



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

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

**The World's Largest Rubber Glove Manufacturer**

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

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**CONDENSED CONSOLIDATED INCOME STATEMENT  
 FOR THE FOURTH QUARTER ENDED 31 AUGUST 2013**

	Current Quarter Ended	Corresponding Quarter Ended	Current Year To Date	Corresponding Year To Date
	31-Aug-2013	31-Aug-2012	31-Aug-2013	31-Aug-2012
	RM'000	RM'000	RM'000	RM'000
Revenue	548,159	607,325	2,313,234	2,314,454
Operating Expenses	(494,001)	(547,761)	(2,103,106)	(2,096,065)
Other Operating Income	13,727	6,963	32,014	22,164
<b>Profit From Operations</b>	<b>67,885</b>	<b>66,527</b>	<b>242,142</b>	<b>240,553</b>
Finance Costs	(566)	(30)	(729)	(113)
Share of results of associate	(3,523)	129	(2,472)	262
<b>Profit Before Tax</b>	<b>63,796</b>	<b>66,626</b>	<b>238,941</b>	<b>240,702</b>
Taxation	(13,383)	(838)	(36,761)	(33,417)
<b>Profit Net of Tax</b>	<b>50,413</b>	<b>65,788</b>	<b>202,180</b>	<b>207,285</b>
<b>Profit Attributable to :</b>				
Owners of the Company	47,773	64,029	195,851	202,726
Minority Interest	2,640	1,759	6,329	4,559
	<b>50,413</b>	<b>65,788</b>	<b>202,180</b>	<b>207,285</b>
<b>Earnings Per Share (sen)</b>				
Basic	7.70	10.35	31.61	32.77
Diluted	7.70	10.34	31.58	32.74

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)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2013**

	Current Quarter Ended	Corresponding Quarter Ended	Current Year To Date	Corresponding Year To Date
	31-Aug-2013	31-Aug-2012	31-Aug-2013	31-Aug-2012
	RM'000	RM'000	RM'000	RM'000
Profit net of tax	50,413	65,788	202,180	207,285
<b>Other comprehensive income:</b>				
Net (loss) / gain on available-for-sale financial assets:				
- (loss) / gain on fair value changes	(7,348)	1,175	(2,543)	4,597
Foreign currency translation	2,177	1,926	7,293	4,039
Cash flow hedges	(41,858)	-	(41,858)	-
<b>Other comprehensive income</b>	<b>(47,029)</b>	<b>3,101</b>	<b>(37,108)</b>	<b>8,636</b>
<b>Total comprehensive income</b>	<b>3,384</b>	<b>68,889</b>	<b>165,072</b>	<b>215,921</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	1,104	67,071	158,582	210,917
Minority Interest	2,280	1,818	6,490	5,004
	<b>3,384</b>	<b>68,889</b>	<b>165,072</b>	<b>215,921</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)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 AUGUST 2013**

	Unaudited as at 31-Aug-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	930,696	734,386	660,692
Land use rights	42,372	22,441	19,608
Investment in associate	17,022	6,729	7,039
Deferred tax assets	8,700	3,700	-
Investment securities	145	145	146
Goodwill	25,183	20,113	20,113
	<b>1,024,118</b>	<b>787,514</b>	<b>707,598</b>
<b>Current Assets</b>			
Inventories	218,420	179,440	175,532
Trade and other receivables	295,076	293,863	262,129
Other current assets	3,652	25,791	4,316
Tax recoverable	-	-	13,228
Investment securities	93,669	144,198	108,512
Cash and bank balances	123,116	167,246	148,760
Derivative asset	-	-	2,954
	<b>733,933</b>	<b>810,538</b>	<b>715,431</b>
<b>Total Assets</b>	<b>1,758,051</b>	<b>1,598,052</b>	<b>1,423,029</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	232,197	231,538	194,611
Other current liabilities	28,132	30,940	34,644
Short term borrowings	55,585	161	157
Tax payable	9,336	9,054	-
Derivative liability	40,852	2,663	-
	<b>366,102</b>	<b>274,356</b>	<b>229,412</b>
<b>Net Current Assets</b>	<b>367,831</b>	<b>536,182</b>	<b>486,019</b>
<b>Non-Current Liabilities</b>			
Long term borrowings	2,820	2,815	2,851
Deferred tax liabilities	40,967	41,028	44,393
	<b>43,787</b>	<b>43,843</b>	<b>47,244</b>
<b>Total Liabilities</b>	<b>409,889</b>	<b>318,199</b>	<b>276,656</b>
<b>Net Assets</b>	<b>1,348,162</b>	<b>1,279,853</b>	<b>1,146,373</b>
<b>Equity Attributable to Equity Holders of the Company</b>			
Share capital	310,110	309,440	309,256
Share premium	180,174	174,197	171,780
Retained profit	844,128	747,411	625,936
Other reserves	(12,240)	24,306	14,831
	<b>1,322,172</b>	<b>1,255,354</b>	<b>1,121,803</b>
<b>Minority Interest</b>	<b>25,990</b>	<b>24,499</b>	<b>24,570</b>
<b>Total Equity</b>	<b>1,348,162</b>	<b>1,279,853</b>	<b>1,146,373</b>
<b>Total Equity and Liabilities</b>	<b>1,758,051</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**

(Company No. 474423-X)

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2013**

	Attributable to Equity Holders of the Company										
	Equity attributable to owners of the parent, total		Non distributable					Distributable			
Equity, total	Share Capital	Share Premium	Foreign exchange reserve	Cash flow hedge reserve	Legal reserve	Share option reserve	Fair value Adjustment Reserve	Retained Profits	Minority Interest		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>12 Months Ended 31 August 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	165,072	158,582	-	-	7,132	(41,858)	-	-	(2,543)	195,851	6,490
<b>Transactions with owners</b>											
Issuance of ordinary shares pursuant to ESOS	7,370	7,370	670	5,977	-	-	-	723	-	-	-
Share options granted under ESOS	-	-	-	-	-	-	-	-	-	-	-
Dividend on ordinary shares	(99,134)	(99,134)	-	-	-	-	-	-	-	(99,134)	-
Dividend paid to non-controlling interest	(6,228)	-	-	-	-	-	-	-	-	-	(6,228)
Acquisition of subsidiary	1,229	-	-	-	-	-	-	-	-	-	1,229
Transfer from legal reserve	-	-	-	-	-	-	-	-	-	-	-
Closing balance at 31 August 2013	1,348,162	1,322,172	310,110	180,174	12,492	(41,858)	4,434	11,054	1,638	844,128	25,990
<b>12 Months Ended 31 August 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	215,921	210,917	-	-	3,594	-	-	-	4,597	202,726	5,004
<b>Transactions with owners</b>											
Issuance of ordinary shares pursuant to ESOS	1,204	1,204	184	1,020	-	-	-	-	-	-	-
Share options granted under ESOS	1,860	1,860	-	-	-	-	-	1,860	-	-	-
Transfer from share option reserve	-	-	-	1,406	-	-	-	(1,406)	-	-	-
Share issue expenses	(9)	(9)	-	(9)	-	-	-	-	-	-	-
Dividend on ordinary shares	(80,421)	(80,421)	-	-	-	-	-	-	-	(80,421)	-
Dividend paid to non-controlling interest	(5,075)	-	-	-	-	-	-	-	-	-	(5,075)
Transfer to legal reserve	-	-	-	-	-	-	830	-	-	(830)	-
Closing balance at 31 August 2012	1,279,853	1,255,354	309,440	174,197	5,360	-	4,434	10,331	4,181	747,411	24,499

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

**TOP GLOVE CORPORATION BHD.**

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2013**

	<b>Current Year To Date Ended 31-Aug-2013</b>	<b>Corresponding Year To Date Ended 31-Aug-2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	238,941	240,702
Depreciation	80,369	69,187
Other adjustment	1,152	11,846
<b>Operating profit before changes in working capital</b>	<u>320,462</u>	<u>321,735</u>
<b>Changes in working capital</b>		
Net change in current assets	(8,839)	(59,651)
Net change in current liabilities	(7,975)	31,175
Cash flows from operating activities	<u>303,648</u>	<u>293,259</u>
Interest paid	(729)	(113)
Tax paid	(41,540)	(15,240)
<b>Net cash flows from operating activities</b>	<u>261,379</u>	<u>277,906</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal / (Purchase) of investment securities	47,949	(31,088)
Purchase of property, plant and equipment	(253,509)	(141,781)
Acquisition of land use rights	(22,000)	(2,940)
Acquisition of a subsidiary	(24,130)	-
Investment in associates	(12,204)	-
<b>Net cash flows used-in investing activities</b>	<u>(263,894)</u>	<u>(175,809)</u>
<b>Cash flows from financing activities</b>		
Dividend paid on ordinary shares	(99,134)	(80,421)
Dividend paid to non-controlling interest	(6,228)	(5,075)
Proceeds from issuance of shares	7,370	1,195
Increase / (decrease) in borrowings	55,429	(152)
<b>Net cash flow used-in financing activities</b>	<u>(42,563)</u>	<u>(84,453)</u>
<b>Net change in cash and cash equivalents</b>	(45,078)	17,644
Effect of foreign exchange rate changes	948	842
<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>123,116</u>	<u>167,246</u>
<b>Breakdown of cash and cash equivalents at end of period</b>		
Bank and cash balances	<u>123,116</u>	<u>167,246</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 FOURTH QUARTER ENDED 31 AUGUST 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.

## TOP GLOVE CORPORATION BHD.

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2013 (CONTINUED)

#### 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 August 2013.

#### 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 August 2013, a total of 318,700 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 31 August 2013 are as follows:-

	No. of shares	RM
As at 31 May 2013	619,901,262	309,950,631
Ordinary shares issued pursuant to the ESOS	318,700	159,350
As at 31 August 2013	620,219,962	310,109,981

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

#### 7. Dividends paid

On 18 July 2013, the Company paid a 1<sup>st</sup> interim single tier dividend of 7 sen (net) per ordinary share amounting to RM43.40 million, which was declared on 13 June 2013 in conjunction with the 3<sup>rd</sup> quarter ended 31 May 2013 financial results announcement.

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.

## TOP GLOVE CORPORATION BHD.

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2013 (CONTINUED)

#### 7. Dividends paid (continued)

Record of dividends paid:-

Financial Year	Net Dividend per share (sen)	Total Dividend (RM'000)
2013	7.00 (interim)	43,404
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>498,987</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.

#### **12 months ended 31 August 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	1,841,220	215,571	135,211	121,232	-	2,313,234
Inter-segment sales	43,834	346,415	22,297	-	(412,546)	-
Total Revenue	<u>1,885,054</u>	<u>561,986</u>	<u>157,508</u>	<u>121,232</u>	<u>(412,546)</u>	<u>2,313,234</u>
<b><u>Result</u></b>						
Segment profit	217,905	19,048	740	4,449	-	242,142
Finance cost						(729)
Share of loss of associate						(2,472)
Profit before tax						<u>238,941</u>



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**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2013 (CONTINUED)****8. Segmental reporting (continued)****12 months ended 31 August 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	1,171,538	219,432	128,801	196,075		<u>1,715,846</u>
Goodwill						<u>25,183</u>
Investment in Associate						<u>17,022</u>
<b><u>Liabilities</u></b>						
Segment liabilities	66,562	92,521	70,991	179,815		<u>409,889</u>
<b><u>Other information</u></b>						
Capital expenditure	225,482	11,449	4,233	12,345		<u>253,509</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, including business combination, acquisition or disposal of subsidiaries and long-term investment, restructuring and discontinuing operations.

**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 RM129.5 million.

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2013 (CONTINUED)

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

#### 14. Review of performance

The Group's performance for the fourth quarter ("4QFY2013") and the full year ("FY2013") ended 31 August 2013 compared with the corresponding periods last financial year are as tabled below:

	4QFY2013	4QFY2012	Variance	FY2013	FY2012	Variance
	RM'mil	RM'mil	%	RM'mil	RM'mil	%
Revenue	548.2	607.3	(9.7)	2,313.2	2,314.5	(0.06)
PBT	63.8	66.6	(4.2)	238.9	240.7	(0.75)
PBT Margin	11.6%	11.0%		10.3%	10.4%	

The Group achieved revenue of RM2.31 billion in FY2013 and RM548.2 million in 4QFY2013. Compared with corresponding periods in the preceding year, there was a slight decline in revenue attributed to a lower average selling price on the back of declining raw material costs.

However, the Group registered an 18% and 13% increase in sales volume in FY2013 and 4QFY2013 respectively, vis-à-vis the same periods in the year before. Owing to enhanced capacity utilisation stemming from an increase in nitrile glove demand, which now comprise 25% of total Group sales, there was also a marked improvement from an operational perspective. This contributed to an improved sales volume achievement as well as operating profit.

The improved profit before tax from operations was offset by unrealised forex losses incurred on the fair value of its US Dollar denominated foreign exchange contracts amounting to RM8.4 million in 4QFY2013 on the back of the strengthening US Dollar, which appreciated sharply against the Ringgit to 3.30 as at 31 August 2013 compared with the average rate of 3.20 in 4QFY2013. This resulted in profit before tax easing marginally to RM63.8 million in 4QFY2013 against the last financial year. Profit before tax for FY2013 also declined slightly to RM238.9 million compared with FY2012. Meanwhile, the US Dollar has since eased back to an average level of 3.19 as of 10 October 2013.

Raw material prices continued to trend down, on softer general commodity prices in the face of a challenging macro-economic environment. For FY2013, latex prices declined by 22% to RM5.77/kg while nitrile prices fell by 28% to RM3.82/kg versus FY2012.

Accordingly, The Board of Directors of Top Glove has proposed a final single tier dividend of 9 sen per share, subject to shareholders' approval at the forthcoming Annual General Meeting, which would bring the total payout for the year to 16 sen per share. The Group is able to maintain a dividend payout equivalent to the preceding year as its cashflow is still healthy. After factoring in acquisitions and capital expenditure of RM311.8 million and interim dividend payment, Top Glove still maintains a positive net cash position of RM158.4 million as well as a healthy balance sheet.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2013 (CONTINUED)****14. Review of performance (continued)**

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

	Financial year ended 31 August												
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013 (unaudited)
RM 'mil													
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	2,313.2
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	320.0
EBITDA margin	17.2%	15.0%	14.9%	14.5%	13.9%	13.1%	14.3%	14.4%	18.8%	17.5%	10.1%	13.4%	13.8%
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	238.9
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%	10.3%
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	36.8
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	202.2
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%	8.7%

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2013 (CONTINUED)

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

	4QFY2013 RM'mil	3QFY2013 RM'mil	Variance %
Revenue	548.2	604.1	(9.3)
PBT	63.8	43.4	47.0
PBT margin	11.6%	7.2%	

Revenue declined by 9.3% from RM604.1 million in 3QFY2013 to RM548.2 million in 4QFY2013 due to the lower average selling price arising from the adoption of a more competitive pricing structure in the latex and vinyl glove segments.

Despite the decrease in revenue, the Group recorded a 47% increase in PBT to RM63.8 million from RM43.4 million in the immediate preceding quarter. This was largely attributed to the foreign exchange gains from operations and gain on disposal of short term investment securities. In addition, the increase in PBT was also due to more profitable product mix which saw the nitrile glove segment increasing from 18% of total Group sales in the preceding quarter to 25% in the current 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 26 factories, 498 glove production lines with a production capacity of 43.9 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 27, phase 2	Lukut, Malaysia	6	0.6 billion pcs	January 2014
Factory 29	Klang, Malaysia	16	1.6 billion pcs	June 2014
	<b>Total</b>	<b>22</b>	<b>2.2 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.

Moving forward, the Group will ensure it stays ahead of market trends, responding swiftly to changes for betterment through automation, research and computerization. The Group will continue to increase the number of nitrile glove production lines, in line with the growing demand. On the strength of the Group's balance sheet, the Group will expand its production capacity further from its current 498 to 520 production lines by June 2014 thereby further boosting its production capacity from 43.9 billion to 46.1 billion pieces of gloves per annum. With its dedicated R&D Centre fully operational, the Group will also be able to intensify research initiatives in the areas of quality improvement, production efficiency, product development and innovation.

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2013 (CONTINUED)

#### 16. Commentary on prospects and targets (continued)

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.

Looking ahead, the Group will continue to focus on exceeding its customers' expectations by enhancing its glove quality through research and development, innovation and automation. As always, it will remain prudent with costs and pass on its savings to customers where possible. Having weathered many cycles in the industry, the Group is confident of overcoming the challenges that lie ahead and emerging the stronger for it.

As mentioned previously, the Group has embarked 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 has rolled out the first phase of its implementation with 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 Aug 2013 RM'000	31 Aug 2012 RM'000	31 Aug 2013 RM'000	31 Aug 2012 RM'000
Income tax				
- Current year	25,469	17,657	46,607	49,128
- (Over) / under provision in previous year	(67)	19	(4,785)	(8,646)
Deferred taxation	(12,019)	(16,838)	(5,061)	(7,065)
	<u>13,383</u>	<u>838</u>	<u>36,761</u>	<u>33,417</u>

The effective tax rate of the Group is lower than the statutory tax rate due to recognition of deferred tax assets of RM5.0 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.

#### 21. Status of corporate proposals announced

On 11 October 2013, Top Glove Sdn Bhd ("TGSB"), a wholly-owned subsidiary of the Company, has presented to the directors of Medi-Flex Ltd ("Medi-Flex") a formal proposal to seek the voluntary delisting of Medi-Flex from the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") pursuant to Rule 1307 and 1308 of the SGX-ST Listing Manual Section B: Rules of Catalist ("Catalist Rules") ("Proposed Voluntary Delisting"). TGSB and Medi-Flex have today made a joint-announcement regarding the Proposed Voluntary Delisting on the SGX-ST ("Joint-Announcement").

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2013 (CONTINUED)

#### 21. Status of corporate proposals announced (continued)

TGSB which owns 79.77% of Medi-Flex, will make a cash offer at an offer price of SGD0.15 per share to purchase all of the issued ordinary Medi-Flex shares (excluding treasury shares) in the capital of Medi-Flex, other than those already held by TGSB, on the terms and subject to the conditions as set out in the Joint Announcement and in the offer document to be issued by the TGSB to shareholders of Medi-Flex in due course.

The Proposed Voluntary Delisting will not have any effect on the issued and paid-up share capital of the Company as the consideration for the Proposed Voluntary Delisting is to be satisfied entirely in cash and does not involve any issuance of new Company shares. The Proposed Voluntary Delisting is expected to be completed in the 3rd quarter of next financial year. As such, the Proposed Voluntary Delisting is expected to contribute positively to the Group's earnings for the financial year ending 31 August 2014.

#### 22. Group borrowings

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

	<b>As at 31 Aug 2013 Unsecured RM'000</b>	<b>As at 31 Aug 2012 Unsecured RM'000</b>
Short term borrowings	55,585	161
Long term borrowings	2,820	2,815
	<u>58,405</u>	<u>2,976</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 August 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-sale financial assets	93,669		93,669
Liabilities measured at fair value: Derivative liabilities at fair value through profit or loss		40,852	40,852

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2013 (CONTINUED)****24. Realised and Unrealised Profits/Losses**

	<b>As at 31 Aug 2013 RM'000</b>	<b>As at 31 May 2013 RM'000</b>
Total retained earnings of the company and its subsidiaries:		
- Realised	880,837	840,083
- Unrealised	(26,337)	(48,313)
	<hr/>	<hr/>
	854,500	791,770
(Less)/Add: Consolidation adjustments	(10,372)	4,596
	<hr/>	<hr/>
Total group retained earnings as per consolidated accounts	<u>844,128</u>	<u>796,366</u>

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

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

	<b>Quarter ended 31 Aug 2013 RM'000</b>	<b>Year To Date Ended 31 Aug 2013 RM'000</b>
Interest income	4,659	12,922
Other income including investment income	9,068	19,092
Interest expenses	(566)	(729)
Depreciation and amortization	(19,958)	(80,369)
Foreign exchange gain	7,011	15,520
Fair value (loss)/gain on foreign exchange contracts	(8,355)	886

**26. Other Comprehensive Income**

On 1 June 2013, the Company has designated all of its foreign currency forward contracts entered into as effective hedge and has applied hedge accounting upon recognition on all of the forward contracts outstanding from 1 June 2013 onwards.

**27. 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. Our subsidiaries have filed their defence and counterclaims on 22 April 2013 and the Plaintiffs have filed their reply and defence to counterclaims on 27 September 2013. The next case management hearing was fixed on 28 October 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.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2013 (CONTINUED)****28. Dividends**

The Board of Directors is pleased to propose a final single tier dividend of 9 sen (net) per ordinary share amounting to approximately RM55.84 million for the financial year ended 31 August 2013. The proposed final single tier dividend is subject to shareholders' approval at the forthcoming Annual General Meeting.

The Board of Directors has on 13 June 2013, declared a first single tier interim dividend of 7 sen (net) per ordinary share and paid on 18 July 2013, amounting to RM43.40 million for the quarter ended 31 May 2013.

The total dividend paid and proposed by the Company in respect of the financial year ended 31 August 2013 is 16 sen per ordinary share represented by a payment of approximately RM99.24 million.

**29. Earnings per share**

	<b>Quarter Ended</b>		<b>Year To Date Ended</b>	
	<b>31 Aug 2013</b>	<b>31 Aug 2012</b>	<b>31 Aug 2013</b>	<b>31 Aug 2012</b>
Net profit attributable to owners of the Company shareholders (RM'000)	47,773	64,029	195,851	202,726
<b><u>Basic</u></b>				
Weighted average number of ordinary shares in issue ('000)	620,060	618,727	619,493	618,609
<b>Basic earnings per share (sen)</b>	<u>7.70</u>	<u>10.35</u>	<u>31.61</u>	<u>32.77</u>
<b><u>Diluted</u></b>				
Weighted average number of ordinary shares in issue ('000)	620,060	618,727	619,493	618,609
Effect of dilution : share options ('000)	609	670	609	670
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	620,669	619,397	620,102	619,279
<b>Diluted earnings per share (sen)</b>	<u>7.70</u>	<u>10.34</u>	<u>31.58</u>	<u>32.74</u>