

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

TOP GLOVE CORPORATION BHD

Financial Year End 31 Aug 2017
Quarter 4 Qtr
Quarterly report for the financial period ended 31 Aug 2017
The figures have not been audited

Attachments

[TopGlove_4QFY17_Financial_Results.pdf](#)
 394.0 kB

[TopGlove_4QFY17_Press_Release.pdf](#)
 155.5 kB

Default Currency

Other Currency

Currency: **Malaysian Ringgit (MYR)**

SUMMARY OF KEY FINANCIAL INFORMATION 31 Aug 2017

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31 Aug 2017	31 Aug 2016	31 Aug 2017	31 Aug 2016
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	902,415	722,114	3,409,176	2,888,515
2 Profit/(loss) before tax	99,117	75,350	383,105	442,202
3 Profit/(loss) for the period	98,184	65,510	332,569	362,439
4 Profit/(loss) attributable to ordinary equity holders of the parent	98,622	65,318	332,704	360,729
5 Basic earnings/(loss) per share (Subunit)	7.87	5.21	26.55	28.83

6 Proposed/Declared dividend per share (Subunit)	8.50	8.50	14.50	14.50
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7 Net assets per share attributable to ordinary equity holders of the parent (\$\$)		1.6100		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

Announcement Info

Company Name	TOP GLOVE CORPORATION BHD
Stock Name	TOPGLOV
Date Announced	13 Oct 2017
Category	Financial Results
Reference Number	FRA-05102017-00002

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

(Company No. 474423-X)

The World's Largest Rubber Glove ManufacturerWebsite : www.topglove.comE-mail : invest@topglove.com.my**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2017**

	Current Quarter Ended	Corresponding Quarter Ended	Current Year To Date	Corresponding Year To Date
	31-Aug-2017	31-Aug-2016	31-Aug-2017	31-Aug-2016
	RM'000	RM'000	RM'000	RM'000
Revenue	902,415	722,114	3,409,176	2,888,515
Operating expenses	(809,981)	(661,229)	(3,062,637)	(2,492,945)
Other operating income	8,942	15,127	43,860	50,968
Profit from operations	101,376	76,012	390,399	446,538
Finance costs	(2,139)	(1,183)	(6,314)	(5,611)
Share of results of associates	(120)	521	(980)	1,275
Profit before tax	99,117	75,350	383,105	442,202
Taxation	(933)	(9,840)	(50,536)	(79,763)
Profit net of tax	98,184	65,510	332,569	362,439
Profit attributable to:				
Owners of the parent	98,622	65,318	332,704	360,729
Non-controlling interests	(438)	192	(135)	1,710
	98,184	65,510	332,569	362,439
Earnings per share attributable to owners of the parent (sen) :				
Basic	7.87	5.21	26.55	28.83
Diluted	7.86	5.21	26.52	28.78

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 FOURTH QUARTER ENDED 31 AUGUST 2017**

	Current	Corresponding	Current	Corresponding
	Quarter Ended	Quarter Ended	Year To Date	Year To Date
	31-Aug-2017	31-Aug-2016	31-Aug-2017	31-Aug-2016
	RM'000	RM'000	RM'000	RM'000
Profit net of tax	98,184	65,510	332,569	362,439
Other comprehensive (loss)/ income:				
Net movement on available-for-sale financial assets	(1,164)	81	5,609	(4,229)
Foreign currency translation	10,095	(1,734)	28,789	(16,949)
Other comprehensive (loss)/ income	8,931	(1,653)	34,398	(21,178)
Total comprehensive income	107,115	63,857	366,967	341,261
Total comprehensive income attributable to:				
Owners of the parent	107,369	63,658	366,337	339,884
Non-controlling interest	(254)	199	630	1,377
	107,115	63,857	366,967	341,261

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 AUGUST 2017**

	Unaudited as at 31-Aug-2017 RM'000	Audited as at 31-Aug-2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,523,406	1,156,767
Land use rights	40,457	39,461
Investment properties	83,156	82,184
Investment in associates	-	3,961
Deferred tax assets	14,681	7,081
Investment	392	145
Goodwill	22,805	22,805
	1,684,897	1,312,404
Current Assets		
Inventories	315,775	263,679
Trade and other receivables	422,158	345,700
Other current assets	49,190	24,179
Tax prepayment	21,484	-
Investment securities	206,910	479,081
Cash and bank balances	240,068	224,099
Derivative financial instruments	645	-
	1,256,230	1,336,738
Total Assets	2,941,127	2,649,142
EQUITY AND LIABILITIES		
Current Liabilities		
Trade and other payables	419,543	332,199
Other current liabilities	62,292	39,368
Short term borrowings	314,644	317,796
Tax payable	-	1,357
Derivative financial instruments	-	189
	796,479	690,909
Net Current Assets	459,751	645,829
Non-Current Liabilities		
Long term borrowings	61,750	81,637
Deferred tax liabilities	66,284	50,757
	128,034	132,394
Total Liabilities	924,513	823,303
Net Assets	2,016,614	1,825,839
Equity Attributable to Equity Holders of the Company		
Share capital	636,644	627,406
Share premium	-	4,781
Treasury shares	(9,739)	(9,739)
Retained earnings	1,318,009	1,167,057
Other reserves	62,499	28,508
	2,007,413	1,818,013
Non-controlling interest	9,201	7,826
Total Equity	2,016,614	1,825,839
Total Equity and Liabilities	2,941,127	2,649,142
Net Tangible Assets per share (RM)	1.59	1.44
Net Assets per share (RM)	1.61	1.46

TOP GLOVE CORPORATION BHD

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Draft @13/10/2017, subject to change.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2017**

	Attributable to Equity Holders of the Company										
	Equity attributable to owners of the parent, total RM'000	Non distributable					Distributable				
Equity, total RM'000	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Foreign exchange reserve RM'000	Legal reserve RM'000	Share option reserve RM'000	Fair value adjustment reserve RM'000	Retained earnings RM'000	Non-controlling interest RM'000		
12 Months Ended 31 August 2017											
Opening balance at 1 September 2016	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
Total comprehensive income	366,967	366,337	-	-	-	28,024	-	-	5,609	332,704	630
Transactions with owners											
Issuance of ordinary shares pursuant to ESOS	4,179	4,179	3,128	1,051	-	-	-	-	-	-	-
Issuance of shares to non controlling interest	780	-	-	-	-	-	-	-	-	-	780
Share options granted under ESOS	578	578	-	-	-	-	578	-	-	-	-
Changes in ownership interest in subsidiary	-	35	-	-	-	-	-	-	-	35	(35)
Reclassification due to compliance with Company Act 2016	-	-	6,110	(6,110)	-	-	-	-	-	-	-
Transfer from share option reserve	-	-	-	278	-	-	-	(278)	-	-	-
Share issue expenses	-	-	-	-	-	-	-	(3)	-	3	-
Transfer to retained earnings	-	-	-	-	-	-	-	(590)	-	590	-
Transfer to legal reserve	-	-	-	-	-	651	-	-	-	(651)	-
Dividend on ordinary shares	(181,729)	(181,729)	-	-	-	-	-	-	-	(181,729)	-
Closing balance at 31 August 2017	2,016,614	2,007,413	636,644	-	(9,739)	53,700	4,929	2,568	1,302	1,318,009	9,201
12 Months Ended 31 August 2016											
Opening balance at 1 September 2015	1,614,393	1,607,964	312,092	200,302	(14,722)	42,292	3,781	7,714	(78)	1,056,583	6,429
Total comprehensive income	341,261	339,884	-	-	-	(16,616)	-	-	(4,229)	360,729	1,377
Transactions with owners											
Issuance of ordinary shares pursuant to ESOS	22,791	22,791	2,457	20,334	-	-	-	-	-	-	-
Issuance of bonus shares	-	-	312,857	(220,800)	-	-	-	-	-	(92,057)	-
Share options granted under ESOS	144	144	-	-	-	-	144	-	-	-	-
Issuance of shares to non-controlling interest	20	-	-	-	-	-	-	-	-	-	20
Transfer from share option reserve	-	-	-	4,962	-	-	-	(4,962)	-	-	-
Share issue expenses	(17)	(17)	-	(17)	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	(35)	-	35	-
Transfer to legal reserve	-	-	-	-	-	497	-	-	-	(497)	-
Resold of treasury shares	16,110	16,110	-	-	4,983	-	-	-	-	11,127	-
Dividend on ordinary shares	(168,863)	(168,863)	-	-	-	-	-	-	-	(168,863)	-
Closing balance at 31 August 2016	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

 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 2016

TOP GLOVE CORPORATION BHD.

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

	Current Year To Date Ended 31-Aug-2017 RM'000	Corresponding Year To Date Ended 31-Aug-2016 RM'000
Cash Flows From Operating Activities		
Profit before taxation	383,105	442,202
Depreciation and amortisation	111,805	107,891
Other adjustments	4,116	(37,899)
Operating profit before changes in working capital	<u>499,026</u>	<u>512,194</u>
Changes in working capital		
Net change in current assets	(155,041)	8,993
Net change in current liabilities	110,376	16,599
Cash flows from operating activities	<u>454,361</u>	<u>537,786</u>
Interest paid	(6,314)	(5,611)
Tax paid	(65,450)	(98,469)
Net cash flows from operating activities	<u>382,597</u>	<u>433,706</u>
Cash flows from investing activities		
Proceeds from disposal of investment securities	272,393	284,940
Purchase of investment securities	(13,290)	(132,874)
Purchase of property, plant and equipment	(447,130)	(234,073)
Proceeds from disposal of property, plant and equipment	12,018	14,372
Dividend received from associate	787	2,255
Net cash inflow on disposal of associate	2,194	-
Interest received	17,232	31,022
Net cash flows used in investing activities	<u>(155,796)</u>	<u>(34,358)</u>
Cash flows from financing activities		
Dividend paid on ordinary shares	(181,729)	(168,863)
Issuance of shares to non-controlling interest	780	20
Share issue expenses	-	(17)
Proceeds from issuance of shares	4,179	22,791
Proceeds from sale of treasury shares	-	16,110
Repayment of loans and borrowings	(29,796)	(198,069)
Net cash flows used in financing activities	<u>(206,566)</u>	<u>(328,028)</u>
Net change in cash and cash equivalents	20,235	71,320
Effects of foreign exchange rate changes	(4,266)	6,624
Cash and cash equivalents at beginning of year	<u>223,156</u>	<u>145,212</u>
Cash and cash equivalents at end of period	<u>239,125</u>	<u>223,156</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 FOURTH QUARTER ENDED 31 AUGUST 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 August 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 FOURTH QUARTER ENDED 31 AUGUST 2017 (CONTINUED)

6. Changes in debts and equity securities

As at the quarter ended 31 August 2017, a total of 481,600 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 August 2017 are as follows:

	No. of shares	RM'000
As at 31 May 2017	1,255,817,164	635,166
Ordinary shares issued pursuant to the ESOS	481,600	1,478
As at 31 August 2017	1,256,298,764	636,644

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 Paid (RM'000)
2017	6.00 (interim)	75,246
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
Total		1,053,888

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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 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.

12 months ended 31 August 2017

	Malaysia RM'000	Thailand RM'000	China RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<u>Revenue</u>						
External sales	2,844,069	290,662	118,471	155,974	-	3,409,176
Inter-segment sales	69,891	398,026	1,655	-	(469,572)	-
Total Revenue	<u>2,913,960</u>	<u>688,688</u>	<u>120,126</u>	<u>155,974</u>	<u>(469,572)</u>	<u>3,409,176</u>
<u>Result</u>						
Segment profit	317,312	40,921	13,487	18,679	-	390,399
Finance cost						(6,314)
Share of results of Associates						<u>(980)</u>
Profit before tax						<u>383,105</u>
<u>Assets</u>						
Segment assets	2,315,253	307,699	77,506	217,864	-	<u>2,918,322</u>
Goodwill						<u>22,805</u>
<u>Liabilities</u>						
Segment liabilities	783,578	108,365	22,630	9,940	-	<u>924,513</u>
<u>Other segment information</u>						
Capital commitments	108,988	4,132	387	-	-	<u>113,507</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.

(Company No. 474423-X)

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2017 (CONTINUED)

11. Changes in the composition of the Group

As at 31 August 2017, the Company via its indirect subsidiary Medi-Flex Pte. Ltd. has completed disposal of its associate company Sonic Clean Pte. Ltd. The Disposal was part of the Top Glove Group's strategic business rationalization plan to streamline its business.

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 approved and contracted for capital expenditures amounting approximately to RM113.5 million.

TOP GLOVE CORPORATION BHD.

(Company No. 474423-X)
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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2017 (CONTINUED)

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

14. Review of performance

A comparison of Top Glove's performance for the fourth quarter ended 31 August 2017 ("4QFY17") and full year (FY2017) with the corresponding period last financial year is as follows:

	4QFY17 RM'mil	4QFY16 RM'mil	Variance %	FY2017 RM'mil	FY2016 RM'mil	Variance %
Revenue	902.4	722.1	25.0%	3,409.2	2,888.5	18.0%
Operating profit	101.4	76.0	33.4%	390.4	446.5	(12.6%)
Profit before interest and tax	101.2	76.5	32.3%	389.4	447.8	(13.0%)
Profit before tax	99.1	75.4	31.4%	383.1	442.2	(13.4%)
Profit after tax	98.2	65.5	49.9%	332.6	362.4	(8.2%)
Profit attributable to ordinary equity holders of the parent	98.6	65.3	51.0%	332.7	360.7	(7.8%)

In 4QFY17, the Group achieved Sales Revenue of RM902.4 million, a 25.0% increase year-on-year while Profit Before Tax also registered higher at RM99.1 million, representing an improvement of 31.4% compared with 4QFY16. Sales Volume (quantity sold) increased by 13.0% versus 4QFY16, following increased sales in all region, as well as a replenishment exercise by customers, after having put orders on hold in 3QFY17, owing to higher raw material prices. Sales volume also rose with additional capacity coming onstream.

Top Glove also performed well for the full financial year 2017. Sales Revenue breached the RM3 billion mark at yet another record-high RM3.4 billion, an 18% increase over FY2016, following an upturn of 7% in Sales Volume compared with the previous financial year. The uptrend in Sales Revenue also came on the back of an increase in average selling prices (ASP) arising from a surge in raw material prices, as well as a strengthening of the USD over the course of FY2017. Additionally, more sales of nitrile gloves, which command higher ASP, coupled with new capacity, also helped move Sales Revenue figures higher.

Internally, Top Glove's good performance was credited to ongoing improvements in the manufacturing process, which enabled the Group to manage costs more efficiently, reduce wastage and upgrade glove quality. These include initiatives to increase automation, reduce downtime and conserve heat energy, electricity and water. The robust numbers achieved were also attributed to new capacity coming onstream and strong demand growth. However, despite these improvements, profit before tax eased by 13.4% to RM383.1 million compared to FY2016, during which Top Glove benefited from positive external factors of currency impact and lower raw material prices.

For FY2017, the average natural rubber latex price was RM5.76/kg, 46.4% higher than FY2016, while the average nitrile latex price was USD1.1/kg, up 11.9% compared with the previous financial year.

As at 31 August 2017, the Group maintained a healthy financial position with a positive net cash position of RM70.6 million, despite its capital expenditure of RM447.1 million.

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

The financial results of Top Glove since financial year 2008 are as follows:

RM 'mil	Financial year ended 31 August									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	FY2017 (unaudited)
Revenue	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	3,409.2
EBITDA	197.8	287.5	364.7	196.7	297.7	310.6	301.8	441.7	524.7	484.0
EBITDA margin	14.4%	18.8%	17.5%	9.6%	12.9%	13.4%	13.3%	17.6%	18.2%	14.2%
PBT	134.6	222	305	145.4	240.7	242.2	216.3	363.5	442.2	383.1
PBT margin	9.8%	14.5%	14.7%	7.1%	10.4%	10.5%	9.5%	14.5%	15.3%	11.2%
Taxation	26.5	53.9	54.6	30.3	33.4	39.4	32.7	82.3	79.8	50.5
PAT	108.1	168.1	250.4	115.1	207.3	202.8	183.6	281.2	362.4	332.6
PAT margin	7.8%	11.0%	12.0%	5.6%	9.0%	8.8%	8.1%	11.2%	12.5%	9.8%

TOP GLOVE CORPORATION BHD.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2017 (CONTINUED)****15. Comparison of 4QFY17 Quarterly Profit Before Tax (PBT) with preceding quarter**

	4QFY17	3QFY17	Variance
	RM'mil	RM'mil	%
Revenue	902.4	869.6	3.8%
Operating profit	101.4	93.1	8.9%
Profit before interest and tax	101.2	93.0	8.8%
Profit before tax	99.1	91.5	8.3%
Profit after tax	98.2	77.5	26.7%
Profit attributable to ordinary equity holders of the parents	98.6	77.7	26.9%

The Group achieved Sales Revenue of RM902.4 million, a 3.8% increase quarter-on-quarter. Profit Before Tax also registered higher at RM99.1 million, representing an improvement of 8.3% compared 3QFY17. Sales Volume (quantity sold) was exceptionally high with double-digit growth of 14.0% comparison versus 3QFY17. The improved performance was attributed to improvements in product quality and manufacturing efficiency, coupled with new capacity coming onstream and strong demand growth.

16. Commentary on prospects and targets

Notwithstanding the challenging business environment, Top Glove will continue to expand strategically. Its organic expansion plans include the construction of 2 new manufacturing facilities: Factory 31 (operational by March 2018) and Factory 32 (operational by December 2018), which upon completion will boost the Group's total number of production lines by an additional 78 lines and production capacity by 7.8 billion gloves per annum. 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. Top Glove has also commenced preparations for its condom manufacturing facility, expected to be operational in 2018.

The Group is also leveraging emerging technologies like Industry 4.0 and moving towards digitalisation and the implementation of "smart factories". It has accordingly invested in sensors and other data capturing equipment to upgrade its production lines, as it progresses towards fully automating them eventually.

In tandem, Top Glove will also continue to explore inorganic expansion via mergers and acquisitions, as well as new set-ups in related industries in order to grow faster and more efficiently. While gloves will continue to be its core business, the Group will diversify into other revenue sources.

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 FOURTH QUARTER ENDED 31 AUGUST 2017 (CONTINUED)****18. Taxation**

	Quarter Ended		Year To Date Ended	
	31 Aug 2017 RM'000	31 Aug 2016 RM'000	31 Aug 2017 RM'000	31 Aug 2016 RM'000
Income tax				
- Current quarter/year	(18,239)	(1,897)	36,648	71,228
- Under/(over) provision in previous year	4,553	5,531	5,703	3,414
Real property gain tax	28	(237)	258	(164)
Deferred taxation	14,591	6,443	7,927	5,285
	<u>933</u>	<u>9,840</u>	<u>50,536</u>	<u>79,763</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 13 October 2017 announced entered into a term sheet for the proposed acquisition of the entire ordinary shares of Eastern Press Sdn. Bhd. The indicative consideration for the Proposed Transaction is RM47.25 million.

Eastern Press is the major supplier of packaging material to the operations of the Company's subsidiaries (together with the Company, the "Group") in Malaysia. The proposed transaction is expected to provide the Group with synergistic benefits, enabling it to improve its supply chain coordination, thereby allowing for flexible planning and better delivery time in relation to the supply of packaging material for its glove products, as well as better costs and quality control.

Except the above-mentioned, there are no other corporate proposals not announced or outstanding as at 13 October 2017.

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

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

	As at 31 Aug 2017		As at 31 Aug 2016	
	Foreign Denominated '000	RM'000	Foreign Denominated '000	RM'000
Short term borrowings				
Unsecured				
Revolving credit (USD)	USD 42,904	183,179	USD 63,000	254,268
Revolving credit (RM)	-	42,800	-	-
Promissory notes (THB)	THB 524,102	67,410	THB353,602	40,879
		<u>293,389</u>		<u>295,147</u>
Secured				
Revolving credit (USD)	USD 4,916	20,988	USD 5,566	22,466
Term loan (USD)	USD 62	267	USD 45	183
		<u>21,255</u>		<u>22,649</u>
Long term borrowings				
Secured				
Revolving credit (USD)	USD 14,209	60,666	USD 19,512	78,751
Term loan (USD)	USD 254	1,084	USD 715	2,886
		<u>61,750</u>		<u>81,637</u>
Total borrowings				
a) USD	62,345	266,184	88,838	358,554
b) RM	42,800	42,800	-	-
c) THB	524,102	67,410	353,602	40,879
		<u>376,394</u>		<u>399,433</u>
Exchange rate RM to USD1.00		4.2695		4.0360
Exchange rate RM to THB1.00		0.1286		0.1156

TOP GLOVE CORPORATION BHD.

(Company No. 474423-X)

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2017 (CONTINUED)****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 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)	125,453	-	125,453
Financial assets at fair value through profit or loss			
-Money market funds (quoted in Malaysia)	81,457	-	81,457
Asset measured at fair value:			
Derivative financial instruments	-	645	645

24. Realised and Unrealised Profits/Losses

	As at 31 Aug 2017 RM'000	As at 31 Aug 2016 RM'000
Total retained earnings of the company and its subsidiaries:		
Realised	1,409,998	1,229,505
Unrealised	(72,448)	(45,556)
	1,337,550	1,183,949
Less : Consolidation adjustments	(19,541)	(16,892)
Total group retained earnings as per consolidated accounts	1,318,009	1,167,057

25. Notes to the Statement of Comprehensive Income

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

	Quarter ended 31 Aug 2017 RM'000	Year To Date Ended 31 Aug 2017 RM'000
Interest income	3,829	17,232
Other income including investment income	5,113	26,628
Interest expenses	(2,139)	(6,314)
Depreciation and amortization	(29,754)	(111,805)
Foreign exchange gain	4,291	4,541
Fair value (loss)/gain on foreign exchange contracts	(2,093)	829

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2017 (CONTINUED)****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 is pleased to propose a final single tier dividend of 8.5 sen per ordinary share amounting to approximately RM106.6 million for the financial year ended 31 August 2017. The proposed final single tier dividend is subject to shareholders' approval at the forthcoming Annual General Meeting.

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

The total dividend paid and proposed by the Company in respect of the financial year ended 31 August 2017 is 14.5 sen per ordinary share represented by a payment of approximately RM181.8 million, and a dividend payout ratio of 54.6%.

28. Earnings per share

	Quarter Ended		Year To Date Ended	
	31 Aug 2017	31 Aug 2016	31 Aug 2017	31 Aug 2016
Net profit attributable to owners of the Company shareholders (RM'000)	98,622	65,318	332,704	360,729
Basic				
Weighted average number of ordinary shares in issue ('000)	1,253,897	1,252,563	1,253,286	1,251,278
Basic earnings per share (sen)	7.87	5.21	26.55	28.83
Diluted				
Weighted average number of ordinary shares in issue ('000)	1,253,897	1,252,563	1,253,286	1,251,278
Effect of dilution : share options ('000)	1,353	1,953	1,353	1,953
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,255,250	1,254,516	1,254,639	1,253,231
Diluted earnings per share (sen)	7.86	5.21	26.52	28.78

Media Contact:

Michelle Voon
wavoon@topglove.com.my
+603-3362 3098 (ext.2228)
+6016 668 8336



Investor Contact:

See Sook Fong
sfsee@topglove.com.my
+603-3362 3098 (ext. 2233)
+6012 329 1119

PRESS RELEASE

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

For Immediate Release

A STRONG FINISH WITH RECORD HIGH REVENUE

Shah Alam, Friday, 13 Oct 2017 – Top Glove Corporation Bhd (“Top Glove”) today announced its financial results for the Fourth Quarter (“4QFY17”) and full year ended 31 August 2017 (“FY2017”), concluding its financial year on a strong note against a challenging operating environment.

For 4QFY17, the Group achieved Sales Revenue of RM902.4 million, a 25% increase year-on-year and up 3.8% quarter-on-quarter. Profit After Tax also registered higher at RM98.2 million, representing an improvement of 49.9% and 26.7% respectively compared with 4QFY16 and 3QFY17. Sales Volume (quantity sold) was exceptionally high, attaining growth of 13% versus 4QFY16 and for the first time ever, double-digit quarter-on-quarter growth of 14% in an exceptionally strong comparison versus 3QFY17. The spike in Sales Volume followed increased sales in all regions, as well as a replenishment exercise by customers, after having put orders on hold in 3QFY17, owing to higher raw material prices. Sales Volume also rose with additional capacity coming onstream.

Top Glove also performed well for the full financial year 2017. Sales Revenue breached the RM3 billion mark at yet another record-high RM3.4 billion, an 18% increase over FY2016, following an upturn of 7% in Sales Volume compared with the previous financial year. The uptrend in Sales Revenue also came on the back of an increase in average selling prices (ASP) arising from a surge in raw material prices, as well as a strengthening of the USD over the course of FY2017. Additionally, more sales of nitrile gloves, which command a higher ASP, coupled with new capacity, also helped move Sales Revenue figures higher. Internally, Top Glove’s good performance was credited to ongoing improvements in the manufacturing process, which enabled the Group to manage costs more efficiently, reduce wastage and upgrade glove quality. These include initiatives to increase automation, reduce downtime and conserve heat energy, electricity and water. The robust numbers achieved were also attributed to new capacity coming onstream and strong demand growth. However, despite these improvements, Profit After Tax eased by 8.2% to RM332.6 million compared to FY2016, during which Top Glove benefited from positive external factors of currency impact and lower raw material prices.

For FY2017, the average natural rubber latex price was RM5.76/kg, 46.4% higher than FY2016, while the average nitrile latex price was USD1.1/kg, up 11.9% compared with the previous financial year. However, raw material prices were on the downtrend compared with 3QFY17, with average natural rubber latex and nitrile latex prices falling 21.3% and 26.4% respectively.

Tan Sri Dr Lim Wee Chai, Top Glove Corporation Bhd's Executive Chairman remarked, "We are pleased to have once again delivered good results despite a difficult business landscape. We attribute our robust performance to internal improvements centred on R&D, product quality, technology and reengineering initiatives; and believe that continuing to pursue these intensively is the way forward."

Notwithstanding the challenging business environment, Top Glove will continue to expand strategically. Its organic expansion plans include the construction of 2 new manufacturing facilities: Factory 31 (operational by March 2018) and Factory 32 (operational by December 2018), which upon completion will boost the Group's total number of production lines by an additional 78 lines and production capacity by 7.8 billion gloves per annum. 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. Top Glove has also commenced preparations for its condom manufacturing facility, expected to be operational in 2018.

The Group is also leveraging emerging technologies like Industry 4.0 and moving towards digitalisation and the implementation of "smart factories". It has accordingly invested in sensors and other data capturing equipment to upgrade its production lines, as it progresses towards fully automating them eventually.

In tandem, Top Glove will also continue to explore inorganic expansion via mergers and acquisitions, as well as new set-ups in related industries in order to grow faster and more efficiently. While gloves will continue to be its core business, the Group will diversify into other revenue sources.

In a related development, Top Glove today announced the signing of a letter of intent to acquire the entire ordinary shares of Eastern Press Sdn Bhd, a printing and packaging material manufacturer for RM47.25mil. The proposed transaction is expected to provide the Group with synergistic benefits, enabling it to improve its supply chain coordination, thereby allowing for flexible planning and better delivery time in relation to the supply of packaging material for its glove products, as well as better cost and quality control.

As at 31 August 2017, the Group maintained a healthy financial position with a positive net cash position of RM70.6 million, despite its capital expenditure of RM447.1 million. Towards enhancing shareholder value, the Group proposed a final dividend of 8.5 sen, subject to shareholders' approval at the upcoming AGM in January 2018, which would bring the total FY2017 dividend payout to 14.5 sen, representing a payout ratio of 54.6%.

In recognition of its consistently good performance, Top Glove also received an award for Highest Growth in Profit After Tax Over Three Years at the Edge Billion Ringgit Club Awards 2017, held on 21 August 2017.

The operating environment ahead is expected to be characterised by intense competition and rising costs. These challenges notwithstanding, Tan Sri Dr Lim remains upbeat and focused on the future. “While we have closed our financial year on a positive note, this is just the beginning. We have higher goals ahead of us which include growing our market share to 30% by 2020 and becoming a Fortune Global 500 company by 2040. We will keep working harder, faster and smarter, to ensure we deliver on these and continue to perform well in the coming quarters.”

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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:

	As at 13 October 2017
Number of Factories	32 (27 in Malaysia, 4 in Thailand, 1 in China)
Number of Glove Production Lines	550
Glove Production Capacity	51.9 billion pieces per annum
Number of Employees	12,000