,274	1,036	3,689	2,800
	<b>41,545</b>	<b>54,846</b>	<b>151,767</b>	<b>141,497</b>
<b>Earnings Per Share (sen)</b>				
Basic	6.50	8.70	23.91	22.42
Diluted	6.49	8.69	23.89	22.40

The Condensed Consolidated Income Statement should be read in conjunction with the  
 Annual Financial Report for the financial year ended 31 August 2012

**TOP GLOVE CORPORATION BHD.**

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(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THIRD QUARTER ENDED 31 MAY 2013**

	<b>Current Quarter Ended</b>	<b>Corresponding Quarter Ended</b>	<b>Current Year To Date</b>	<b>Corresponding Year To Date</b>
	<b>31-May-2013</b>	<b>31-May-2012</b>	<b>31-May-2013</b>	<b>31-May-2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit net of tax	41,545	54,846	151,767	141,497
<b>Other comprehensive income:</b>				
Net gain on available-for-sale financial assets:				
- gain on fair value changes	(2,052)	2,936	4,805	3,422
Foreign currency translation	1,639	2,200	5,116	2,113
<b>Other comprehensive income</b>	<b>(413)</b>	<b>5,136</b>	<b>9,921</b>	<b>5,535</b>
<b>Total comprehensive income</b>	<b>41,132</b>	<b>59,982</b>	<b>161,688</b>	<b>147,032</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	39,555	58,962	157,478	143,846
Minority Interest	1,577	1,020	4,210	3,186
	<b>41,132</b>	<b>59,982</b>	<b>161,688</b>	<b>147,032</b>
The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 August 2012				

**TOP GLOVE CORPORATION BHD.**

(Company No. 474423-X)  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MAY 2013**

	Unaudited as at 31-May-2013 RM'000	Audited as at 31-Aug-2012 RM'000	Audited as at 1-Sep-2011 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	871,986	734,386	660,692
Land use rights	42,372	22,441	19,608
Investment in associate	19,963	6,729	7,039
Deferred tax assets	7,450	3,700	-
Investment securities	145	145	146
Goodwill	24,448	20,113	20,113
	<b>966,364</b>	<b>787,514</b>	<b>707,598</b>
<b>Current Assets</b>			
Inventories	204,436	179,440	175,532
Trade and other receivables	297,529	293,863	262,129
Other current assets	1,889	25,791	4,316
Tax recoverable	8,077	-	13,228
Investment securities	134,726	144,198	108,512
Cash and bank balances	106,263	167,246	148,760
Derivative asset	6,578	-	2,954
	<b>759,498</b>	<b>810,538</b>	<b>715,431</b>
<b>Total Assets</b>	<b>1,725,862</b>	<b>1,598,052</b>	<b>1,423,029</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	237,180	231,538	194,611
Other current liabilities	29,084	30,940	34,644
Short term borrowings	22,136	161	157
Tax payable	-	9,054	-
Derivative liability	-	2,663	-
Dividend payable	43,393	-	-
	<b>331,793</b>	<b>274,356</b>	<b>229,412</b>
<b>Net Current Assets</b>	<b>427,705</b>	<b>536,182</b>	<b>486,019</b>
<b>Non-Current Liabilities</b>			
Long term borrowings	2,636	2,815	2,851
Deferred tax liabilities	47,986	41,028	44,393
	<b>50,622</b>	<b>43,843</b>	<b>47,244</b>
<b>Total Liabilities</b>	<b>382,415</b>	<b>318,199</b>	<b>276,656</b>
<b>Net Assets</b>	<b>1,343,447</b>	<b>1,279,853</b>	<b>1,146,373</b>
<b>Equity Attributable to Equity Holders of the Company</b>			
Share capital	309,951	309,440	309,256
Share premium	179,109	174,197	171,780
Retained profit	796,366	747,411	625,936
Other reserves	34,239	24,306	14,831
	<b>1,319,665</b>	<b>1,255,354</b>	<b>1,121,803</b>
<b>Minority Interest</b>	<b>23,782</b>	<b>24,499</b>	<b>24,570</b>
<b>Total Equity</b>	<b>1,343,447</b>	<b>1,279,853</b>	<b>1,146,373</b>
<b>Total Equity and Liabilities</b>	<b>1,725,862</b>	<b>1,598,052</b>	<b>1,423,029</b>
Net Tangible Assets per share (RM)	2.13	2.04	1.82
Net Assets per share (RM)	2.17	2.07	1.85

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the financial year ended 31 August 2012



**TOP GLOVE CORPORATION BHD.**

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 31 MAY 2013**

	<b>Current Year To Date Ended 31-May-2013</b>	<b>Corresponding Year To Date Ended 31-May-2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	175,145	174,076
Depreciation	60,411	50,873
Other adjustment	(8,669)	1,022
<b>Operating profit before changes in working capital</b>	<u>226,887</u>	<u>225,971</u>
<b>Changes in working capital</b>		
Net change in current assets	(2,195)	(43,486)
Net change in current liabilities	(8,448)	28,015
Cash flows from operating activities	<u>216,244</u>	<u>210,500</u>
Tax (paid) / refund	(29,224)	9,062
<b>Net cash flows from operating activities</b>	<u>187,020</u>	<u>219,562</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal / (Purchase) of investment securities	14,277	(10,466)
Purchase of property, plant and equipment	(169,740)	(91,398)
Acquisition of land use rights	(22,000)	-
Acquisition of a subsidiary	(24,130)	-
Investment in associates	(12,204)	-
<b>Net cash flows used-in investing activities</b>	<u>(213,797)</u>	<u>(101,864)</u>
<b>Cash flows from financing activities</b>		
Dividend paid on ordinary shares	(55,730)	(37,112)
Dividend paid to non-controlling interest	(6,228)	(7,273)
Proceeds from issuance of shares	5,956	471
Increase in borrowings	21,796	56
<b>Net cash flow used-in financing activities</b>	<u>(34,206)</u>	<u>(43,858)</u>
<b>Net change in cash and cash equivalents</b>	<u>(60,983)</u>	<u>73,840</u>
<b>Cash and cash equivalents at beginning of year</b>	<u>167,246</u>	<u>148,760</u>
<b>Cash and cash equivalents at end of period</b>	<u>106,263</u>	<u>222,600</u>
<b>Breakdown of cash and cash equivalents at end of period</b>		
Bank and cash balances	<u>106,263</u>	<u>222,600</u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the financial year ended 31 August 2012



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ISO 9001

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## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MAY 2013

### 1. Basis of preparation

#### First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

The interim financial report is unaudited and has been prepared in accordance with Malaysia Financial Reporting Standard ("MFRS") 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 of the Group for the financial year ended 31 August 2012. 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 2012.

The audited financial statements of the Group for the year ended 31 August 2012 were prepared in accordance with Financial Reporting Standard ("FRS"). Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies and method of computations adopted in preparation of this interim financial report are consistent with those adopted in the audited financial statements of the Company for the financial year ended 31 August 2012, except for the initial elections upon first time adoption of MFRS as disclosed below :-

#### (i) Business combinations

MFRS 1 provides the option to apply MFRS 3 Business Combination, prospectively from the date of transition or from a specific date prior to the transition date. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition. The Group has elected to apply MFRS 3 prospectively from 1 September 2011 (date of transition). Business combinations that occurred prior to 1 September 2011 have not been restated.

The adoption of MFRS 1 does not have impact on the reported financial position, financial performance and cash flows of the Group and hence, no reconciliations from FRSs to MFRSs were prepared.

### 2. Auditors' report

The audited financial statements for the financial year ended 31 August 2012 was not subject to any qualification.

### 3. Seasonal or cyclical factors

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

### 4. Extraordinary and exceptional items

There were no extraordinary and exceptional items of unusual nature affecting assets, liabilities, equity, net income, or cash flows in the interim financial period ended 31 May 2013.

## TOP GLOVE CORPORATION BHD.

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MAY 2013 (CONTINUED)

#### 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. Changes in debts and equity securities

The Company's 2<sup>nd</sup> Employee Share Option Scheme ("ESOS II") was implemented on 1 August 2008. During the quarter ended 31 May 2013, a total of 588,200 new ordinary shares of RM0.50 each were issued and allotted pursuant to the exercise of the ESOS II. The details of the issued and paid-up capital of the Company as at 31 May 2013 are as follows:-

	No. of shares	RM
As at 28 February 2013	619,313,062	309,656,531
Ordinary shares issued pursuant to the ESOS	588,200	294,100
As at 31 May 2013	619,901,262	309,950,631

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

#### 7. Dividends paid

For the financial year ended 31 August 2012, the Company:-

- i) On 19 July 2012, paid an interim single tier dividend of 7 sen per ordinary share amounting to RM43.31 million.
- ii) On 24 January 2013, paid a final single tier dividend of 9 sen per ordinary share amounting to RM55.73 million which was approved in the Company's Annual General Meeting held on 8 January 2013.

The total dividend paid by the Company in respect of the financial year ended 31 August 2012 is 16 sen per ordinary share represented by a net payment of RM99.04 million.

For the financial year ended 31 August 2011, the Company:-

- i) On 21 July 2011, paid an interim single tier dividend of 5 sen per ordinary share amounting to RM30.92 million.
- ii) On 19 January 2012, paid a final single tier dividend of 6 sen per ordinary share amounting to RM37.11 million which was approved in the Company's Annual General Meeting held on 10 January 2012.

The total dividend paid by the Company in respect of the financial year ended 31 August 2011 was 11 sen per ordinary share represented by a net payment of RM68.03 million.

## TOP GLOVE CORPORATION BHD.

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MAY 2013 (CONTINUED)

#### 7. Dividends paid (continued)

Record of dividends paid:-

Financial Year	Net Dividend per share (sen)	Total Dividend (RM'000)
2012	16.00	99,038
2011	11.00	68,035
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
<b>Total</b>		<b>455,583</b>

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

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

#### 8. Segmental reporting

- Primary reporting segment – Geographical segments.

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

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

##### 9 months ended 31 May 2013

	Malaysia RM'000	Thailand RM'000	China RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>						
External sales	1,401,190	167,990	104,830	91,066	-	1,765,075
Inter-segment sales	32,813	262,477	20,355	-	(315,646)	-
Total Revenue	<u>1,434,003</u>	<u>430,467</u>	<u>125,185</u>	<u>91,066</u>	<u>(315,646)</u>	<u>1,765,075</u>
<b>Result</b>						
Segment profit/(loss)	155,517	16,886	1,877	(23)	-	174,257
Finance cost						(163)
Share of profit of associate						1,051
Profit before tax						<u>175,145</u>

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 MAY 2013 (CONTINUED)****8. Segmental reporting (continued)****9 months ended 31 May 2013 (continued)**

	Malaysia RM'000	Thailand RM'000	China RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b><u>Assets</u></b>						
Segment assets	1,237,712	223,190	132,529	88,020		<u>1,681,451</u>
Goodwill						<u>24,448</u>
Investment in associate						<u>19,963</u>
<b><u>Liabilities</u></b>						
Segment liabilities	120,251	106,326	75,251	80,587		<u>382,415</u>
<b><u>Other information</u></b>						
Capital expenditure	157,756	9,633	1,746	605		<u>169,740</u>

## 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 the 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 under review, other than the acquisition of 27% of Value Add Sdn. Bhd., a company incorporated in Malaysia, which was completed on 21 March 2013.

**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.

**13. Capital commitments**

As at the end of the reporting quarter, the Company had commitments for significant approved and contracted for capital expenditures amounting approximately to RM45.1 million.

## TOP GLOVE CORPORATION BHD.

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MAY 2013 (CONTINUED)

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

#### 14. Review of performance

The Group's performance for the third quarter ("3QFY2013") and nine months ("9MFY2013") ended 31 May 2013 compared with the corresponding periods last financial year are as tabled below:

	3QFY2013	3QFY2012	Variance	9MFY2013	9MFY2012	Variance
	RM'mil	RM'mil	%	RM'mil	RM'mil	%
Revenue	604.1	603.3	0.1	1,765.1	1,707.1	3.4
PBT	43.4	63.7	(31.9)	175.1	174.1	0.6
PBT Margin	7.2%	10.6%		9.9%	10.2%	

The Group's revenue for 3QFY2013 increased by 0.1% to RM604.1 million compared with the corresponding quarter last financial year. Profit before taxation ("PBT") in 3QFY2013 reduced by 31.9% to RM43.4 million from RM63.7 million a year ago. Meanwhile for 9MFY2013, both revenue and PBT registered growths of 3.4% and 0.6% to RM1.77 billion and RM175.1 million respectively compared to 9MFY2012.

Although revenue only grew marginally by 0.1% in 3QFY2013 from a year ago, there was a marked improvement of 17% in sales volume on the back of lower average selling price from the declining raw material prices. The higher sales volume achieved this quarter were primarily due to the continued pick-up in demand, newly installed capacity which facilitated an increase in nitrile glove sales and a more competitive pricing structure.

At the PBT level, the decline in profit were mainly due to the foreign currency impact and the more competitive pricing structure mentioned above. The Group faced headwinds in the form of very volatile exchange rate of Ringgit Malaysia against other foreign currencies during the quarter. The Group had recognised unrealized losses of RM10.9 million from the fair value on its US Dollar (USD) foreign exchange forward contracts and Australian Dollar (AUD) fixed income investments. However, as at year to date, the Group still maintains an overall net gain position on AUD fixed income investments.

Meanwhile, raw material prices continued to trend downwards in line with softer general commodity prices in the face of persistent challenging macro-economic environment. Latex prices declined by 20.5% (from an average of RM7.52/kg in 3QFY2012 to RM5.98/kg in 3QFY2013) while nitrile prices fell by 27.5% (from an average of RM5.30/kg in 3QFY2012 to RM3.84/kg in 3QFY2013).

The Group continues to maintain its strong balance sheet position despite utilizing cash to finance its capital expenditure and dividend payment, with net cash and short term investments of RM216.2 million as at 31 May 2013.

The Board of Directors has on today, 13 June 2013 declared a first single tier interim dividend of 7 sen (net) per ordinary share for this quarter, payable on 18 July 2013.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 MAY 2013 (CONTINUED)****14. Review of performance (cont'd)**

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

RM 'mil	Financial year ended 31 August												9MFY13 (unaudited)
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
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	2,314.5	1,765.1
EBITDA	23.9	27.1	39.5	60.6	89.2	130.3	175.7	197.8	287.5	364.7	207.3	310.0	235.7
EBITDA margin	17.2%	15.0%	14.9%	14.5%	13.9%	13.1%	14.3%	14.4%	18.8%	17.5%	10.1%	13.4%	13.4%
PBT	17.2	20.2	29.3	45.2	65.7	91.8	118.6	134.6	222.0	305.0	145.5	240.7	175.1
PBT margin	12.4%	11.2%	11.1%	10.8%	10.2%	9.2%	9.7%	9.8%	14.5%	14.7%	7.1%	10.4%	9.9%
Taxation	1.3	2.2	3.6	5.3	7.5	7.0	29.9	26.5	53.9	54.6	30.3	33.4	23.3
PAT	15.9	18.0	25.7	39.9	58.2	84.8	88.7	108.1	168.1	250.4	115.1	207.3	151.8
PAT margin	11.4%	10.0%	9.7%	9.5%	9.1%	8.5%	7.2%	7.8%	11.0%	12.0%	5.6%	9.0%	8.6%

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MAY 2013 (CONTINUED)

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

	3QFY2013 RM'mil	2QFY2013 RM'mil	Variance %
Revenue	604.1	576.4	4.8
PBT	43.4	61.4	(29.3)
PBT margin	7.2%	10.7%	

Revenue improved by 4.8% from RM576.4 million in 2QFY2013 to RM604.1 million in 3QFY2013 as a result of expansion in demand and further improvement in efficiency from better utilization of production capacity. Encouraging demand in the nitrile segment (which now comprises 18% of Group sales volume) from additional installed capacity further boosted sales volume.

The reduction in PBT and PBT margin was largely attributed to a more competitive pricing structure and the adverse movements in foreign exchange which resulted in the recognition of unrealized losses of RM10.9 million from the fair value on its USD foreign exchange forward contracts and AUD fixed income investments. Compared to the preceding quarter, the unrealized loss amounted to RM1.4 million only.

Notwithstanding the foreign exchange headwinds, overall the Group had performed well in a challenging operating environment. The ongoing automation initiatives on existing and new production lines to reduce dependence on unskilled labour had generated the desired production efficiency gains to mitigate the impact of the minimum wage policy which had a negative effect in the previous quarter.

#### 16. Commentary on prospects and targets

Top Glove which is 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, cost efficiency and research & development initiatives. The Group currently has 25 factories, 470 glove production lines with a production capacity of 41.1 billion pieces of gloves per annum. It has a 11,000 strong work force to serve its growing customer base of more than 1,800 customers in 185 countries worldwide.

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

Factory	Location	No. of additional lines	Capacity p.a	Target completion
Factory 28	Banting, Malaysia	8	0.8 billion pcs	June 2013
Factory 25	Klang, Malaysia	20	2.0 billion pcs	August 2013
Factory 23, phase 2	Ipoh, Malaysia	16	1.6 billion pcs	November 2013
Factory 27, phase 2	Lukut, Malaysia	8	0.8 billion pcs	December 2013
Factory 29	Klang, Malaysia	16	1.6 billion pcs	April 2014
	<b>Total</b>	<b>68</b>	<b>6.8 billion pcs</b>	

#### Outlook

Demand for rubber gloves, both natural and nitrile will continue to see strong pick up from both the emerging and developed economies, with higher growth rates projected from the emerging markets given the lower level of rubber glove penetration. The recent outbreak of the H7N9 infectious disease served to create further awareness on the importance of responsible healthcare hygiene and disease prevention.

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MAY 2013 (CONTINUED)

#### 16. Commentary on prospects and targets (cont'd)

On the back of this positive outlook and the strength of the Group's balance sheet, the Group will continue to expand its production capacity further from its current 470 to 538 production lines by April 2014 thereby further boosting its production capacity from 41.1 billion to 47.9 billion pieces of gloves per annum.

In the near term, the Group expects the raw material prices of latex and nitrile to trend at current levels with possibly further downward inclination. The recent easing of these raw material prices has enabled a more favourable operating environment for sustainable growth in demand and earnings.

The Group will continue to consolidate its market leadership position by focusing on enhancing its quality through continuous research and development, innovation and automation. It will also continue to invest in human capital that prioritizes training and self development as it views talent retention as critical to spearhead the Group to greater success.

As mentioned previously, the Group will be embarking on an enterprise wide IT transformation by investing in SAP Enterprise Resource Planning application solutions designed to standardize its business processes and improve human efficiency with the elimination of redundant and non-value added processes. The Group is on track to roll out the first phase of its implementation by the commencement of financial year 2014.

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

Not applicable as no profit forecast was issued.

#### 18. Taxation

	Quarter Ended		Year To Date Ended	
	31 May 2013 RM'000	31 May 2012 RM'000	31 May 2013 RM'000	31 May 2012 RM'000
Income tax				
- Current year	4,975	14,852	21,138	31,471
- Over provision in previous year	(4,718)	(8,665)	(4,718)	(8,665)
Deferred taxation	1,571	2,650	6,958	9,773
	<u>1,828</u>	<u>8,837</u>	<u>23,378</u>	<u>32,579</u>

The effective tax rate of the Group is lower than the statutory tax rate due to recognition of deferred tax assets of RM3.75 million for the unutilized tax allowances by a subsidiary and the tax-free status of certain overseas subsidiaries.

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

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

#### 20. Purchase and disposal of quoted securities

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

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 MAY 2013 (CONTINUED)****21. Status of corporate proposals announced**

The proposed acquisition of 27% of Value Add Sdn. Bhd. as announced on 5 March 2013, has been completed on 2 May 2013.

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

**22. Group borrowings**

The Group borrowings as at 31 May 2013 were as follows:-

	Unsecured RM'000
Short term borrowings	22,136
Long term borrowings	2,636
	<u>24,772</u>

**23. Fair value hierarchy**

The Group uses the following hierarchy in determining the fair value of all financial instruments carried at fair value :

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs that are based on observable market data, either directly or indirectly

Level 3 – Inputs that are not based on observable market data

As at 31 May 2013, the Group held the following financial assets that are measured at fair value :-

	Level 1	Level 2	Total
Assets measured at fair value			
Available -for-sales financial assets	134,726		134,726
Derivatives assets at fair value through profit or loss		6,578	6,578

**24. Realised and Unrealised Profits/Losses**

	<b>As at 31 May 2013 RM'000</b>	<b>As at 28 Feb 2013 RM'000</b>
Total retained earnings of the company and its subsidiaries:		
- Realised	840,083	830,305
- Unrealised	(48,313)	(32,132)
	<u>791,770</u>	<u>798,173</u>
Add: Consolidation adjustments	4,596	1,315
Total group retained earnings as per consolidated accounts	<u>796,366</u>	<u>799,488</u>

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 MAY 2013 (CONTINUED)****25. Notes to the Statement of Comprehensive Income**

Profit for the period has been arrived at after crediting / (charging):-

	<b>Quarter ended 31 May 2013 RM'000</b>	<b>Year To Date Ended 31 May 2013 RM'000</b>
Interest income	2,594	8,263
Other income including investment income	4,467	10,024
Interest expenses	(73)	(163)
Depreciation and amortization	(20,667)	(60,411)
Foreign exchange (loss)/gain	(4,504)	8,509
Fair value (loss)/gain on foreign exchange contracts	(4,748)	9,241

**26. Material litigation**

The Company's subsidiaries, namely Top Glove Sdn. Bhd., TG Medical Sdn. Bhd. and Flexitech Sdn. Bhd. were served a writ of summons on 18 January 2013 by Sentinel Engineering Sdn. Bhd. and Hartalega Sdn. Bhd., claiming damages on the alleged infringement of the arrangement of assembling former holders, claimed in features of Patent No. MY 140770-A. The writ of summons was also served on 3 other glove manufacturing companies and 2 suppliers of glove machinery parts or components. The case is fixed for further case management on 13 June 2013.

Save as disclosed above, 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.

**27. Dividends**

The Board of Directors has on today, 13 June 2013, declared a first single tier interim dividend of 7 sen (net) per ordinary share payable on 18 July 2013, amounting to approximately RM43.39 million for the quarter ended 31 May 2013.

**28. Earnings per share**

	<b>Quarter Ended</b>		<b>Year To Date Ended</b>	
	<b>31 May 2013</b>	<b>31 May 2012</b>	<b>31 May 2013</b>	<b>31 May 2012</b>
Net profit attributable to owners of the Company shareholders (RM'000)	40,271	53,810	148,078	138,697
<b>Basic</b>				
Weighted average number of ordinary shares in issue ('000)	619,474	618,629	619,216	618,571
<b>Basic earnings per share (sen)</b>	6.50	8.70	23.91	22.42
<b>Diluted</b>				
Weighted average number of ordinary shares in issue ('000)	619,474	618,629	619,216	618,571
Effect of dilution : share options ('000)	610	500	610	500
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	620,084	619,129	619,826	619,071
<b>Diluted earnings per share (sen)</b>	6.49	8.69	23.89	22.40