



**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 SECOND QUARTER ENDED 28 FEBRUARY 2013**

	Current Quarter Ended	Corresponding Quarter Ended	Current Year To Date	Corresponding Year To Date
	28-Feb-2013	29-Feb-2012	28-Feb-2013	29-Feb-2012
	RM'000	RM'000	RM'000	RM'000
Revenue	576,418	548,991	1,160,993	1,103,834
Operating Expenses	(520,960)	(486,593)	(1,040,687)	(1,003,827)
Other Operating Income	5,749	6,318	11,226	10,370
<b>Profit From Operations</b>	<b>61,207</b>	<b>68,716</b>	<b>131,532</b>	<b>110,377</b>
Finance Costs	(60)	(24)	(90)	(52)
Share of results of associate	242	110	330	68
<b>Profit Before Taxation</b>	<b>61,389</b>	<b>68,802</b>	<b>131,772</b>	<b>110,393</b>
Taxation	(10,063)	(14,606)	(21,550)	(23,742)
<b>Profit Net of Tax</b>	<b>51,326</b>	<b>54,196</b>	<b>110,222</b>	<b>86,651</b>
<b>Profit Attributable to :</b>				
Owners of the Company	50,315	53,455	107,807	84,887
Minority Interest	1,011	741	2,415	1,764
	<b>51,326</b>	<b>54,196</b>	<b>110,222</b>	<b>86,651</b>
<b>Earnings Per Share (sen)</b>				
Basic	8.13	8.64	17.41	13.72
Diluted	8.11	8.63	17.39	13.71

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 SECOND QUARTER ENDED 28 FEBRUARY 2013**

	<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>28-Feb-2013</b>	<b>29-Feb-2012</b>	<b>28-Feb-2013</b>	<b>29-Feb-2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit net of tax	51,326	54,196	110,222	86,651
<b>Other comprehensive income:</b>				
Net gain on available-for-sale financial assets:				
- gain/(loss) on fair value changes	1,274	2,397	6,857	486
Foreign currency translation	4,736	(6,978)	3,477	(87)
<b>Other comprehensive income</b>	<b>6,010</b>	<b>(4,581)</b>	<b>10,334</b>	<b>399</b>
<b>Total comprehensive income</b>	<b>57,336</b>	<b>49,615</b>	<b>120,556</b>	<b>87,050</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	56,003	49,093	117,923	84,884
Minority Interest	1,333	522	2,633	2,166
	<b>57,336</b>	<b>49,615</b>	<b>120,556</b>	<b>87,050</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.**

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 28 FEBRUARY 2013**

	Unaudited as at 28-Feb-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	831,886	734,386	660,692
Land use rights	44,399	22,441	19,608
Investment in associate	7,120	6,729	7,039
Deferred tax assets	6,200	3,700	-
Investment securities	145	145	146
Goodwill	24,448	20,113	20,113
	<b>914,198</b>	<b>787,514</b>	<b>707,598</b>
<b>Current Assets</b>			
Inventories	198,111	179,440	175,532
Trade and other receivables	300,290	293,863	262,129
Other current assets	2,922	25,791	4,316
Tax recoverable	-	-	13,228
Investment securities	125,395	144,198	108,512
Cash and bank balances	143,544	167,246	148,760
Derivative asset	11,326	-	2,954
	<b>781,588</b>	<b>810,538</b>	<b>715,431</b>
<b>Total Assets</b>	<b>1,695,786</b>	<b>1,598,052</b>	<b>1,423,029</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	261,623	231,538	194,611
Other current liabilities	33,033	30,940	34,644
Short term borrowings	9,325	161	157
Tax payable	1,082	9,054	-
Derivative liability	-	2,663	-
	<b>305,063</b>	<b>274,356</b>	<b>229,412</b>
<b>Net Current Assets</b>	<b>476,525</b>	<b>536,182</b>	<b>486,019</b>
<b>Non-Current Liabilities</b>			
Long term borrowings	2,687	2,815	2,851
Deferred tax liabilities	46,415	41,028	44,393
	<b>49,102</b>	<b>43,843</b>	<b>47,244</b>
<b>Total Liabilities</b>	<b>354,165</b>	<b>318,199</b>	<b>276,656</b>
<b>Net Assets</b>	<b>1,341,621</b>	<b>1,279,853</b>	<b>1,146,373</b>
<b>Equity Attributable to Equity Holders of the Company</b>			
Share capital	309,656	309,440	309,256
Share premium	175,754	174,197	171,780
Retained profit	799,488	747,411	625,936
Other reserves	34,287	24,306	14,831
	<b>1,319,185</b>	<b>1,255,354</b>	<b>1,121,803</b>
<b>Minority Interest</b>	<b>22,436</b>	<b>24,499</b>	<b>24,570</b>
<b>Total Equity</b>	<b>1,341,621</b>	<b>1,279,853</b>	<b>1,146,373</b>
<b>Total Equity and Liabilities</b>	<b>1,695,786</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

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2013**

	Attributable to Equity Holders of the Company									
	Equity attributable 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>6 Months Ended 28 February 2013</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	120,556	117,923	-	-	3,259	-	-	6,857	107,807	2,633
<b>Transactions with owners</b>										
Issuance of ordinary shares pursuant to ESOS	1,638	1,638	216	1,557	-	-	(135)	-	-	-
Share options granted under ESOS	-	-	-	-	-	-	-	-	-	-
Dividend on ordinary shares	(55,730)	(55,730)	-	-	-	-	-	(55,730)	-	-
Dividend paid to non-controlling interest	(6,000)	-	-	-	-	-	-	-	-	(6,000)
Acquisition of subsidiary	1,304	-	-	-	-	-	-	-	-	1,304
Closing balance at 28 February 2013	1,341,621	1,319,185	309,656	175,754	8,619	4,434	10,196	11,038	799,488	22,436
<b>6 Months Ended 29 February 2012</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	87,050	84,884	-	-	(488)	-	-	485	84,887	2,166
<b>Transactions with owners</b>										
Issuance of ordinary shares pursuant to ESOS	387	387	58	1,377	-	-	(1,048)	-	-	-
Share options granted under ESOS	2,145	2,145	-	-	-	-	2,145	-	-	-
Dividend on ordinary shares	(37,112)	(37,112)	-	-	-	-	-	(37,112)	-	-
Dividend paid to non-controlling interest	(3,286)	-	-	-	-	-	-	-	-	(3,286)
Closing balance at 29 February 2012	1,195,557	1,172,107	309,314	173,157	1,278	3,604	10,974	69	673,711	23,450

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 28 FEBRUARY 2013**

	<b>Current Year To Date Ended 28-Feb-2013</b>	<b>Corresponding Year To Date Ended 29-Feb-2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	131,772	110,393
Depreciation	39,884	33,521
Other adjustment	(14,613)	(9)
<b>Operating profit before changes in working capital</b>	<u>157,043</u>	<u>143,905</u>
<b>Changes in working capital</b>		
Net change in current assets	336	5,957
Net change in current liabilities	27,230	18,483
Cash flows from operating activities	<u>184,609</u>	<u>168,345</u>
Tax paid	(26,635)	(13,749)
<b>Net cash flows from operating activities</b>	<u>157,974</u>	<u>154,596</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of investment securities	25,660	(13,373)
Purchase of property, plant and equipment	(110,150)	(67,748)
Acquisition of land use rights	(22,000)	-
Acquisition of a subsidiary	(24,130)	-
<b>Net cash flows used-in investing activities</b>	<u>(130,620)</u>	<u>(81,121)</u>
<b>Cash flows from financing activities</b>		
Dividend paid on ordinary shares	(55,730)	(37,112)
Dividend paid to non-controlling interest	(6,000)	(3,286)
Proceeds from issuance of shares	1,638	387
Increase in borrowings	9,036	(92)
<b>Net cash flow used-in financing activities</b>	<u>(51,056)</u>	<u>(40,103)</u>
<b>Net change in cash and cash equivalents</b>	<u>(23,702)</u>	<u>33,372</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><u>143,544</u></u>	<u><u>182,132</u></u>
<b>Breakdown of cash and cash equivalents at end of period</b>		
Bank and cash balances	<u><u>143,544</u></u>	<u><u>182,132</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 SECOND QUARTER ENDED 28 FEBRUARY 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 28 February 2013.

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 28 FEBRUARY 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 28 February 2013, a total of 234,600 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 28 February 2013 are as follows:-

	No. of shares	RM
As at 30 November 2012	619,078,462	309,539,231
Ordinary shares issued pursuant to the ESOS	234,600	117,300
As at 28 February 2013	619,313,062	309,656,531

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.

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 28 FEBRUARY 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.

#### 6 months ended 28 February 2013

	Malaysia RM'000	Thailand RM'000	China RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b><u>Revenue</u></b>						
External sales	930,881	110,179	60,020	59,913	-	1,160,993
Inter-segment sales	23,806	177,618	16,494	-	(217,918)	-
Total Revenue	<u>954,687</u>	<u>287,797</u>	<u>76,514</u>	<u>59,913</u>	<u>(217,918)</u>	<u>1,160,993</u>
<b><u>Result</u></b>						
Segment profit/(loss)	119,140	11,718	569	105		131,532
Finance cost						(90)
Share of profit of associate						330
Profit before tax						<u>131,772</u>



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**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2013 (CONTINUED)****8. Segmental reporting (continued)****6 months ended 28 February 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	1,231,948	246,378	127,800	58,092		<u>1,664,218</u>
Goodwill						<u>24,448</u>
Investment in associate						<u>7,120</u>
<b><u>Liabilities</u></b>						
Segment liabilities	275,222	36,608	29,275	13,060		<u>354,165</u>
<b><u>Other information</u></b>						
Capital expenditure	102,474	5,459	1,785	432		<u>110,150</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 :-

1. The acquisition of 100% of BestStar Enterprise Ltd, a company incorporated in British Virgin Islands, which was completed on 10 December 2012.
2. The acquisition of 100% of GMP Medicare Sdn. Bhd., a company incorporated in Malaysia, which was completed on 17 December 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 RM60.7 million.

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2013 (CONTINUED)

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

#### 14. Review of performance

The Group's performance for the second quarter ended 28 February 2013 ("2QFY2013") compared with the corresponding quarter last financial year is as tabled below:

	2QFY2013	2QFY2012	Variance
	RM'mil	RM'mil	%
Revenue	576.4	549.0	5.0
PBT	61.4	68.8	(10.8)
PBT Margin	10.7%	12.5%	

The Group's revenue for 2QFY2013 increased by 5.0% to RM576.4 million compared with the corresponding quarter last financial year. Meanwhile, profit before taxation ("PBT") in 2QFY2013 eased 10.8% to RM61.4 million from RM68.8 million a year ago.

The higher revenue achieved in the current quarter was primarily attributed to the continuing uptrend in demand, improved production capacity utilization and more competitive pricing structure. Global demand for natural rubber and nitrile gloves from both the emerging and developed markets continue to grow, with strong growth registered in Latin America and Asia.

Despite the higher revenue, there was a decline in PBT mainly due to the effects of the minimum wage policy which had been implemented since 1 January 2013, coupled with a more competitive pricing structure mentioned above. However, the on-going automation initiatives on existing and new production lines to reduce dependence on unskilled labour will generate production efficiency gains to mitigate the impact of labour cost pressures in subsequent quarter performance. 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 15.3% (from an average of RM6.81/kg in 2QFY2012 to RM5.77/kg in 2QFY2013) while nitrile prices fell by 28.2% (from an average of USD1.70/kg in 2QFY2012 to USD1.22/kg in 2QFY2013).

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 RM256.9 million as at 28 February 2013.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST QUARTER ENDED 28 FEBRUARY 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												1HFY13 (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	1,161.0
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	171.7
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%	14.8%
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	131.8
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%	11.4%
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	21.6
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	110.2
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%	9.5%

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 28 FEBRUARY 2013 (CONTINUED)

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

	2QFY2013 RM'mil	1QFY2013 RM'mil	Variance %
Revenue	576.4	584.6	(1.4)
PBT	61.4	70.4	(12.8)
PBT margin	10.7%	12.0%	

Revenue reduced slightly by 1.4% from RM584.6 million in 1QFY2013 to RM576.4 million in 2QFY2013 although there is a marked improvement in sales volume in the current quarter as a result of expansion in demand and improved production capacity utilization. The reduction in PBT and PBT margin was largely attributed to the effects of the minimum wage implementation. However, the on-going automation to reduce reliance on manual labour and sharing of the cost with customers is expected to mitigate its impact in future quarters.

#### 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 24 factories, 462 glove production lines with a production capacity of 40.3 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 (formerly known as Factory 18, phase 2)	Banting, Malaysia	16	1.6 billion pcs	April 2013
Factory 25	Klang, Malaysia	20	2.0 billion pcs	July 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>76</b>	<b>7.6 billion pcs</b>	

#### Outlook

Demand for rubber gloves, both natural and nitrile will continue to see strong pick up from the global market, with higher growth rates projected from the emerging economies given the current low level of rubber glove penetration. With the expectation of latex and nitrile raw material prices trending at current levels in view of the challenging macro-economic environment, this will enable a more favourable operating environment for sustainable growth in demand and earnings.

Given this strong outlook, the Group will forge ahead with its capacity expansion plans involving an additional 7.6 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 absorbed by the strong demand. By April 2014, these factory expansions and new facilities will boost the Group's total annual production capacity to 47.9 billion pieces of gloves with 538 production lines from the current capacity of 40.3 billion.

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2013 (CONTINUED)

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

On the upstream rubber plantation project in Indonesia, the Group will proceed with the first phase of planting expected to commence in the second half 2013. Whilst ensuring long term future consistent supply of latex, this upstream investment is expected to mitigate the impact of volatile latex prices on the Group's future financial performance.

In a move to further enhance the Group's competitive edge in the market, the Group will be embarking on an enterprise wide IT transformation by investing in SAP Enterprise Resource Planning application solutions with a view to achieve greater efficiency by standardizing its business processes. The tentative implementation date is in the second half of 2013.

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

Not applicable as no profit forecast was issued.

#### 18. Taxation

	Quarter Ended		Year To Date Ended	
	28 Feb 2013 RM'000	29 Feb 2012 RM'000	28 Feb 2013 RM'000	29 Feb 2012 RM'000
Income tax	7,218	10,224	16,163	16,619
Deferred taxation	2,845	4,382	5,387	7,123
	<u>10,063</u>	<u>14,606</u>	<u>21,550</u>	<u>23,742</u>

The effective tax rate of the Group is lower than the statutory tax rate due to recognition of deferred tax assets of RM2.5million 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

On 5 March 2013, the Company announced the proposed subscription for total of 2,700,000 ordinary share of RM1.00 each and 9,504,000 class "A" preference shares (redeemable preference shares) of RM1.00 each in Value Add Sdn. Bhd. ("VA"), representing 27% of the equity of VA for total consideration of RM12,204,000 via two tranches.

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2013 (CONTINUED)

#### 21. Status of corporate proposals announced (cont'd)

On 28 February 2013, the Company has completed its first subscription of 270,000 ordinary shares of RM1.00 each and 5,832,000 class "A" preference shares (redeemable preference shares) of RM1.00 each in VA.

On 4 March 2013, VA had entered into a Sale and Purchase Agreement ("SPA") with T.S. Law Realty Sdn. Bhd. ("TS Law") acquiring the commercial building known as East Wing of The Icon for total consideration of RM226 million.

The second subscription of 2,430,000 ordinary shares of RM1.00 each and 3,672,000 class "A" preference shares (redeemable preference shares) of RM1.00 each in VA is estimated to be completed within three months from 4 March 2013, the date of VA entered into the SPA with TS Law acquiring the East Wing of The Icon.

#### 22. Group borrowings

The Group borrowings as at 28 February 2013 were as follows:-

	Unsecured RM'000
Short term borrowings	9,325
Long term borrowings	2,687
	<u>12,012</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 28 February 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	125,395		125,395
Derivatives assets at fair value			
Through profit or loss		11,326	11,326

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
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	<b>As at 28 Feb 2013 RM'000</b>	<b>As at 30 Nov 2012 RM'000</b>
Total retained earnings of the company and its subsidiaries:		
- Realised	830,305	834,638
- Unrealised	(32,132)	(31,285)
	<u>798,173</u>	<u>803,353</u>
Add: Consolidation adjustments	1,315	1,550
Total group retained earnings as per consolidated accounts	<u><u>799,488</u></u>	<u><u>804,903</u></u>

**25. Notes to the Statement of Comprehensive Income**

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

	<b>Quarter ended 28 Feb 2013 RM'000</b>	<b>Year To Date Ended 28 Feb 2013 RM'000</b>
Interest income	2,667	5,669
Other income including investment income	3,082	5,557
Interest expenses	(60)	(90)
Depreciation and amortization	(20,667)	(39,884)
Foreign exchange gain	16,055	13,013
Fair value (loss)/gain on foreign exchange contracts	(1,172)	13,989

**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 8 April 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**

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 was 16 sen per ordinary share amounting to RM99.04 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 and a final single tier dividend of 9 sen per ordinary share amounting to RM55.73 million on 24 January 2013, which was approved in the Company's Annual General Meeting.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
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	<b>Quarter Ended</b>		<b>Year To Date Ended</b>	
	<b>28 Feb 2013</b>	<b>29 Feb 2012</b>	<b>28 Feb 2013</b>	<b>29 Feb 2012</b>
Net profit attributable to owners of the Company shareholders (RM'000)	50,315	53,455	107,807	84,887
<b><u>Basic</u></b>				
Weighted average number of ordinary shares in issue ('000)	619,218	618,547	619,088	618,536
<b>Basic earnings per share (sen)</b>	8.13	8.64	17.41	13.72
<b><u>Diluted</u></b>				
Weighted average number of ordinary shares in issue ('000)	619,218	618,547	619,088	618,536
Effect of dilution : share options ('000)	846	696	846	696
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	620,064	619,243	619,934	619,232
<b>Diluted earnings per share (sen)</b>	8.11	8.63	17.39	13.71