

Quarterly rpt on consolidated results for the financial period ended 30 Nov 2016

TOP GLOVE CORPORATION BHD

Financial Year End 31 Aug 2017
 Quarter 1 Qtr
 Quarterly report for the financial period ended 30 Nov 2016
 The figures have not been audited

Attachments

[TopGlove_1Q17 Financial Results.pdf](#)
357.9 kB

[TopGlove_1Q17 Press Release.pdf](#)
150.6 kB

Default Currency	Other Currency

Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION 30 Nov 2016

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30 Nov 2016	30 Nov 2015	30 Nov 2016	30 Nov 2015
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	785,583	800,276	785,583	800,276
2 Profit/(loss) before tax	89,756	161,268	89,756	161,268
3 Profit/(loss) for the period	73,634	128,912	73,634	128,912
4 Profit/(loss) attributable to ordinary equity holders of the parent	73,315	128,348	73,315	128,348
5 Basic earnings/(loss) per share (Subunit)	5.85	10.29	5.85	10.29
6 Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	0.00
	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 (\$\$)	1.5300	1.4600
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Remarks :

For comparative purpose, the Basic Earnings Per Share and Net Asset Per Share Attributable to Ordinary Equity Holders of the Company for the quarter and year-to-date ended 30 November 2015, had been adjusted to reflect the bonus issue of 1 for 1 existing ordinary share of par value of RM0.50 each, which was completed on 27 January 2016.

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	15 Dec 2016
Category	Financial Results
Reference Number	FRA-07122016-00004

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

(Company No. 474423-X)

The World's Largest Rubber Glove ManufacturerWebsite : www.topglove.com.myE-mail : invest@topglove.com.my**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2016**

	Current Quarter Ended	Corresponding Quarter Ended	Current Year To Date	Corresponding Year To Date
	30-Nov-2016	30-Nov-2015	30-Nov-2016	30-Nov-2015
	RM'000	RM'000	RM'000	RM'000
Revenue	785,583	800,276	785,583	800,276
Operating Expenses	(703,871)	(647,854)	(703,871)	(647,854)
Other Operating Income	10,070	10,474	10,070	10,474
Profit From Operations	91,782	162,896	91,782	162,896
Finance Costs	(1,169)	(1,667)	(1,169)	(1,667)
Share of results of associates	(857)	39	(857)	39
Profit Before Tax	89,756	161,268	89,756	161,268
Taxation	(16,122)	(32,356)	(16,122)	(32,356)
Profit Net of Tax	73,634	128,912	73,634	128,912
Profit Attributable to:				
Owners of the Company	73,315	128,348	73,315	128,348
Minority Interest	319	564	319	564
	73,634	128,912	73,634	128,912
Earnings Per Share (sen)				
Basic	5.85	10.29	5.85	10.29
Diluted	5.84	10.24	5.84	10.24

* For comparative purpose, the Earnings Per Share for the quarter and year-to-date ended 30 November 2015 had been adjusted to reflect the bonus issue of 1 for 1 existing ordinary share of par value RM0.50 each which was completed on 27 January 2016.

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 FIRST QUARTER ENDED 30 NOVEMBER 2016**

	Current Quarter Ended	Corresponding Quarter Ended	Current Year To Date	Corresponding Year To Date
	30-Nov-2016	30-Nov-2015	30-Nov-2016	30-Nov-2015
	RM'000	RM'000	RM'000	RM'000
Profit net of tax	73,634	128,912	73,634	128,912
Other comprehensive income/(loss):				
Net movement on available-for-sale financial assets	(3,811)	(82)	(3,811)	(82)
Foreign currency translation	10,722	(8,831)	10,722	(8,831)
Other comprehensive income/(loss)	6,911	(8,913)	6,911	(8,913)
Total comprehensive income	80,545	119,999	80,545	119,999
Total comprehensive income attributable to:				
Owners of the Company	80,223	119,602	80,223	119,602
Minority Interest	322	397	322	397
	80,545	119,999	80,545	119,999

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)
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2016**

	Unaudited as at 30-Nov-2016 RM'000	Audited as at 31-Aug-2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,185,275	1,156,767
Land use rights	39,374	39,461
Investment properties	81,970	82,184
Investment in associates	3,324	3,961
Deferred tax assets	7,081	7,081
Investment securities	145	145
Goodwill	22,805	22,805
	1,339,974	1,312,404
Current Assets		
Inventories	275,662	263,679
Trade and other receivables	422,327	345,700
Other current assets	37,257	24,179
Tax prepayment	1,559	-
Investment securities	531,600	479,081
Cash and bank balances	136,626	224,099
	1,405,031	1,336,738
Total Assets	2,745,005	2,649,142
EQUITY AND LIABILITIES		
Current Liabilities		
Trade and other payables	330,729	332,199
Other current liabilities	45,319	39,368
Short term borrowings	326,028	317,796
Tax payable	-	1,357
Derivative financial instruments	6,597	189
	708,673	690,909
Net Current Assets	696,358	645,829
Non-Current Liabilities		
Long term borrowings	82,664	81,637
Deferred tax liabilities	46,746	50,757
	129,410	132,394
Total Liabilities	838,083	823,303
Net Assets	1,906,922	1,825,839
Equity Attributable to Equity Holders of the Company		
Share capital	627,504	627,406
Share premium	5,269	4,781
Treasury shares	(9,739)	(9,739)
Retained earnings	1,240,372	1,167,057
Other reserves	35,313	28,508
	1,898,719	1,818,013
Minority Interest	8,203	7,826
Total Equity	1,906,922	1,825,839
Total Equity and Liabilities	2,745,005	2,649,142
Net Tangible Assets per share (RM)	1.51	1.44
Net Assets per share (RM)	1.53	1.46

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 NOVEMBER 2016**

	Current Year To Date Ended 30-Nov-2016 RM'000	Corresponding Year To Date Ended 30-Nov-2015 RM'000
Cash Flows From Operating Activities		
Profit before taxation	89,756	161,268
Depreciation and amortisation	26,221	27,350
Other adjustments	23,789	(22,925)
Operating profit before changes in working capital	<u>139,766</u>	<u>165,693</u>
Changes in working capital		
Net change in current assets	(86,705)	18,368
Net change in current liabilities	12,775	44,002
Cash flows from operating activities	<u>65,836</u>	<u>228,063</u>
Interest paid	(1,169)	(1,667)
Tax paid	(23,097)	(17,611)
Net cash flows from operating activities	<u>41,570</u>	<u>208,785</u>
Cash flows from investing activities		
Proceeds from disposal of investment securities	12,387	132,245
Purchase of investment securities	(66,926)	(141,647)
Purchase of property, plant and equipment	(52,761)	(46,949)
Proceeds from disposal of property, plant and equipment	830	990
Interest received	5,695	8,594
Net cash flows used in investing activities	<u>(100,775)</u>	<u>(46,767)</u>
Cash flows from financing activities		
Proceeds from issuance of shares	483	14,638
Repayment of loans and borrowings	(28,751)	(136,906)
Net cash flows used in financing activities	<u>(28,268)</u>	<u>(122,268)</u>
Net change in cash and cash equivalents	(87,473)	39,750
Cash and cash equivalents at beginning of year	224,099	146,460
Cash and cash equivalents at end of period	<u>136,626</u>	<u>186,210</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 FIRST QUARTER ENDED 30 NOVEMBER 2016**

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 30 November 2016.

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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2016 (CONTINUED)

6. Changes in debts and equity securities

During the quarter ended 30 November 2016, a total of 195,900 new ordinary shares of RM0.50 each were issued and allotted pursuant to the exercise of the ESOS II. The details of the issued and paid-up capital of the Company as at 30 November 2016 are as follows:

	No. of shares	RM
As at 31 August 2016	1,254,811,864	627,405,932
Ordinary shares issued pursuant to the ESOS	195,900	97,950
As at 30 November 2016	1,255,007,764	627,503,882

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	6.00 (interim)	75,159
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		872,146

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.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2016 (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.

3 months ended 30 November 2016

	Malaysia RM'000	Thailand RM'000	China RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<u>Revenue</u>						
External sales	663,294	62,383	24,809	35,097	-	785,583
Inter-segment sales	19,147	90,267	553	-	(109,967)	-
Total Revenue	<u>682,441</u>	<u>152,650</u>	<u>25,362</u>	<u>35,097</u>	<u>(109,967)</u>	<u>785,583</u>
<u>Result</u>						
Segment profit	77,239	9,315	2,088	3,140	-	91,782
Finance cost						(1,169)
Share of results of Associates						(857)
Profit before tax						<u>89,756</u>
<u>Assets</u>						
Segment assets	1,978,470	262,539	57,318	387,340	33,209	<u>2,718,876</u>
Goodwill						<u>22,805</u>
Investment in Associates						<u>3,324</u>
<u>Liabilities</u>						
Segment liabilities	669,019	94,933	12,271	15,114	46,746	<u>838,083</u>
<u>Other segment information</u>						
Capital commitments	113,728	18,101	503	-	-	<u>132,332</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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2016 (CONTINUED)

11. Changes in the composition of the Group

During the period under review, TG Medical (Putian) Co., Ltd. incorporate in China, was added to the Group.

Other than the above-mentioned, 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 approved and contracted for capital expenditures amounting approximately to RM132.4 million.

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

14. Review of performance

Top Glove's performance for the first quarter ended 30 November 2016 ("1QFY17") compared with the corresponding period last financial year are as follows:

	1QFY17	1QFY16	Variance
	RM'mil	RM'mil	%
Revenue	785.6	800.3	(1.8)
PBT	89.8	161.3	(44.3)
PBT Margin	11.4%	20.2%	(43.6)

The Group recorded Revenue of RM785.6mil in 1QFY17, a decline of 1.8% from 1QFY16 despite growth in sales volume of 7%, due to the lower average selling price and weaker USD during the quarter in review. Profit Before Tax eased by 44.3% comparing less favourably with 1QFY16, where there was a marked strengthening of the US Dollar, higher average selling price coupled with lower raw material prices. Moreover, the full impact of the 24% hike in the natural gas tariff and 11% increase in minimum wage which was not present in 1QFY16, was also felt in 1QFY17.

Despite these challenges, Top Glove's performance improved compared with the past 2 quarters because of internal enhancements which continue to be implemented throughout the glove manufacturing process. These ongoing improvement initiatives focussed on automating the most labour intensive aspects of glove production, extensive R&D and reengineering efforts, resulting in better quality gloves at a more efficient cost in line with Top Glove's Business Direction. Additionally, the strengthening of the US Dollar towards the end of the quarter in review, also contributed to the Group's better results.

Meanwhile, the average price for latex continued its upward trend, increasing by 12.6% to RM4.46/kg while the average price for nitrile decreased slightly by 4.9% to USD0.98/kg, compared with 1QFY16.

As at 30 November 2016, the Group maintained a positive net cash position of RM259.5 million and a healthy balance sheet.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2016 (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												1QFY17 (unaudited)
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
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	785.6
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	111.5
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	145.5	240.7	242.2	216.3	363.5	442.2	89.7
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%	11.4%
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	16.1
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	73.6
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%

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2016 (CONTINUED)

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

	1QFY17 RM'mil	4QFY16 RM'mil	Variance %
Revenue	785.6	722.1	8.8
PBT	89.8	75.4	19.1
PBT margin	11.4%	10.4%	9.6

For 1QFY17, the Group achieved Revenue of RM785.6 million and Profit Before Tax of RM89.8 million, delivering growth of 8.8% and 19.1% respectively, compared with 4QFY16. The better performance was due to sales volume growth of 5%, stronger USD but notwithstanding intensive competition and cost increases stemming from full quarter impact of hikes in minimum wage, as well as the natural gas tariff.

16. Commentary on prospects and targets

To ensure it is well-positioned to tap the robust global glove demand, the Group will continue to steadily expand its operations. Accordingly, the expansion of Factory 6 (Thailand) was recently completed while a new facility, Factory 30 (Klang), is being constructed and expected to commence production by April 2017. Concrete plans are also in place for Factory 31 (Klang), for which Phase 1 will commence by August 2017 with a production capacity of 1.6 billion gloves per annum and Phase 2, by May 2018, with a production capacity of 2.8 billion gloves per annum, bringing the total production capacity to 4.4 billion gloves per annum. By May 2018, the Group will have a total of 600 production lines and a production capacity of 56.8 billion gloves per annum. While concluding M&As remains foremost on its corporate agenda, the Group's priority is first identifying suitable acquisition targets in similar or related industries with good valuations.

Top Glove anticipates a challenging business terrain ahead, characterised by change and uncertainty. While oversupply is tapering off, competition will continue to intensify as major players increase their nitrile glove production capacity.

Nonetheless, Top Glove remains optimistic on its industry outlook. As gloves represent an essential item in the healthcare sector and account for only a fraction of medical costs, demand is generally resilient to economic and political uncertainty, and projected to grow at 6% to 8% yearly.

17. Variance of actual profits from forecast profits

Not applicable as no profit forecast was issued.

18. Taxation

	Quarter Ended		Year To Date Ended	
	30 Nov 2016 RM'000	30 Nov 2015 RM'000	30 Nov 2016 RM'000	30 Nov 2015 RM'000
Income tax				
- Current year	19,967	30,927	19,967	30,927
Real property gain tax	213	44	213	44
Deferred taxation	(4,058)	1,385	(4,058)	1,385
	<u>16,122</u>	<u>32,356</u>	<u>16,122</u>	<u>32,356</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.

TOP GLOVE CORPORATION BHD.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2016 (CONTINUED)****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

There were no corporate proposals announced which remain uncompleted during the quarter under review as at the date of this report.

22. Group borrowings

The Group borrowings as at 30 November 2016 were as follows:

	As at 30 Nov 2016 RM'000	As at 30 Nov 2015 RM'000
Short term borrowings		
Unsecured	299,396	295,562
Secured	26,632	101,714
	326,028	397,276
Long term borrowings		
Secured	82,664	101,844
Total borrowings	408,692	499,120

Borrowings are mainly denominated in US Dollar amounting to USD79.4 million as at 30 Nov 2016 (31 Aug 2016: USD88.8million; 30 Nov 2015: USD113.4 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 30 November 2016, 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)	287,638	-	287,638
Financial assets at fair value through profit or loss			
-Money market funds (quoted in Malaysia)	243,962	-	243,962
Liabilities measured at fair value:			
Derivative financial instruments	-	6,597	6,597

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2016 (CONTINUED)****24. Realised and Unrealised Profits/Losses**

	As at 30 Nov 2016 RM'000	As at 30 Nov 2015 RM'000
Total retained earnings of the company and its subsidiaries:		
Realised	1,332,241	1,271,892
Unrealised	(62,212)	(64,571)
	<hr/> 1,270,029	<hr/> 1,207,321
Less : Consolidation adjustments	(29,657)	(22,385)
	<hr/> 1,240,372	<hr/> 1,184,936
	<hr/> <hr/>	<hr/> <hr/>

25. Notes to the Statement of Comprehensive Income

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

	Quarter ended and Year To Date Ended 30 Nov 2016 RM'000
Interest income	5,695
Other income including investment income	4,375
Interest expenses	(1,169)
Depreciation and amortisation	(26,221)
Foreign exchange gain	10,440
Fair value loss on foreign exchange contracts	(6,408)

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

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

The total dividend paid and proposed by the Company in respect of the financial year ended 31 August 2016 is 14.5 sen per ordinary share amounting to approximately RM181.7 million. The Company paid a First Single Tier Interim Dividend of 6 sen per ordinary share amounting to RM75.2 million on 15 July 2016. The Board of Directors has also proposed a Single Tier Final Dividend of 8.5 sen per ordinary share amounting to approximately RM106.5 million for the financial year ended 31 August 2016. The proposed final dividend is subject to shareholders' approval at the forthcoming Annual General Meeting on 5 January 2017.

TOP GLOVE CORPORATION BHD.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2016 (CONTINUED)****28. Earnings per share**

	Quarter Ended		Year To Date Ended	
	30 Nov 2016	30 Nov 2015	30 Nov 2016	30 Nov 2015
Net profit attributable to owners of the Company shareholders (RM'000)	<u>73,315</u>	<u>128,348</u>	<u>73,315</u>	<u>128,348</u>
<u>Basic</u>				
Weighted average number of ordinary shares in issue ('000)	<u>1,252,713</u>	<u>1,247,517*</u>	<u>1,252,713</u>	<u>1,247,517*</u>
Basic earnings per share (sen)	<u>5.85</u>	<u>10.29</u>	<u>5.85</u>	<u>10.29</u>
<u>Diluted</u>				
Weighted average number of ordinary shares in issue ('000)	<u>1,252,713</u>	<u>1,247,517*</u>	<u>1,252,713*</u>	<u>1,247,517*</u>
Effect of dilution : share options ('000)	<u>1,669</u>	<u>5,958</u>	<u>1,669</u>	<u>5,958</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>1,254,382</u>	<u>1,253,475*</u>	<u>1,254,382</u>	<u>1,253,475*</u>
Diluted earnings per share (sen)	<u>5.84</u>	<u>10.24</u>	<u>5.84</u>	<u>10.24</u>

*For comparative purpose, the number of ordinary shares issued as at 30 November 2015 had been adjusted to reflect the bonus issue of 1 for 1 existing ordinary share which was completed on 27 January 2016.

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PRESS RELEASE

Top Glove Corporation Bhd

For Immediate Release

POSITIVE START TO FY2017 FOR TOP GLOVE

Group posts healthy growth in 1Q sales and profit

Shah Alam, Thursday, 15 December 2016 – Top Glove Corporation Bhd (“Top Glove”) today announced its financial results for the First Quarter ended 30 November 2016 (“1QFY17”), commencing the financial year on a positive note.

The Group delivered Profit Before Tax (PBT) of RM89.8 million, 19.1% higher compared with 4QFY16, and Profit After Tax of RM73.6 million, representing a 11.9% growth against the same quarter. Sales Revenue was also on the uptrend, increasing 8.8% to RM785.6 million, while Sales Volume (quantity sold) rose 5% quarter-on-quarter, defying a challenging business environment.

Top Glove was able to deliver a good performance despite increases in the natural gas tariff and minimum wage, because of internal enhancements which continue to be implemented throughout the glove manufacturing process. These ongoing improvement initiatives focussed on automating the most labour intensive aspects of glove production, extensive R&D and reengineering efforts, resulting in better quality gloves at a more efficient cost in line with Top Glove’s Business Direction. Additionally, the strengthening of the US Dollar towards the end of the quarter in review, also contributed to the Group’s results.

Year-on-year, the Group recorded a softer performance as Profit Before Tax and Sales Revenue eased by 44.3% and 1.8% respectively, comparing less favourably with 1QFY16, during which there was a marked strengthening of the US Dollar, higher average selling prices coupled with lower raw material prices. The Group also felt the full impact of the 24% hike in the natural gas tariff and 11% increase in minimum wage, which was not present in 1QFY16. However, Sales Volume still registered an increase of 7% versus the corresponding period in FY16.

Meanwhile, the average price for latex continued its upward trend, increasing by 12.6% to RM4.46/kg while the average price for nitrile decreased slightly by 4.9% to USD0.98/kg, compared with 1QFY16.

Tan Sri Dr Lim Wee Chai, Executive Chairman of Top Glove Corporation Bhd remarked, “We are pleased to have achieved healthy Sales and Profit amidst an increasingly volatile and uncertain business environment. We believe this has been driven by our commitment to continuous internal improvement and changing for the better, which has enabled us to deliver a commendable performance quarter after quarter”.

“However, the recent Bank Negara directive that requires exporters to convert 75% of their proceeds into Ringgit creates unproductive administrative work, which will decrease efficiency. We hope the Government will review this ruling and allow exporters to keep at least 50% of their proceeds in foreign currencies. We appreciate policies that facilitate business, not create obstacles that impede growth”, Tan Sri Dr Lim added.

To ensure it is well-positioned to tap the robust global glove demand, the Group will continue to steadily expand its operations. Accordingly, the expansion of Factory 6 (Thailand) was recently completed while a new facility, Factory 30 (Klang), is being constructed and expected to commence production by April 2017. Concrete plans are also in place for Factory 31 (Klang), for which Phase 1 will commence by August 2017, with a production capacity of 1.6 billion gloves per annum and Phase 2, by May 2018, with a production capacity of 2.8 billion gloves per annum, bringing the total production capacity to 4.4 billion gloves per annum. By May 2018, the Group will have a total of 600 production lines and a production capacity of 56.8 billion gloves per annum. While concluding M&As remains foremost on its corporate agenda, the Group’s priority is first identifying suitable acquisition targets in similar or related industries with good valuations.

As at 30 November 2016, the Group maintained a positive net cash position of RM259.5 million and a healthy balance sheet.

Top Glove anticipates a challenging business terrain ahead, characterised by change and uncertainty. While oversupply is tapering off, competition will continue to intensify as major players increase their nitrile glove production capacity.

Nonetheless, Top Glove remains optimistic on its industry outlook. As gloves represent an essential item in the healthcare sector and account for only a fraction of medical costs, demand is generally resilient to economic and political uncertainty, and projected to grow at 6% to 8% yearly.

In closing, Tan Sri Dr Lim had this to say, “We have started FY2017 on a firm note and set the tone for a good year ahead. Going forward, we will keep looking for areas in which we can do better and respond faster, so we can continue delivering a strong performance 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 15 December 2016
Number of Factories	28 (23 in Malaysia, 4 in Thailand, 1 in China)
Number of Glove Production Lines	500
Glove Production Capacity	46.6 billion pieces per annum
Number of Employees	10,000