



**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 FIRST QUARTER ENDED 30 NOVEMBER 2012**

	Current Quarter Ended	Corresponding Quarter Ended	Current Year To Date	Corresponding Year To Date
	30-Nov-2012	30-Nov-2011	30-Nov-2012	30-Nov-2011
	RM'000	RM'000	RM'000	RM'000
Revenue	584,575	554,843	584,575	554,843
Operating Expenses	(519,727)	(517,234)	(519,727)	(517,234)
Other Operating Income	5,477	4,052	5,477	4,052
<b>Profit From Operations</b>	<b>70,325</b>	<b>41,661</b>	<b>70,325</b>	<b>41,661</b>
Finance Costs	(30)	(28)	(30)	(28)
Share of results of associate	88	(42)	88	(42)
<b>Profit Before Taxation</b>	<b>70,383</b>	<b>41,591</b>	<b>70,383</b>	<b>41,591</b>
Taxation	(11,487)	(9,136)	(11,487)	(9,136)
<b>Profit for the period</b>	<b>58,896</b>	<b>32,455</b>	<b>58,896</b>	<b>32,455</b>
<b>Profit Attributable to :</b>				
Owners of the Company	57,492	31,432	57,492	31,432
Minority Interest	1,404	1,023	1,404	1,023
	<b>58,896</b>	<b>32,455</b>	<b>58,896</b>	<b>32,455</b>
<b>Earnings Per Share (sen)</b>				
Basic	9.29	5.08	9.29	5.08
Diluted	9.28	5.08	9.28	5.08

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 FIRST QUARTER ENDED 30 NOVEMBER 2012**

	<b>Current</b>	<b>Corresponding</b>	<b>Current</b>	<b>Corresponding</b>
	<b>Quarter Ended</b>	<b>Quarter Ended</b>	<b>Year To Date</b>	<b>Year To Date</b>
	<b>30-Nov-2012</b>	<b>30-Nov-2011</b>	<b>30-Nov-2012</b>	<b>30-Nov-2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit for the period	58,896	32,455	58,896	32,455
<b>Other comprehensive income:</b>				
Net gain on available-for-sale financial assets:				
- gain/(loss) on fair value changes	5,583	(1,911)	5,583	(1,911)
Foreign currency translation	(1,259)	6,891	(1,259)	6,891
<b>Other comprehensive income for the period</b>	<b>4,324</b>	<b>4,980</b>	<b>4,324</b>	<b>4,980</b>
<b>Total comprehensive income for the period</b>	<b>63,220</b>	<b>37,435</b>	<b>63,220</b>	<b>37,435</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	61,920	35,791	61,920	35,791
Minority Interest	1,300	1,644	1,300	1,644
	<b>63,220</b>	<b>37,435</b>	<b>63,220</b>	<b>37,435</b>
<p>The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 August 2012</p>				

**TOP GLOVE CORPORATION BHD.**

(Company No. 474423-X)  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 NOVEMBER 2012**

	Unaudited as at 30-Nov-2012 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	771,215	734,386	660,692
Land use rights	45,502	22,441	19,608
Investment in associate	6,731	6,729	7,039
Deferred tax assets	4,950	3,700	-
Investment securities	145	145	146
Goodwill	20,113	20,113	20,113
	<b>848,656</b>	<b>787,514</b>	<b>707,598</b>
<b>Current Assets</b>			
Inventories	185,893	179,440	175,532
Trade and other receivables	276,920	293,863	262,129
Other current assets	3,353	25,791	4,316
Tax recoverable	-	-	13,228
Investment securities	148,906	144,198	108,512
Cash and bank balances	201,419	167,246	148,760
Derivative asset	12,497	-	2,954
	<b>828,988</b>	<b>810,538</b>	<b>715,431</b>
<b>Total Assets</b>	<b>1,677,644</b>	<b>1,598,052</b>	<b>1,423,029</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	246,977	231,538	194,611
Other current liabilities	34,494	30,940	34,644
Short term borrowings	1,698	161	157
Tax payable	3,094	9,054	-
Derivative liability	-	2,663	-
	<b>286,263</b>	<b>274,356</b>	<b>229,412</b>
<b>Net Current Assets</b>	<b>542,725</b>	<b>536,182</b>	<b>486,019</b>
<b>Non-Current Liabilities</b>			
Long term borrowings	2,675	2,815	2,851
Deferred tax liabilities	43,570	41,028	44,393
	<b>46,245</b>	<b>43,843</b>	<b>47,244</b>
<b>Total Liabilities</b>	<b>332,508</b>	<b>318,199</b>	<b>276,656</b>
<b>Net Assets</b>	<b>1,345,136</b>	<b>1,279,853</b>	<b>1,146,373</b>
<b>Equity Attributable to Equity Holders of the Company</b>			
Share capital	309,539	309,440	309,256
Share premium	174,995	174,197	171,780
Retained profit	804,903	747,411	625,936
Other reserves	28,613	24,306	14,831
	<b>1,318,050</b>	<b>1,255,354</b>	<b>1,121,803</b>
<b>Minority Interest</b>	<b>27,086</b>	<b>24,499</b>	<b>24,570</b>
<b>Total Equity</b>	<b>1,345,136</b>	<b>1,279,853</b>	<b>1,146,373</b>
<b>Total Equity and Liabilities</b>	<b>1,677,644</b>	<b>1,598,052</b>	<b>1,423,029</b>
Net Tangible Assets per share (RM)	2.14	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 STATEMENT OF CHANGES IN EQUITY  
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2012**

	←----- Attributable to Equity Holders of the Company -----→									
	← Equity attributable to owners of the parent, total		Non distributable				→ Distributable			
	Equity, total RM'000	to owners of the parent, total RM'000	Share Capital RM'000	Share Premium RM'000	Foreign exchange reserve RM'000	Legal reserve RM'000	Share option reserve RM'000	Fair value Adjustment Reserve RM'000	Retained Profits RM'000	Minority Interest RM'000
<b>3 Months Ended 30 November 2012</b>										
Opening balance at 1 September 2012	1,279,853	1,255,354	309,440	174,197	5,360	4,434	10,331	4,181	747,411	24,499
Total comprehensive income	63,235	61,935	-	-	(1,140)	-	-	5,583	57,492	1,300
<b>Transactions with owners</b>										
Issuance of ordinary shares pursuant to ESOS	761	761	99	798	-	-	(136)	-	-	-
Share options granted under ESOS	-	-	-	-	-	-	-	-	-	-
Dividend on ordinary shares	-	-	-	-	-	-	-	-	-	-
Dividend paid to minority interests	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiary	1,287	-	-	-	-	-	-	-	-	1,287
Closing balance at 30 November 2012	<u>1,345,136</u>	<u>1,318,050</u>	<u>309,539</u>	<u>174,995</u>	<u>4,220</u>	<u>4,434</u>	<u>10,195</u>	<u>9,764</u>	<u>804,903</u>	<u>27,086</u>
<b>3 Months Ended 30 November 2011</b>										
Opening balance at 1 September 2011	1,146,373	1,121,803	309,256	171,780	1,766	3,604	9,877	(416)	625,936	24,570
Total comprehensive income	37,435	35,791	-	-	6,270	-	-	(1,911)	31,432	1,644
<b>Transactions with owners</b>										
Issuance of ordinary shares pursuant to ESOS	27	27	5	(406)	-	-	428	-	-	-
Share options granted under ESOS	2,145	2,145	-	-	-	-	2,145	-	-	-
Dividend paid to minority interests	(782)	-	-	-	-	-	-	-	-	(782)
Closing balance at 30 November 2011	<u>1,185,198</u>	<u>1,159,766</u>	<u>309,261</u>	<u>171,374</u>	<u>8,036</u>	<u>3,604</u>	<u>12,450</u>	<u>(2,327)</u>	<u>657,368</u>	<u>25,432</u>

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

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 30 NOVEMBER 2012**

	Current Year To Date Ended 30-Nov-2012	Corresponding Year To Date Ended 30-Nov-2011
	RM'000	RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	70,383	41,591
Depreciation	19,217	16,571
Other adjustment	(9,801)	17,106
<b>Operating profit before changes in working capital</b>	<u>79,799</u>	<u>75,268</u>
<b>Changes in working capital</b>		
Net change in current assets	29,262	29,384
Net change in current liabilities	20,435	(4,576)
Cash flows from operating activities	<u>129,496</u>	<u>100,076</u>
Tax paid	(16,155)	(7,846)
<b>Net cash flows from operating activities</b>	<u>113,341</u>	<u>92,230</u>
<b>Cash flows from investing activities</b>		
Purchase of investment securities	875	(812)
Purchase of property, plant and equipment	(58,085)	(26,279)
Acquisition of land use rights	(24,116)	-
<b>Net cash flows used-in investing activities</b>	<u>(81,326)</u>	<u>(27,091)</u>
<b>Cash flows from financing activities</b>		
Dividend paid to minority shareholders	-	(782)
Proceeds from issuance of shares	761	27
Increase in borrowings	1,397	145
<b>Net cash flow used-in financing activities</b>	<u>2,158</u>	<u>(610)</u>
<b>Net change in cash and cash equivalents</b>	34,173	64,529
Effect of foreign exchange rate changes		
<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><u>201,419</u></u>	<u><u>213,289</u></u>
<b>Breakdown of cash and cash equivalents at end of period</b>		
Bank and cash balances	<u><u>201,419</u></u>	<u><u>148,760</u></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 FIRST QUARTER ENDED 30 NOVEMBER 2012

### 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 30 November 2012.

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2012 (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 30 November 2012, a total of 198,700 new ordinary shares of RM0.50 each were issued and allotted pursuant to the exercise of the ESOS II. The details of the issued and paid-up capital of the Company as at 30 November 2012 are as follows:-

	No. of shares	RM
As at 31 August 2012	618,879,762	309,439,881
Ordinary shares issued pursuant to the ESOS	198,700	99,350
As at 30 November 2012	619,078,462	309,539,231

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, the Company paid a 1<sup>st</sup> interim single tier dividend of 7 sen per ordinary share amounting to RM43.31 million, which was declared on 14 June 2012 in conjunction with the 3<sup>rd</sup> quarter ended 31 May 2012 financial results announcement.
- ii) On 11 October 2012, a final single tier dividend of 9 sen amounting to approximately RM55.70 million for the financial year ended 31 August 2012 was proposed. The proposed final dividend is subject to shareholders' approval at the forthcoming Annual General Meeting on 8 January 2013.

The total dividend paid and proposed by the Company in respect of the financial year ended 31 August 2012 is 16 sen per share represented by a net payment of approximately RM99.01 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.

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2012 (CONTINUED)

#### 7. Dividends paid (continued)

Record of dividends paid:-

Financial Year	Net Dividend per share (sen)	Total Dividend (RM'000)
2012	7.00 (interim)	43,306
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>399,851</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.

#### 3 months ended 30 November 2012

	Malaysia RM'000	Thailand RM'000	China RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>						
External sales	466,237	58,960	31,367	28,011	-	584,575
Inter-segment sales	15,547	90,706	10,908	-	(117,161)	-
Total Revenue	<u>481,784</u>	<u>149,666</u>	<u>42,275</u>	<u>28,011</u>	<u>(117,161)</u>	<u>584,575</u>
<b>Result</b>						
Segment profit/(loss)	63,306	6,531	323	165		70,325
Finance cost						(30)
Share of profit of associate						88
Profit before tax						<u>70,383</u>



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**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2012 (CONTINUED)****8. Segmental reporting (continued)****3 months ended 30 November 2012 (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	1,244,750	222,468	121,551	62,031		<u>1,650,800</u>
Goodwill						<u>20,113</u>
Investment in associate						<u>6,731</u>
<b><u>Liabilities</u></b>						
Segment liabilities	268,265	24,621	27,523	12,099		<u>332,508</u>
<b><u>Other information</u></b>						
Capital expenditure	54,896	1,520	795	874		<u>58,085</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 95.0% of PT Agro Pratama Sejahtera, a company incorporated under the laws of Republic of Indonesia, which was completed on 1 October 2012.

**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 RM59.3 million.

## TOP GLOVE CORPORATION BHD.

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2012 (CONTINUED)

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

#### 14. Review of performance

The Group's performance for the first quarter ended 30 November 2012 ("1QFY2013") compared with the corresponding quarter last financial year is as tabled below:

	1QFY2013	1QFY2012	Variance
	RM'mil	RM'mil	%
Revenue	584.6	554.8	5.4
PBT	70.4	41.6	69.2
PBT Margin	12.0%	7.5%	

The Group's revenue for 1QFY2013 increased by 5.4% to RM584.6 million compared with the corresponding quarter last financial year. Meanwhile, profit before taxation ("PBT") in 1QFY2013 gained 69.2% to RM70.4 million from RM41.6 million a year ago.

The improved performance in the current quarter was largely attributed to the continuing increase in demand, improved operations efficiency and lower raw material prices. Overall there is a consistent demand growth for natural rubber and nitrile gloves from both the emerging and developed markets. Raw material prices continued to trend downwards in line with softer general commodity prices in light of the challenging macro-economic environment and unresolved sovereign debt issues in Europe. Latex prices declined by 30% (from an average of RM8.34/kg in 1QFY2012 to RM5.83/kg in 1QFY2013) while nitrile prices fell by 31% (from an average of USD2.06/kg in 1QFY2012 to USD1.42/kg in 1QFY2013). These had further contributed to the improved PBT margins from 7.5% to 12.0%.

The Group continues to generate free cash flows despite utilizing cash to finance its capital expenditure and dividend payment and is able to maintain its strong balance sheet position with net cash and short term investments of RM345.9 million as at 30 November 2012.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2012 (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												1QFY13 (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	584.6
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	89.6
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%	15.3%
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	70.4
PBT margin	12.4%	11.2%	11.1%	10.8%	10.2%	9.2%	9.7%	9.8%	14.5%	14.7%	7.1%	10.4%	12.0%
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	11.5
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	58.9
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%	10.1%

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2012 (CONTINUED)

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

	1QFY2013 RM'mil	4QFY2012 RM'mil	Variance %
Revenue	584.6	607.3	(3.7)
PBT	70.4	66.6	5.7
PBT margin	12.0%	11.0%	

Revenue contracted slightly by 3.7% from RM607.3 million in 4QFY2012 to RM584.6 million in 1QFY2013 although there is an improvement in quantity of gloves sold in the current quarter due to lower selling prices in line with easing raw material costs. During the quarter, latex prices declined by 14% from an average of RM6.76/kg in 4QFY2012 to RM5.83/kg in 1QFY2013.

#### 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 23 factories, 458 glove production lines with a production capacity of 40.0 billion pieces of gloves per annum. It has a 11,000 strong work force to serve its growing customer base of more than 1,000 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 18	Banting, Malaysia	16	1.5 billion pcs	April 2013
Factory 25	Klang, Malaysia	20	1.8 billion pcs	June 2013
Factory 23, phase 2	Ipoh, Malaysia	16	1.5 billion pcs	August 2013
	<b>Total</b>	<b>52</b>	<b>4.8 billion pcs</b>	

#### Outlook

In the near term, the Group expects the raw material prices of latex and nitrile to trend at current levels on anticipated reduction in demand from downstream tyre makers affected by the weak growth in major rubber consuming countries. The recent easing of these raw material prices has enabled a more favourable operating environment for sustainable growth in earnings.

Nevertheless, the global demand for rubber gloves is expected to remain strong and resilient as gloves are deemed necessities especially in the healthcare industry. Demand from both developed and emerging markets will continue to grow as healthcare standards and awareness improve.

As of the end of 1QFY2013, the Group has capacity expansion projects that are in progress, involving an additional 4.8 billion pieces of gloves to cater to the increasing demand for nitrile gloves as the Group is confident that the increase in the nitrile gloves capacity by the industry will be more than offset by the strong demand expansion for this category of gloves. By August 2013, the factory expansions and new facilities will have increased the Group's capacity to 44.8 billion pieces of gloves per annum.

In addition to organic expansion, the Group intends to capitalize on its balance sheet strength to create further shareholder value by exploring profitable expansions via the merger and acquisition route.

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2012 (CONTINUED)

With the completion of the acquisition of the 95% equity stake in PT Agro Pratama Sejahtera in Indonesia, the Group will proceed with the land preparation for the first phase of planting expected to commence in mid-2013. Whilst ensuring long term future consistent supply of latex, this upstream investment is expected to mitigate the impact of future volatility of latex prices on the Group's financial performance.

As for the acquisition of the 100% equity stake in GMP Medicare Sdn Bhd will be completed by 31 December 2012. This acquisition is expected to add value to our existing operations and performance of the Group moving forward.

The industry's challenge currently is the impending minimum wage policy which will take effect in 2013. To mitigate this impact, the Group had embarked on a comprehensive automation drive to install robotic arm, auto stacking and packing machines on existing as well as new production lines to further increase its production efficiency and reduce labour intensive manpower.

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

Not applicable as no profit forecast was issued.

#### 18. Taxation

	Quarter Ended		Year To Date Ended	
	30 Nov 2012 RM'000	30 Nov 2011 RM'000	30 Nov 2012 RM'000	30 Nov 2011 RM'000
Income tax				
- Current year	8,945	6,395	8,945	6,395
- (Over)/ under provision in previous year	-	-	-	-
Deferred taxation	<u>2,542</u>	<u>2,741</u>	<u>2,542</u>	<u>2,741</u>
	<u>11,487</u>	<u>9,136</u>	<u>11,487</u>	<u>9,136</u>

The effective tax rate of the Group is lower than the statutory tax rate due to recognition of deferred tax assets of RM1.25million 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.

#### 21. Status of corporate proposals announced

- a) On 17 July 2012, Top Glove Corporation Berhad entered into a conditional Sale and Purchase Agreement to acquire the entire issued and paid-up capital of 24,000,000 ordinary shares of RM1.00 each in GMP Medicare Sdn. Bhd. ("GMP"). GMP was incorporated in Malaysia and is principally involved in manufacturing and sale of rubber gloves. The total consideration for the proposed acquisition was RM24.13 million.

The proposed acquisition is expected to be completed within 6 months from the date of the execution of the Agreement.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2012 (CONTINUED)****22. Group borrowings**

The Group borrowings as at 30 November 2012 were as follows:-

	Unsecured RM'000
Short term borrowings	1,698
Long term borrowings	2,675
	<u>4,373</u>

**23. Fair value hierarchy**

The Group uses the following hierarchy for 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 30 November 2012, the Group held the following financial assets that are measured at fair value :-

	Level 1 (RM'000)	Level 2 (RM'000)	Total (RM'000)
Assets measured at fair value available-for-sales financial assets	148,906		148,906
Derivatives assets at fair value through profit or loss		12,497	12,497

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

	<b>As at 30 Nov 2012 RM'000</b>	<b>As at 30 Aug 2012 RM'000</b>
Total retained earnings of the company and its subsidiaries:		
- Realised	834,638	782,058
- Unrealised	(31,285)	(40,499)
	<u>803,353</u>	<u>741,559</u>
Add: Consolidation adjustments	1,550	5,852
Total group retained earnings as per consolidated accounts	<u><u>804,903</u></u>	<u><u>747,411</u></u>

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2012 (CONTINUED)****25. Notes to the Statement of Comprehensive Income**

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

	<b>Quarter ended 30 Nov 2012 RM'000</b>	<b>Year To Date Ended 30 Nov 2012 RM'000</b>
Interest income	3,002	3,002
Other income including investment income	2,475	2,475
Interest expenses	(30)	(30)
Depreciation and amortization	(19,217)	(19,217)
Foreign exchange loss	(3,042)	(3,042)
Fair value gain on foreign exchange contracts	15,161	15,161

**26. 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.

**27. Dividends**

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

The total dividend declared for financial year ended 31 August 2012 is 16 sen per ordinary share amounting to RM99.01 million. The Company paid a first single tier interim dividend of 7 sen per ordinary share amounting to RM43.31 million on 19 July 2012. The Board of Directors have also proposed a final single tier dividend of 9 sen per ordinary share amounting to RM55.70 million for the financial year ended 31 August 2012. The proposed final dividend is subject to shareholders' approval at the forthcoming Annual General Meeting.

**28. Earnings per share**

	<b>Quarter Ended</b>		<b>Year To Date Ended</b>	
	<b>30 Nov 2012</b>	<b>30 Nov 2011</b>	<b>30 Nov 2012</b>	<b>30 Nov 2011</b>
Net profit attributable to owners of the Company shareholders (RM'000)	57,492	31,432	57,492	31,432
<b>Basic</b>				
Weighted average number of ordinary shares in issue ('000)	618,959	618,514	618,959	618,514
<b>Basic earnings per share (sen)</b>	9.29	5.08	9.29	5.08
<b>Diluted</b>				
Weighted average number of ordinary shares in issue ('000)	618,959	618,514	618,959	618,514
Effect of dilution : share options ('000)	780	386	780	386
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	619,739	618,900	619,739	618,900
<b>Diluted earnings per share (sen)</b>	9.28	5.08	9.28	5.08