

## Quarterly rpt on consolidated results for the financial period ended 31 May 2017

### TOP GLOVE CORPORATION BHD

Financial Year End 31 Aug 2017  
 Quarter 3 Qtr  
 Quarterly report for the financial period ended 31 May 2017  
 The figures have not been audited

#### Attachments

[TopGlove\\_3QFY17\\_Financial\\_Results.pdf](#)  
365.2 kB

[TopGlove\\_3QFY17\\_Press\\_Release.pdf](#)  
156.3 kB

Default Currency

Other Currency

Currency: **Malaysian Ringgit (MYR)**

#### SUMMARY OF KEY FINANCIAL INFORMATION 31 May 2017

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31 May 2017	31 May 2016	31 May 2017	31 May 2016
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	869,641	672,270	2,506,761	2,166,401
2 Profit/(loss) before tax	91,504	73,743	283,988	366,852
3 Profit/(loss) for the period	77,549	62,779	234,385	296,929
4 Profit/(loss) attributable to ordinary equity holders of the parent	77,713	62,456	234,082	295,411
5 Basic earnings/(loss) per share (Subunit)	6.20	4.99	18.68	23.60

<b>6</b>	<b>Proposed/Declared dividend per share (Subunit)</b>	6.00	6.00	6.00	6.00
		AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
<b>7</b>	<b>Net assets per share attributable to ordinary equity holders of the parent (\$\$)</b>		1.5200		1.4600

Definition of Subunit:

*In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit. Example for the subunit as follows:*

Country	Base Unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence

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**Announcement Info**

<b>Company Name</b>	TOP GLOVE CORPORATION BHD
<b>Stock Name</b>	TOPGLOV
<b>Date Announced</b>	16 Jun 2017
<b>Category</b>	Financial Results
<b>Reference Number</b>	FRA-05062017-00001

**TOP GLOVE****TOP QUALITY, TOP EFFICIENCY****TOP GLOVE CORPORATION BHD.**

(Company No. 474423-X)

**The World's Largest Rubber Glove Manufacturer**Website : [www.topglove.com](http://www.topglove.com)E-mail : [invest@topglove.com.my](mailto:invest@topglove.com.my)**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE THIRD QUARTER ENDED 31 MAY 2017**

	<b>Current Quarter Ended</b>	<b>Corresponding Quarter Ended</b>	<b>Current Year To Date</b>	<b>Corresponding Year To Date</b>
	<b>31-May-2017</b>	<b>31-May-2016</b>	<b>31-May-2017</b>	<b>31-May-2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	869,641	672,270	2,506,761	2,166,401
Operating Expenses	(790,661)	(612,305)	(2,252,656)	(1,831,716)
Other Operating Income	14,116	14,413	34,918	35,841
<b>Profit From Operations</b>	<b>93,096</b>	<b>74,378</b>	<b>289,023</b>	<b>370,526</b>
Finance Costs	(1,532)	(1,256)	(4,175)	(4,428)
Share of results of associates	(60)	621	(860)	754
<b>Profit Before Tax</b>	<b>91,504</b>	<b>73,743</b>	<b>283,988</b>	<b>366,852</b>
Taxation	(13,955)	(10,964)	(49,603)	(69,923)
<b>Profit Net of Tax</b>	<b>77,549</b>	<b>62,779</b>	<b>234,385</b>	<b>296,929</b>
<b>Profit Attributable to:</b>				
Owners of the Company	77,713	62,456	234,082	295,411
Non-controlling interest	(164)	323	303	1,518
	<b>77,549</b>	<b>62,779</b>	<b>234,385</b>	<b>296,929</b>
<b>Earnings Per Share (sen)</b>				
<b>Basic</b>	<b>6.20</b>	<b>4.99</b>	<b>18.68</b>	<b>23.60</b>
<b>Diluted</b>	<b>6.19</b>	<b>4.96</b>	<b>18.66</b>	<b>23.47</b>

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 August 2016

**TOP GLOVE CORPORATION BHD.**

(Company No. 474423-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****FOR THE THIRD QUARTER ENDED 31 MAY 2017**

	<b>Current Quarter Ended</b>	<b>Corresponding Quarter Ended</b>	<b>Current Year To Date</b>	<b>Corresponding Year To Date</b>
	<b>31-May-2017</b>	<b>31-May-2016</b>	<b>31-May-2017</b>	<b>31-May-2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit net of tax	77,549	62,779	234,385	296,929
<b>Other comprehensive (loss)/ income:</b>				
Net movement on available-for-sale financial assets	3,976	5,179	6,773	(4,310)
Foreign currency translation	(9,760)	(4,168)	18,694	(15,215)
<b>Other comprehensive (loss)/ income</b>	<b>(5,784)</b>	<b>1,011</b>	<b>25,467</b>	<b>(19,525)</b>
<b>Total comprehensive income</b>	<b>71,765</b>	<b>63,790</b>	<b>259,852</b>	<b>277,404</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	72,058	63,629	258,968	276,226
Non-controlling interest	(293)	161	884	1,178
	<b>71,765</b>	<b>63,790</b>	<b>259,852</b>	<b>277,404</b>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 August 2016

**TOP GLOVE CORPORATION BHD.**

(Company No. 474423-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MAY 2017**

	Unaudited as at 31-May-2017 RM'000	Audited as at 31-Aug-2016 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,379,917	1,156,767
Land use rights	39,039	39,461
Investment properties	85,485	82,184
Investment in associates	2,488	3,961
Deferred tax assets	7,081	7,081
Investment	392	145
Goodwill	22,805	22,805
	1,537,207	1,312,404
<b>Current Assets</b>		
Inventories	312,252	263,679
Trade and other receivables	458,716	345,700
Other current assets	39,855	24,179
Investment securities	227,089	479,081
Cash and bank balances	212,871	224,099
Derivative financial instruments	2,733	-
	1,253,516	1,336,738
<b>Total Assets</b>	<b>2,790,723</b>	<b>2,649,142</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	372,453	332,199
Other current liabilities	45,543	39,368
Short term borrowings	276,691	317,796
Tax payable	1,623	1,357
Derivative financial instruments	-	189
Dividend payable	75,219	-
	771,529	690,909
<b>Net Current Assets</b>	<b>481,987</b>	<b>645,829</b>
<b>Non-Current Liabilities</b>		
Long term borrowings	67,956	81,637
Deferred tax liabilities	44,093	50,757
	112,049	132,394
<b>Total Liabilities</b>	<b>883,578</b>	<b>823,303</b>
<b>Net Assets</b>	<b>1,907,145</b>	<b>1,825,839</b>
<b>Equity Attributable to Equity Holders of the Company</b>		
Share capital	635,166	627,406
Share premium	-	4,781
Treasury shares	(9,739)	(9,739)
Retained earnings	1,219,758	1,167,057
Other reserves	52,790	28,508
	1,897,975	1,818,013
<b>Non-controlling interest</b>	<b>9,170</b>	<b>7,826</b>
<b>Total Equity</b>	<b>1,907,145</b>	<b>1,825,839</b>
<b>Total Equity and Liabilities</b>	<b>2,790,723</b>	<b>2,649,142</b>
Net Tangible Assets per share (RM)	1.50	1.44
Net Assets per share (RM)	1.52	1.46

**TOP GLOVE CORPORATION BHD**

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THIRD QUARTER ENDED 31 MAY 2017**

	Attributable to Equity Holders of the Company										
	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Non distributable Foreign exchange reserve RM'000	Legal reserve RM'000	Share option reserve RM'000	Fair value adjustment reserve RM'000	Distributable Retained earnings RM'000	Non-controlling interest RM'000
<b>9 Months Ended 31 May 2017</b>											
<b>Opening balance at 1 September 2016</b>	1,825,839	1,818,013	627,406	4,781	(9,739)	25,676	4,278	2,861	(4,307)	1,167,057	7,826
<b>Total comprehensive income</b>	259,852	258,968	-	-	-	18,113	-	-	6,773	234,082	884
<b>Transactions with owners</b>											
Issuance of ordinary shares pursuant to ESOS	2,701	2,701	1,650	1,051	-	-	-	-	-	-	-
Issuance of shares to non controlling interest	480	-	-	-	-	-	-	-	-	-	480
Changes in ownership interest in subsidiary	-	20	-	-	-	-	-	-	-	20	(20)
Reclassification due to compliance with Company Act 2016	-	-	6,110	(6,110)	-	-	-	-	-	-	-
Transfer from share option reserve	-	-	-	278	-	-	-	(278)	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	(326)	-	326	-
Dividend on ordinary shares	(181,727)	(181,727)	-	-	-	-	-	-	-	(181,727)	-
<b>Closing balance at 31 May 2017</b>	<b>1,907,145</b>	<b>1,897,975</b>	<b>635,166</b>	<b>-</b>	<b>(9,739)</b>	<b>43,789</b>	<b>4,278</b>	<b>2,257</b>	<b>2,466</b>	<b>1,219,758</b>	<b>9,170</b>
<b>9 Months Ended 31 May 2016</b>											
<b>Opening balance at 1 September 2015</b>	1,614,393	1,607,964	312,092	200,302	(14,722)	42,292	3,781	7,714	(78)	1,056,583	6,429
<b>Total comprehensive income</b>	277,404	276,226	-	-	-	(14,875)	-	-	(4,310)	295,411	1,178
<b>Transactions with owners</b>											
Issuance of ordinary shares pursuant to ESOS	22,545	22,545	2,408	20,137	-	-	-	-	-	-	-
Issuance of bonus shares	-	-	312,857	(220,800)	-	-	-	-	-	(92,057)	-
Share options granted under ESOS	108	108	-	-	-	-	-	108	-	-	-
Transfer from share option reserve	-	-	-	5,373	-	-	-	(5,373)	-	-	-
Share issue expenses	(18)	(18)	-	(18)	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	(6)	-	6	-
Resold of treasury shares	16,110	16,110	-	-	4,983	-	-	-	-	11,127	-
Dividend on ordinary shares	(169,007)	(169,007)	-	-	-	-	-	-	-	(169,007)	-
<b>Closing balance at 31 May 2016</b>	<b>1,761,535</b>	<b>1,753,928</b>	<b>627,357</b>	<b>4,994</b>	<b>(9,739)</b>	<b>27,417</b>	<b>3,781</b>	<b>2,443</b>	<b>(4,388)</b>	<b>1,102,063</b>	<b>7,607</b>

**TOP GLOVE CORPORATION BHD.**

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 31 MAY 2017**

	<b>Current Year To Date Ended 31-May-2017 RM'000</b>	<b>Corresponding Year To Date Ended 31-May-2016 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	283,988	366,852
Depreciation and amortisation	82,051	80,684
Other adjustments	11,454	5,031
<b>Operating profit before changes in working capital</b>	<u>377,493</u>	<u>452,567</u>
<b>Changes in working capital</b>		
Net change in current assets	(186,485)	68,385
Net change in current liabilities	46,824	(27,614)
<b>Cash flows from operating activities</b>	<u>237,832</u>	<u>493,338</u>
Interest paid	(4,175)	(4,428)
Tax paid	(56,001)	(63,882)
<b>Net cash flows from operating activities</b>	<u>177,656</u>	<u>425,028</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of investment securities	322,047	182,265
Purchase of investment securities	(60,143)	(194,334)
Purchase of property, plant and equipment	(306,947)	(156,566)
Proceeds from disposal of property, plant and equipment	10,757	3,171
Interest received	13,403	24,846
<b>Net cash flows used in investing activities</b>	<u>(20,883)</u>	<u>(140,618)</u>
<b>Cash flows from financing activities</b>		
Dividend paid on ordinary shares	(106,508)	(93,724)
Dividend received from associate	787	-
Issuance of shares to non-controlling interest	480	-
Share issue expenses	-	(18)
Proceeds from issuance of shares	2,701	22,545
Proceeds from sale of treasury shares	-	16,110
Repayment of loans and borrowings	(65,461)	(225,138)
<b>Net cash flows used in financing activities</b>	<u>(168,001)</u>	<u>(280,225)</u>
<b>Net change in cash and cash equivalents</b>	<u>(11,228)</u>	<u>4,185</u>
<b>Cash and cash equivalents at beginning of year</b>	<u>224,099</u>	<u>146,460</u>
<b>Cash and cash equivalents at end of period</b>	<u>212,871</u>	<u>150,645</u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the financial year ended 31 August 2016

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 MAY 2017**

**1. Basis of preparation**

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 2016. 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 2016.

The audited financial statements of the Group for the year ended 31 August 2016 were prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”). 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 2016.

**2. Auditors’ report**

The audited financial statements for the financial year ended 31 August 2016 was not subject to any qualification.

**3. Seasonal or cyclical factors**

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

**4. Extraordinary and exceptional items**

There were no extraordinary and exceptional items of unusual nature affecting assets, liabilities, equity, net income, or cash flows in the interim financial period ended 31 May 2017.

**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.



## TOP GLOVE CORPORATION BHD.

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MAY 2017 (CONTINUED)

#### 6. Changes in debts and equity securities

As at the quarter ended 31 May 2017, a total of 230,700 new ordinary shares were issued and allotted pursuant to the exercise of the ESOS II, details of the issued and paid-up capital of the Company as at 31 May 2017 are as follows:

	No. of shares	RM'000
As at 28 February 2017	1,255,586,464	634,561
Ordinary shares issued pursuant to the ESOS	230,700	605
As at 31 May 2017	1,255,817,164	635,166

With the implementation of the Companies Act 2016 ("CA 2016") on 26 January 2017, all shares shall have no par or nominal value. In view thereof, the amount standing in share premium as at 31 January 2017 will be part of the Company's share capital. Nevertheless, the Company may within 24 months upon the commencement of the CA 2016, utilised the amount standing in share premium account for such purposes allowed under CA 2016.

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

#### 7. Dividends paid

The Board of Directors of Top Glove has adopted a Dividend Policy to declare and pay annual dividends of 50% of its profit after tax and minority interest in respect of future financial years.

Record of dividends paid:

Financial Year	Net Dividend per share (sen)*	Total Dividend (RM'000)
2016	14.50	181,655
2015	11.50	143,143
2014	8.00	99,009
2013	8.00	99,252
2012	8.00	99,038
2011	5.50	68,035
2010	8.00	98,877
2009	5.50	65,873
2008	2.75	32,389
2007	2.31	27,435
2006	1.84	21,173
2005	1.33	14,110
2004	1.18	12,295
2003	0.93	9,550
2002	0.28	2,808
2001	0.40	4,000
<b>Total</b>		<b>978,642</b>

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

- Bonus issue of 30% in April 2002, 40% in April 2003, 40% in February 2007, 100% in July 2010 and 100% in January 2016.
- Subdivision of shares from one ordinary share of RM1.00 to two ordinary shares of RM0.50 each which was completed in February 2005.

## TOP GLOVE CORPORATION BHD.

(Company No. 474423-X)

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MAY 2017 (CONTINUED)

#### 8. Segmental reporting

- a. Primary reporting segment – Geographical segments.

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

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on negotiated and mutually agreed terms.

#### 9 months ended 31 May 2017

	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	2,091,557	215,627	81,571	118,006	-	2,506,761
Inter-segment sales	58,356	297,956	1,220	-	(357,532)	-
Total Revenue	<u>2,149,913</u>	<u>513,583</u>	<u>82,791</u>	<u>118,006</u>	<u>(357,532)</u>	<u>2,506,761</u>
<b><u>Result</u></b>						
Segment profit	232,415	33,404	8,851	14,353	-	289,023
Finance cost						(4,175)
Share of results of Associates						<u>(860)</u>
Profit before tax						<u>283,988</u>
<b><u>Assets</u></b>						
Segment assets	2,049,931	316,704	62,218	329,496	7,081	<u>2,765,430</u>
Goodwill						<u>22,805</u>
Investment in Associates						<u>2,488</u>
<b><u>Liabilities</u></b>						
Segment liabilities	708,342	107,585	12,842	9,093	45,716	<u>883,578</u>
<b><u>Other segment information</u></b>						
Capital commitments	178,481	5,055	701	-	-	<u>184,237</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.

## **TOP GLOVE CORPORATION BHD.**

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### **NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MAY 2017 (CONTINUED)**

#### **11. Changes in the composition of the Group**

During the quarter ended 31 May 2017, the wholly-owned subsidiary of the Company, Top Glove Sdn. Bhd. (“TGSB”) had entered into a joint venture (“JV”) agreement with Fimatec Limited (“Fimatec”). The indirect subsidiary, Techniglove Sdn. Bhd. was used as the proposed JV company and was later renamed to TG FMT Sdn. Bhd. The proposed shareholding composition of TG FMT Sdn. Bhd. is 70% owned by TGSB and the remaining 30% by Fimatec.

Other than the above-mentioned, there is no other significant change 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 approved and contracted for capital expenditures amounting approximately to RM184.2 million.

## TOP GLOVE CORPORATION BHD.

(Company No. 474423-X)  
(Incorporated in Malaysia)

### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MAY 2017 (CONTINUED)

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

#### 14. Review of performance

A comparison of Top Glove's performance for the third quarter ended 31 May 2017 ("3QFY17") with the corresponding period last financial year is as follows:

	3QFY17	3QFY16	Variance	9MFY17	9MFY16	Variance
	RM'mil	RM'mil	%	RM'mil	RM'mil	%
Revenue	869.6	672.3	29.3	2,506.8	2,166.4	15.7
PBT	91.5	73.7	24.2	284.0	366.9	(22.6)
PBT Margin	10.5%	11.0%	(4.5)	11.3%	16.9%	(33.1)

The Group achieved 3QFY17 Sales Revenue of RM869.6 million, an increase of 29.3% year-on-year, while Profit Before Tax came in at RM91.5 million, an improvement of 24.2% year-on-year despite a challenging business environment characterised by sharp increases in raw material prices, which affected sales orders. Sales volume (quantity sold) was marginally lower by 1% against 3QFY16 following an increase in average selling price (ASP), resulting from the upsurge in raw material prices. In 3QFY17, the average natural rubber latex price increased sharply by 79.2% to RM7.06/kg, while the average nitrile price also rose 41.1% to USD1.34/kg, compared with 3QFY16.

Sales Revenue for 9MFY17 also rose 15.7% to RM2.51 billion, compared with the corresponding period in the previous year. However, Profit Before Tax came in at RM284 million, softer by 22.6% against 9MFY16, attributed to relatively stronger numbers during 1HFY16 (owing to a stronger US Dollar and lower raw material prices then). Nonetheless, sales volume grew 5% compared year-on-year.

Top Glove's good performance despite unfavourable conditions was attributed to ongoing improvements throughout its manufacturing process, which enabled the Group to manage costs efficiently. The lower profits and sales volume came on the back of higher raw material prices and subsequent upward revisions in ASP, which caused orders to be deferred. However, the Group is optimistic of better sales volume growth in 4QFY17 as raw material prices start to trend downward.

As at 31 May 2017, the Group maintained a positive net cash position of RM95.3 million and a healthy financial position.

**TOP GLOVE CORPORATION BHD.**

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 MAY 2017 (CONTINUED)****14. Review of performance (continued)**

The financial results of Top Glove since financial year 2005 are as follows:

RM 'mil	Financial year ended 31 August												
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	9MFY17 (unaudited)
Revenue	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	2,275.4	2,510.5	2,888.5	2,506.8
EBITDA	89.2	130.3	175.7	197.8	287.5	364.7	196.7	297.7	310.6	301.8	441.7	524.7	356.8
EBITDA margin	13.9%	13.1%	14.3%	14.4%	18.8%	17.5%	9.6%	12.9%	13.4%	13.3%	17.6%	18.2%	14.2%
PBT	65.7	91.8	118.6	134.6	222.0	305.0	145.4	240.7	242.2	216.3	363.5	442.2	284.0
PBT margin	10.2%	9.2%	9.7%	9.8%	14.5%	14.7%	7.1%	10.4%	10.5%	9.5%	14.5%	15.3%	11.3%
Taxation	7.5	7.0	29.9	26.5	53.9	54.6	30.3	33.4	39.4	32.7	82.3	79.8	49.6
PAT	58.2	84.8	88.7	108.1	168.1	250.4	115.1	207.3	202.8	183.6	281.2	362.4	234.4
PAT margin	9.1%	8.5%	7.2%	7.8%	11.0%	12.0%	5.6%	9.0%	8.8%	8.1%	11.2%	12.6%	9.4%

## TOP GLOVE CORPORATION BHD.

(Company No. 474423-X)

(Incorporated in Malaysia)

### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MAY 2017 (CONTINUED)

#### 15. Comparison of 3QFY17 Quarterly Profit Before Tax (PBT) with preceding quarter

	3QFY17 RM'mil	2QFY17 RM'mil	Variance %
Revenue	869.6	851.5	2.1
PBT	91.5	102.7	(10.9)
PBT margin	10.5%	12.1%	(13.2)

The Group achieved Sales Revenue of RM869.6 million, an increase of 2.1% compared with 2QFY17. However, quarter-on-quarter Profit Before Tax eased 10.9%, resulting from the time lag in passing on cost to the customers, as average prices for natural rubber latex and nitrile latex rose 18.7% and 24.1% respectively. However, the impact of rising raw material costs and 5% decline in sales volume, was mitigated by the Group's consistent focus on internal improvements, managing costs well and producing quality gloves. The Group's good relationship with its customers also allowed the sharing of cost increases.

#### 16. Commentary on prospects and targets

To ensure it is well-positioned to leverage the growing global demand for rubber gloves, Top Glove's expansion plans include the construction of 3 new manufacturing facilities in Klang, namely Factory 30 (operational by July 2017), Factory 31 (operational by January 2018) and Factory 32 (operational by December 2018). Upon completion, these factories will boost the Group's total number of production lines by an additional 106 lines and production capacity by 10.6 billion gloves per annum.

In May 2017, the Group also acquired 2 glove factories located in Nilai and Muar with a combined production capacity of 1.1 billion gloves per annum. These acquisitions are in progress and targeted to be completed by August 2017, and expected to pave the way for greater access to the China market. By December 2018, Top Glove is projected to have 31 glove factories, 628 production lines and a production capacity of 59.7 billion gloves per annum. It will also continue to explore synergistic mergers and acquisitions and joint ventures, as well as new set-ups, particularly in closely related industries such as nitrile latex factory, packaging materials (glove inner boxes) and condom factory, towards enhancing shareholder value.

Top Glove expects the business environment to continue to be challenging, as currency continues to be volatile. However, the Group is optimistic of better Sales growth in 4QFY17, as raw material prices start to trend downward.

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

Not applicable as no profit forecast was issued.

**TOP GLOVE CORPORATION BHD.**

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 MAY 2017 (CONTINUED)****18. Taxation**

	Quarter Ended		Year To Date Ended	
	31 May 2017	31 May 2016	31 May 2017	31 May 2016
	RM'000	RM'000	RM'000	RM'000
Income tax				
- Current year	11,777	8,048	54,887	73,125
- Under/(over) provision in previous year	1,150	2,912	1,150	(2,117)
Real property gain tax	1	11	230	73
Deferred taxation	1,027	(7)	(6,664)	(1,158)
	<u>13,955</u>	<u>10,964</u>	<u>49,603</u>	<u>69,923</u>

The effective tax rate of the Group is lower than the statutory tax rate due to the tax incentives available to Malaysia and certain overseas subsidiaries.

**19. Profit/(loss) on sales 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**

The Company had on 19 May 2017 announced the proposed acquisition assets by wholly owned subsidiary of the Company, GMP Medicare Sdn. Bhd., which on 18 May 2017 entered into two separate Sales and Purchase Agreement with related party company A1 Glove Sdn. Bhd. and Titi Glove Sdn. Bhd. to acquire the following assets respectively:

- i. Factory erected on freehold land under Geran 164813, Lot 8196, Mukim Setul, Daerah Seremban, Negeri Sembilan together with the machineries and equipment & fixtures and fittings for a purchase consideration of RM31,500,000; and
- ii. Factory erected on leasehold land held under Pajakan Negeri 9632, Lot 8728, Mukim Jalan Bakri, Daerah Muar, Negeri Johor together with the machineries and equipment & fixtures and fittings for a purchase consideration of RM7,500,000.

Except the above-mentioned, there are no other corporate proposals not announced or outstanding as at 31 May 2017.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 MAY 2017 (CONTINUED)****22. Group borrowings**

The Group borrowings as at 31 May 2017 were as follows:

	<b>As at 31 May 2017 RM'000</b>	<b>As at 31 May 2016 RM'000</b>
Short term borrowings		
Unsecured	254,177	318,772
Secured	22,514	5,156
	<u>276,691</u>	<u>323,928</u>
Long term borrowings		
Secured	67,956	86,960
Total borrowings	<u>344,647</u>	<u>410,888</u>

Borrowings are mainly denominated in US Dollar amounting to USD64.1 million and Thai Baht amounting THB564.1 million as at 31 May 2017 (31 May 2016: USD91 million and Thai Baht amounting THB321 million).

**23. Fair value hierarchy**

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

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

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

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

As at 31 May 2017, the Group held the following financial assets and liabilities that are measured at fair value:

	Level 1 RM'000	Level 2 RM'000	Total RM'000
Assets measured at fair value:			
Available-for-sale financial assets			
-Debt securities (quoted outside Malaysia)	203,964	-	203,964
Financial assets at fair value through profit or loss			
-Money market funds (quoted in Malaysia)	23,125	-	23,125
Asset measured at fair value:			
Derivative financial instruments	-	2,733	2,733

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

	<b>As at 31 May 2017 RM'000</b>	<b>As at 31 May 2016 RM'000</b>
Total retained earnings of the company and its subsidiaries:		
Realised	1,303,850	1,177,441
Unrealised	(58,676)	(58,718)
	<u>1,245,174</u>	<u>1,118,723</u>
Less : Consolidation adjustments	(25,416)	(16,660)
Total group retained earnings as per consolidated accounts	<u>1,219,758</u>	<u>1,102,063</u>



**TOP GLOVE CORPORATION BHD.**

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE THIRD QUARTER ENDED 31 MAY 2017 (CONTINUED)****25. Notes to the Statement of Comprehensive Income**

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

	<b>Quarter ended 31 May 2017 RM'000</b>	<b>Year To Date Ended 31 May 2017 RM'000</b>
Interest income	2,954	13,403
Other income including investment income	11,162	21,515
Interest expenses	(1,532)	(4,175)
Depreciation and amortisation	(28,605)	(82,051)
Foreign exchange (loss)/gain	(6,161)	250
Fair value gain on foreign exchange contracts	3,366	2,922

**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 rise to any proceedings which might materially and/or adversely affect the position or business of the Company or subsidiaries.

**27. Dividends**

The Board of Directors has on 16 June 2017, declared a first single tier interim dividend of 6 sen per ordinary share payable on 17 July 2017, amounting to approximately RM75.2 million for the quarter ended 31 May 2017.

**28. Earnings per share**

	<b>Quarter Ended</b>		<b>Year To Date Ended</b>	
	<b>31 May 2017</b>	<b>31 May 2016</b>	<b>31 May 2017</b>	<b>31 May 2016</b>
Net profit attributable to owners of the Company shareholders (RM'000)	<u>77,713</u>	<u>62,456</u>	<u>234,082</u>	<u>295,411</u>
<b><u>Basic</u></b>				
Weighted average number of ordinary shares in issue ('000)	<u>1,253,422</u>	<u>1,252,438</u>	<u>1,253,046</u>	<u>1,251,975</u>
<b>Basic earnings per share (sen)</b>	<u>6.20</u>	<u>4.99</u>	<u>18.68</u>	<u>23.60</u>
<b><u>Diluted</u></b>				
Weighted average number of ordinary shares in issue ('000)	1,253,422	1,252,438	1,253,046	1,251,975
Effect of dilution : share options ('000)	<u>1,336</u>	<u>6,547</u>	<u>1,336</u>	<u>6,547</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>1,254,758</u>	<u>1,258,985</u>	<u>1,254,382</u>	<u>1,258,522</u>
<b>Diluted earnings per share (sen)</b>	<u>6.19</u>	<u>4.96</u>	<u>18.66</u>	<u>23.47</u>

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# PRESS RELEASE

***Top Glove Corporation Bhd*** (Company No. 474423-X)

*For Immediate Release*

## MANAGING WELL DESPITE CHALLENGING TIMES

**Shah Alam, Friday, 16 June 2017** – Top Glove Corporation Bhd (“Top Glove”) today announced its financial results for the Third Quarter ended 31 May 2017 (“3QFY17”).

The Group achieved 3QFY17 Sales Revenue of RM869.6 million, an increase of 29.3% year-on-year and up 2.1% compared with 2QFY17. Meanwhile, 3QFY17 Profit After Tax came in higher at RM77.5 million, an improvement of 23.5% year-on-year notwithstanding the spike in both natural rubber latex and nitrile latex prices. However, quarter-on-quarter Profit After Tax eased 6.8% resulting from the time lag in passing on the increase in raw material prices to the customers as well as lower volume sold.

Sales volume (quantity sold) was marginally lower by 1% against 3QFY16 and by 5% compared with 2QFY17, following an increase in average selling price (ASP), resulting from the upsurge in raw material prices, which caused orders to be deferred. However, the Group is optimistic of better sales volume growth in 4QFY17 as raw material prices start to trend downward.

In 3QFY17, the average natural rubber latex price escalated to RM7.06/kg by 79.2% compared with 3QFY16 and 18.6% to compared with 2QFY17. The average nitrile latex price also continued its uptrend to USD1.34/kg, rising 41.1% compared with 3QFY16 and 24.1% compared with 2QFY17. As at today, 16 June 2017, the natural rubber latex price has decreased to RM5.56/kg.

Sales Revenue for 9MFY17 also rose 15.7% to RM2.51 billion, compared with the corresponding period in the previous year. However, Profit After Tax came in at RM234.4 million, softer by 21.1% against 9MFY16, attributed to relatively stronger numbers during 1HFY16 (owing to a stronger US Dollar and lower raw material prices then). Nonetheless, sales volume grew 5% compared year-on-year.

Top Glove's good performance despite unfavourable conditions, was attributed to ongoing improvements throughout its manufacturing process, which enabled the Group to manage its costs efficiently. The Group's good relationship with its customers also allowed the sharing of cost increases.

Tan Sri Dr Lim Wee Chai, Top Glove Corporation Bhd's Executive Chairman remarked, "We have delivered growth in Profit year-on-year, despite sharp increases in manufacturing costs and reduced sales volume. This is attributed to our consistent focus on internal improvements, that have enabled us to manage our costs well and continue producing quality gloves".

To ensure it is well-positioned to leverage the growing global demand for rubber gloves, Top Glove's expansion plans include the construction of 3 new manufacturing facilities in Klang, namely Factory 30 (operational by July 2017), Factory 31 (operational by January 2018) and Factory 32 (operational by December 2018). Upon completion, these factories will boost the Group's total number of production lines by an additional 106 lines and production capacity by 10.6 billion gloves per annum.

In May 2017, the Group also acquired 2 glove factories located in Nilai and Muar with a combined production capacity of 1.1 billion gloves per annum. These acquisitions are in progress and targeted to be completed by August 2017, and expected to pave the way for greater access to the China market. By December 2018, Top Glove is projected to have 31 glove factories, 628 production lines and a production capacity of 59.7 billion gloves per annum. It will also continue to explore synergistic mergers and acquisitions and joint ventures, as well as new set-ups, such as a nitrile latex factory, condom factory and packaging materials (glove inner boxes), as well as other closely related industries, towards enhancing shareholder value.

As at 31 May 2017, the Group maintained a healthy financial position with a positive net cash position of RM95.3 million. Further honouring its commitment to enhance shareholder value, the Group also declared an interim dividend of 6 sen, payable on 17 July 2017.

Top Glove expects the business environment to continue to be challenging, as currency continues to be volatile. However, the Group notes that raw material prices have been declining since May 2017 and expects stronger volume growth in the coming quarter.

Top Glove remains upbeat as Tan Sri Dr Lim asserts, "We have achieved growth amidst a difficult quarter and are confident that as we continue to enhance our quality and cost-down initiatives, we will conclude our financial year on a stronger note".

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### **About Top Glove Corporation Bhd**

Top Glove Corporation Bhd is listed on the Bursa Malaysia Stock Exchange Main Board and Singapore Exchange Mainboard. It is also one of the component stocks of the FTSE Bursa Malaysia (“FBM”) Mid 70 Index, FBM Top 100 Index, FBM Emas Index, FBM Emas Syariah Index, FTSE Bursa Malaysia Hijrah Shariah Index and FTSE4Good Bursa Malaysia Index. Top Glove is currently the world’s largest rubber glove manufacturer with an established corporate culture and good business direction of producing consistently high quality, cost efficient gloves. Top Glove has over 2,000 customers worldwide and exports to more than 195 countries.

#### *Summary of key information:*

	<b>As at 16 June 2017</b>
Number of Factories	30 (25 in Malaysia, 4 in Thailand, 1 in China)
Number of Glove Production Lines	500
Glove Production Capacity	48 billion pieces per annum
Number of Employees	11,000