

Quarterly rpt on consolidated results for the financial period ended 28 Feb 2018

TOP GLOVE CORPORATION BHD

Financial Year End 31 Aug 2018

Quarter 2 Qtr

Quarterly report for the financial period ended 28 Feb 2018

The figures have not been audited

Attachments

[TopGlove_2QFY18_Financial Results.pdf](#)
385.2 kB

[TopGlove_2QFY18_Press_Release.pdf](#)
157.8 kB

Default Currency

Other Currency

Currency: **Malaysian Ringgit (MYR)**

SUMMARY OF KEY FINANCIAL INFORMATION 28 Feb 2018

| | INDIVIDUAL PERIOD | | CUMULATIVE PERIOD | |
|-----------------------------------------------------------------------|----------------------|--------------------------------------|----------------------|-------------------------------------|
| | CURRENT YEAR QUARTER | PRECEDING YEAR CORRESPONDING QUARTER | CURRENT YEAR TO DATE | PRECEDING YEAR CORRESPONDING PERIOD |
| | 28 Feb 2018 | 28 Feb 2017 | 28 Feb 2018 | 28 Feb 2017 |
| | \$\$'000 | \$\$'000 | \$\$'000 | \$\$'000 |
| 1 Revenue | 958,440 | 851,537 | 1,896,556 | 1,637,120 |
| 2 Profit/(loss) before tax | 124,524 | 102,728 | 246,514 | 192,484 |
| 3 Profit/(loss) for the period | 109,990 | 83,202 | 215,935 | 156,836 |
| 4 Profit/(loss) attributable to ordinary equity holders of the parent | 109,010 | 83,054 | 214,455 | 156,369 |
| 5 Basic earnings/(loss) per share (Subunit) | 8.68 | 6.63 | 17.09 | 12.48 |
| 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 (\$\$) | 1.6800 | 1.6000 |

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 Mar 2018 |
| Category | Financial Results |
| Reference Number | FRA-23022018-00029 |

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

(Company No. 474423-X)

The World's Largest Manufacturer of GlovesWebsite : www.topglove.comE-mail : invest@topglove.com.my**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2018**

| | Current Quarter Ended | Corresponding Quarter Ended | Current Year To Date | Corresponding Year To Date |
|------------------------------------------------------------------------|------------------------------|------------------------------------|-----------------------------|-----------------------------------|
| | 28-Feb-2018 | 28-Feb-2017 | 28-Feb-2018 | 28-Feb-2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 958,440 | 851,537 | 1,896,556 | 1,637,120 |
| Operating expenses | (839,850) | (760,620) | (1,669,834) | (1,464,744) |
| Other operating income | 6,570 | 13,228 | 21,303 | 23,551 |
| Profit from operations | 125,160 | 104,145 | 248,025 | 195,927 |
| Finance costs | (2,721) | (1,474) | (4,320) | (2,643) |
| Share of results of associates | 2,085 | 57 | 2,809 | (800) |
| Profit before tax | 124,524 | 102,728 | 246,514 | 192,484 |
| Taxation | (14,534) | (19,526) | (30,579) | (35,648) |
| Profit net of tax | 109,990 | 83,202 | 215,935 | 156,836 |
| Profit attributable to: | | | | |
| Owners of the parent | 109,010 | 83,054 | 214,455 | 156,369 |
| Non-controlling interests | 980 | 148 | 1,480 | 467 |
| | 109,990 | 83,202 | 215,935 | 156,836 |
| Earnings per share attributable to owners of the parent (sen) : | | | | |
| Basic | 8.68 | 6.63 | 17.09 | 12.48 |
| Diluted | 8.68 | 6.62 | 17.08 | 12.47 |

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 August 2017

TOP GLOVE CORPORATION BHD.

(Company No. 474423-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**AS AT 28 FEBRUARY 2018**

| | Current Quarter Ended | Corresponding Quarter Ended | Current Year To Date | Corresponding Year To Date |
|-----------------------------------------------------|----------------------------------|----------------------------------------|---------------------------------|---------------------------------------|
| | 28-Feb-2018 | 28-Feb-2017 | 28-Feb-2018 | 28-Feb-2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit net of tax | 109,990 | 83,202 | 215,935 | 156,836 |
| Other comprehensive (loss)/ income: | | | | |
| Net movement on available-for-sale financial assets | (389) | 6,608 | (603) | 2,797 |
| Foreign currency translation | (1,243) | 17,732 | (16,797) | 28,454 |
| Other comprehensive (loss)/ income | (1,632) | 24,340 | (17,400) | 31,251 |
| Total comprehensive income | 108,358 | 107,542 | 198,535 | 188,087 |
| Total comprehensive income attributable to: | | | | |
| Owners of the parent | 107,417 | 106,687 | 197,311 | 186,910 |
| Non-controlling interest | 941 | 855 | 1,224 | 1,177 |
| | 108,358 | 107,542 | 198,535 | 188,087 |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 August 2017

TOP GLOVE CORPORATION BHD.

(Company No. 474423-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2018**

| | Unaudited as at 28-Feb-2018 RM'000 | Audited as at 31-Aug-2017 RM'000 |
|-------------------------------------------------------------|---------------------------------------------|-------------------------------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 1,695,161 | 1,523,406 |
| Land use rights | 57,651 | 40,457 |
| Investment properties | 84,207 | 83,156 |
| Investment in associates | 2,809 | - |
| Deferred tax assets | 14,681 | 14,681 |
| Investment | 392 | 392 |
| Goodwill | 40,779 | 22,805 |
| | 1,895,680 | 1,684,897 |
| Current Assets | | |
| Inventories | 322,117 | 315,775 |
| Trade and other receivables | 496,853 | 419,349 |
| Other current assets | 210,834 | 51,258 |
| Tax recoverable | 15,239 | 17,351 |
| Derivative financial instruments | - | 645 |
| Investment securities | 135,280 | 206,910 |
| Cash and bank balances | 184,966 | 240,068 |
| | 1,365,289 | 1,251,356 |
| Total Assets | 3,260,969 | 2,936,253 |
| EQUITY AND LIABILITIES | | |
| Current Liabilities | | |
| Trade and other payables | 437,676 | 418,802 |
| Other current liabilities | 53,805 | 62,292 |
| Short term borrowings | 533,700 | 314,644 |
| Derivative financial instruments | 238 | - |
| | 1,025,419 | 795,738 |
| Net Current Assets | 339,870 | 455,618 |
| Non-Current Liabilities | | |
| Long term borrowings | 51,557 | 61,750 |
| Deferred tax liabilities | 72,346 | 66,284 |
| | 123,903 | 128,034 |
| Total Liabilities | 1,149,322 | 923,772 |
| Net Assets | 2,111,647 | 2,012,481 |
| Equity Attributable to Equity Holders of the Company | | |
| Share capital | 643,065 | 636,644 |
| Treasury shares | (9,739) | (9,739) |
| Retained earnings | 1,422,089 | 1,313,876 |
| Other reserves | 44,907 | 62,499 |
| | 2,100,322 | 2,003,280 |
| Non-controlling interest | 11,325 | 9,201 |
| Total Equity | 2,111,647 | 2,012,481 |
| Total Equity and Liabilities | 3,260,969 | 2,936,253 |
| Net Tangible Assets per share (RM) | 1.65 | 1.59 |
| Net Assets per share (RM) | 1.68 | 1.60 |

TOP GLOVE CORPORATION BHD

(Company No. 474423-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 28 FEBRUARY 2018**

| | ← 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 | | Share option reserve RM'000 | Fair value adjustment reserve RM'000 | Distributable Retained earnings RM'000 | Non-controlling interest RM'000 |
| | | | | | Foreign exchange reserve RM'000 | Legal reserve RM'000 | | | | | |
| 6 Months Ended 28 February 2018 | | | | | | | | | | | |
| Opening balance at 1 September 2017 | 2,012,481 | 2,003,280 | 636,644 | - | (9,739) | 53,700 | 4,929 | 2,568 | 1,302 | 1,313,876 | 9,201 |
| Total comprehensive income | 198,535 | 197,311 | - | - | - | (16,541) | - | - | (603) | 214,455 | 1,224 |
| Transactions with owners | | | | | | | | | | | |
| Issuance of ordinary shares pursuant to ESOS | 6,421 | 6,421 | 6,421 | - | - | - | - | - | - | - | - |
| Issuance of shares to non-controlling interest | 900 | - | - | - | - | - | - | - | - | - | 900 |
| Transfer to retained earnings | - | - | - | - | - | - | - | (1,182) | - | 1,182 | - |
| Transfer to legal reserve | - | - | - | - | - | 734 | - | - | - | (734) | - |
| Dividend on ordinary shares | (106,690) | (106,690) | - | - | - | - | - | - | - | (106,690) | - |
| Total transactions with owners | (99,369) | (100,269) | 6,421 | - | - | - | 734 | (1,182) | - | (106,242) | 900 |
| Closing balance at 28 February 2018 | 2,111,647 | 2,100,322 | 643,065 | - | (9,739) | 37,159 | 5,663 | 1,386 | 699 | 1,422,089 | 11,325 |
| 6 Months Ended 28 February 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 | 188,087 | 186,910 | - | - | - | 27,744 | - | - | 2,797 | 156,369 | 1,177 |
| Transactions with owners | | | | | | | | | | | |
| Issuance of ordinary shares pursuant to ESOS | 2,096 | 2,096 | 1,045 | 1,051 | - | - | - | - | - | - | - |
| Issuance of shares to non-controlling interest | 55 | - | - | - | - | - | - | - | - | - | 55 |
| Reclassification due to compliance with company Act 2016 | - | - | 6,110 | (6,110) | - | - | - | - | - | - | - |
| Transfer from share option reserve | - | - | - | 278 | - | - | - | (278) | - | - | - |
| Transfer to retained earnings | - | - | - | - | - | - | - | (196) | - | 196 | - |
| Dividend on ordinary shares | (106,508) | (106,508) | - | - | - | - | - | - | - | (106,508) | - |
| Total transactions with owners | (104,357) | (104,412) | 7,155 | (4,781) | - | - | - | (474) | - | (106,312) | 55 |
| Closing balance at 28 February 2017 | 1,909,569 | 1,900,511 | 634,561 | - | (9,739) | 53,420 | 4,278 | 2,387 | (1,510) | 1,217,114 | 9,058 |

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 2017

TOP GLOVE CORPORATION BHD.

(Company No. 474423-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
AS AT 28 FEBRUARY 2018**

| | Current Year To Date Ended 28-Feb-2018 RM'000 | Corresponding Year To Date Ended 28-Feb-2017 RM'000 |
|---------------------------------------------------------------------|------------------------------------------------------------------|------------------------------------------------------------------------|
| Operating Activities | | |
| Profit before taxation | 246,514 | 192,484 |
| Depreciation and amortisation | 63,944 | 53,446 |
| Other adjustments | (26,351) | 33,432 |
| Operating cash flows before changes in working capital | <u>284,107</u> | <u>279,362</u> |
| Changes in working capital | | |
| Net change in current assets | (93,905) | (204,810) |
| Net change in current liabilities | (3,666) | 34,550 |
| Cash flows from operating activities | <u>186,536</u> | <u>109,102</u> |
| Interest paid | (4,320) | (2,643) |
| Tax paid | (28,442) | (41,901) |
| Net cash flows generated from operating activities | <u>153,774</u> | <u>64,558</u> |
| Investing activities | | |
| Proceeds from disposal of investment securities | 80,666 | 232,452 |
| Purchase of investment securities | (11,641) | (35,815) |
| Purchase of property, plant and equipment | (213,273) | (213,131) |
| Proceeds from disposal of property, plant and equipment | 14,734 | 10,406 |
| Deposit paid on acquisition of subsidiary | (137,000) | - |
| Net cash outflow on acquisition of subsidiary | (46,171) | - |
| Interest received | 5,449 | 10,449 |
| Net cash flows (used in)/generated from investing activities | <u>(307,236)</u> | <u>4,361</u> |
| Financing activities | | |
| Dividend paid on ordinary shares | (106,690) | (106,508) |
| Issuance of shares to non-controlling interest | 900 | - |
| Proceeds from issuance of shares | 6,421 | 2,096 |
| Drawdown/ (repayment) of loans and borrowings | 197,729 | (13,976) |
| Net cash flows generated from/(used in) financing activities | <u>98,360</u> | <u>(118,388)</u> |
| Net decrease in cash and cash equivalents | <u>(55,102)</u> | <u>(49,469)</u> |
| Cash and cash equivalents at 1 September | <u>240,068</u> | <u>224,099</u> |
| Cash and cash equivalents at 28 February | <u>184,966</u> | <u>174,630</u> |

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the financial year ended 31 August 2017

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2018**

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 2017. 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 2017.

The audited financial statements of the Group for the year ended 31 August 2017 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 2017.

2. Auditors’ report

The audited financial statements for the financial year ended 31 August 2017 was not subject to any qualification.

3. Seasonal or cyclical factors

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

4. Extraordinary and exceptional items

There were no extraordinary and exceptional items of unusual nature affecting assets, liabilities, equity, net income, or cash flows in the interim financial period ended 28 February 2018.

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.

(Company No. 474423-X)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2018 (CONTINUED)

6. Changes in debts and equity securities

As at the quarter ended 28 February 2018, a total of 1,196,160 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 28 February 2018 are as follows:

| | No. of shares | RM'000 |
|---------------------------------------------|---------------|---------|
| As at 30 November 2017 | 1,256,979,264 | 639,034 |
| Ordinary shares issued pursuant to the ESOS | 1,196,160 | 4,031 |
| As at 28 February 2018 | 1,258,175,424 | 643,065 |

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 | 14.50 | 181,936 |
| 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 | | 1,160,578 |

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 SECOND QUARTER ENDED 28 FEBRUARY 2018 (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.

6 months ended 28 February 2018

| | Malaysia RM'000 | Thailand RM'000 | China RM'000 | Others RM'000 | Eliminations RM'000 | Consolidated RM'000 |
|-----------------------------------|--------------------|--------------------|-----------------|------------------|------------------------|------------------------|
| <u>Revenue</u> | | | | | | |
| External sales | 1,543,879 | 193,936 | 94,274 | 64,467 | - | 1,896,556 |
| Inter-segment sales | 31,904 | 178,238 | 1,489 | - | (211,631) | - |
| Total Revenue | <u>1,575,783</u> | <u>372,174</u> | <u>95,763</u> | <u>64,467</u> | <u>(211,631)</u> | <u>1,896,556</u> |
| <u>Result</u> | | | | | | |
| Segment profit | 199,204 | 32,800 | 13,739 | 2,282 | - | 248,025 |
| Finance cost | | | | | | (4,320) |
| Share of results of Associates | | | | | | <u>2,809</u> |
| Profit before tax | | | | | | <u><u>246,514</u></u> |
| <u>Assets</u> | | | | | | |
| Segment assets | 2,595,620 | 327,188 | 83,082 | 181,570 | 32,730 | <u>3,220,190</u> |
| Goodwill | | | | | | <u><u>40,779</u></u> |
| <u>Liabilities</u> | | | | | | |
| Segment liabilities | 926,943 | 109,403 | 23,139 | 17,491 | 72,346 | <u>1,149,322</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 SECOND QUARTER ENDED 28 FEBRUARY 2018 (CONTINUED)

11. Changes in the composition of the Group

The acquisition of Eastern Press Sdn. Bhd. was completed on 5 January 2018 and became a wholly-owned subsidiary 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

A nominal amount of RM543.1 million relating to corporate guarantees has been provided by the Company to banks for its subsidiaries' loans and borrowings.

The fair value of the corporate guarantees granted by the Company to banks in respect of loans and borrowings obtained by its subsidiaries is not material as the difference in borrowing rates charged by the banks is not significant in the absence of such guarantees.

13. Capital commitments

As at the end of the reporting quarter, the Company had approved and contracted for capital expenditures amounting approximately to RM154.5 million, and RM1,233.0 million for the balance payment of the acquisition Aspion Sdn. Bhd.

TOP GLOVE CORPORATION BHD.

(Company No. 474423-X)

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2018 (CONTINUED)

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

14. Review of performance

A comparison of Top Glove's performance for the second quarter ended 28 February 2018 ("2QFY18") with the corresponding period last financial year is as follows:

| | 2QFY18 | 2QFY17 | Variance | 1HFY18 | 1HFY17 | Variance |
|--------------------------------------------------------------|--------|--------|----------|---------|---------|----------|
| | RM'mil | RM'mil | % | RM'mil | RM'mil | % |
| Revenue | 958.4 | 851.5 | 12.6% | 1,896.6 | 1,637.1 | 15.9% |
| Operating profit | 125.2 | 104.1 | 20.3% | 248.0 | 195.9 | 26.6% |
| Profit before interest and tax | 127.2 | 104.2 | 22.1% | 250.8 | 195.1 | 28.5% |
| Profit before tax | 124.5 | 102.7 | 21.2% | 246.5 | 192.5 | 28.1% |
| Profit after tax | 110.0 | 83.2 | 32.2% | 215.9 | 156.8 | 37.7% |
| Profit attributable to ordinary equity holders of the parent | 109.0 | 83.1 | 31.2% | 214.5 | 156.4 | 37.1% |

In 2QFY18, sales volume surged by an all-time high of 21% compared with 2QFY17. The Group achieved Sales Revenue of RM958.4 million, an increase of 12.6% year-on-year. Profit Before Tax (PBT) came in at RM124.5 million, growing 21.2% in contrast with 2QFY17, while the Group registered Profit After Tax (PAT) of RM110 million, up 32.2% against 2QFY17.

For 1HFY18, sales volume improved by 19% versus 1HFY17. Sales Revenue amounted to RM1.9 billion, a 15.9% increase compared with 1HFY17. Meanwhile, PBT grew 28.1% to RM246.5 million and PAT soared 37.7% to RM215.9 million, compared with the corresponding periods in the previous financial year. The cumulative PAT for 1HFY18 was equivalent to 65.7% of the full year profit for FY17.

The significant growth in sales volume was mainly attributed to an increase in demand for natural rubber gloves, underscoring the importance of having a balanced product mix, comprising both natural rubber and nitrile gloves, which is aligned with market demand. Demand growth for natural rubber gloves stemmed from emerging markets, where healthcare awareness and hygiene standards are rising steadily, particularly Asia (excluding Japan) and Eastern Europe which respectively saw a 60% and 40% boost in sales volume for 1HFY18 compared with 1HFY17. The Group's performance also improved following a higher utilisation rate from stronger demand, an upward revision of the average selling price and additional natural rubber glove capacity from a factory which was acquired from A1 Glove Sdn. Bhd. in June 2017. However, this was offset by a marked increase in the natural gas tariff and other costs. Meanwhile Top Glove's focus on continuous improvement in quality and cost efficiency, which include Industry 4.0 initiatives, accounted for the improved profitability.

Raw material prices were lower compared with 2QFY17, with average natural rubber latex and nitrile latex prices decreasing by 26.1% to RM4.40/kg and 1.9% to USD1.06 respectively.

TOP GLOVE CORPORATION BHD.

(Company No. 474423-X)

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2018 (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 | 2017 | 1HFY18 (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 | 1,896.6 |
| EBITDA | 197.8 | 287.5 | 364.7 | 196.7 | 297.7 | 310.6 | 301.8 | 441.7 | 524.7 | 484.0 | 309.3 |
| EBITDA margin | 14.4% | 18.8% | 17.5% | 9.6% | 12.9% | 13.4% | 13.3% | 17.6% | 18.2% | 14.2% | 16.3% |
| PBT | 134.6 | 222.0 | 305.0 | 145.5 | 240.7 | 242.2 | 216.3 | 363.5 | 442.2 | 383.1 | 246.5 |
| PBT margin | 9.8% | 14.5% | 14.7% | 7.1% | 10.4% | 10.5% | 9.5% | 14.5% | 15.3% | 11.2% | 13.0% |
| Taxation | 26.5 | 53.9 | 54.6 | 30.3 | 33.4 | 39.4 | 32.7 | 82.3 | 79.8 | 54.7 | 30.6 |
| PAT | 108.1 | 168.1 | 250.4 | 115.1 | 207.3 | 202.8 | 183.6 | 281.2 | 362.4 | 328.4 | 215.9 |
| PAT margin | 7.8% | 11.0% | 12.0% | 5.6% | 9.0% | 8.8% | 8.1% | 11.2% | 12.5% | 9.6% | 11.4% |

TOP GLOVE CORPORATION BHD.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2018 (CONTINUED)

15. Comparison of 2QFY18 Quarterly Profit Before Tax (PBT) with preceding quarter

| | 2QFY18 RM'mil | 1QFY18 RM'mil | Variance % |
|---------------------------------------------------------------|------------------|------------------|---------------|
| Revenue | 958.4 | 938.1 | 2.2% |
| Operating profit | 125.2 | 122.9 | 1.9% |
| Profit before interest and tax | 127.2 | 123.6 | 2.9% |
| Profit before tax | 124.5 | 122.0 | 2.0% |
| Profit after tax | 110.0 | 105.9 | 3.9% |
| Profit attributable to ordinary equity holders of the parents | 109.0 | 105.4 | 3.4% |

The Group achieved Sales Revenue of RM958.4 million, a 2.2% increase quarter-on-quarter. Profit Before Tax also registered higher at RM124.5 million, representing an improvement of 2% compared with 1QFY18. Meanwhile, sales volume grew 3% versus 1QFY18. The improve performance was attributed to improvements in production efficiency and quality, coupled with new capacity coming onstream and strong demand growth, even though second quarter has a shorter working period. The average natural rubber latex price eased 12%, while the average nitrile latex price was on the uptrend, increasing by 5%.

16. Commentary on prospects and targets

To support its growth agenda, Top Glove will continue to pursue strategic expansion via the organic and non-organic routes. It is in the process of constructing 2 new manufacturing facilities namely, Factory 31 (operational by June 2018) and Factory 32 (operational by early 2019), 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. Meanwhile, preparations for Top Glove's condom manufacturing facility have also commenced and it is expected to be operational by June 2018.

Top Glove will also continue to explore mergers and acquisitions opportunities, as well as new set-ups in synergistic industries, towards faster and more efficient growth. In a related development, the Group obtained unanimous approval from its shareholders to proceed with its proposed acquisition of Aspion Sdn. Bhd. (Aspion) at its Extraordinary General Meeting (EGM) held on 8 March 2018. With this, Top Glove moves into the final phase of the acquisition process which is targeted for completion by early April 2018. Post-acquisition, Top Glove will be better positioned to deliver innovative surgical glove products for its global customers, while creating value for its shareholders. The acquisition also provides synergistic effects in terms of access to new markets and product mix. The acquisition will add another 3 glove factories with 65 production lines and a capacity of 4.6 billion gloves, and 3,000 employees. By early 2019, Top Glove is projected to have 40 factories consisting of 34 glove factories and 6 other supporting factories, 693 glove production lines and a glove production capacity of 64.3 billion gloves per annum.

The Group is also progressing well on its digital adoption journey and will continue to embrace technological advancements, which will enable Top Glove to enhance its product quality and operational efficiency. Additionally, Top Glove will also be looking at various measures to improve the dissemination of information to its customers and vendors towards fostering a more integrated relationship.

Top Glove envisages a challenging business environment ahead characterised by higher operating costs, on which the company will continue to engage with its stakeholders. Nonetheless, the Group expects glove demand to continue growing steadily on the back of increasing healthcare standards and awareness globally.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2018 (CONTINUED)****17. Variance of actual profits from forecast profits**

Not applicable as no profit forecast was issued.

18. Taxation

| | Quarter Ended | | Year To Date Ended | |
|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 28 Feb 2018 RM'000 | 28 Feb 2017 RM'000 | 28 Feb 2018 RM'000 | 28 Feb 2017 RM'000 |
| Income tax | | | | |
| - Current quarter/year | 14,560 | 23,143 | 30,347 | 43,110 |
| Real property gain tax | - | 16 | 288 | 229 |
| Deferred taxation | (26) | (3,633) | (56) | (7,691) |
| | <u>14,534</u> | <u>19,526</u> | <u>30,579</u> | <u>35,648</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 12 January 2018 announced that Top Care Sdn. Bhd., a wholly owned subsidiary of the Company as purchaser and the Company as guarantor have entered into a conditional share purchase agreement with Adventa Capital Pte. Ltd. to acquire 270,850,119 ordinary shares in Aspion Sdn. Bhd. (Aspion), representing the entire equity interest in Aspion, for a purchase consideration of RM1,370.0 million (Proposed Acquisition). On 8 March 2018, the Company had obtained the shareholders approval in the Extraordinary General Meeting convened to approve the Proposed Acquisition.

Except the above-mentioned, there is no other corporate proposals announced or outstanding as at 14 March 2018.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2018 (CONTINUED)****22. Group borrowings**

The Group borrowings as at 28 February 2018 were as follows:

| | As at 28 Feb 2018 | | As at 28 Feb 2017 | |
|------------------------------|--------------------------------|----------------|--------------------------------|----------------|
| | Foreign Denominated '000 | RM'000 | Foreign Denominated '000 | RM'000 |
| Short term borrowings | | | | |
| Unsecured | | | | |
| Revolving credit (USD) | USD89,900 | 352,902 | USD54,900 | 244,030 |
| Revolving credit (RM) | - | 65,000 | - | - |
| Promissory notes (THB) | THB484,102 | 60,386 | THB585,600 | 74,552 |
| | | <u>478,288</u> | | <u>318,582</u> |
| Secured | | | | |
| Revolving credit (USD) | USD8,143 | 31,967 | USD5,265 | 23,404 |
| Bank overdraft (RM) | - | 3,721 | - | - |
| Bankers' acceptance (RM) | - | 16,758 | - | - |
| Hire purchase (RM) | - | 2,626 | - | - |
| Term loan (RM) | - | 340 | - | - |
| | | <u>55,412</u> | | <u>23,404</u> |
| Total short term borrowings | | <u>533,700</u> | | <u>341,986</u> |
| Long term borrowings | | | | |
| Secured | | | | |
| Revolving credit (USD) | USD11,295 | 44,339 | USD17,208 | 76,491 |
| Hire purchase (RM) | - | 3,605 | - | - |
| Term loan (RM) | - | 3,613 | - | - |
| Total long term borrowings | | <u>51,557</u> | | <u>76,491</u> |
| Total borrowings | | | | |
| a) USD | 109,338 | 429,208 | 77,373 | 343,925 |
| b) RM | 95,663 | 95,663 | - | - |
| c) THB | 484,102 | 60,386 | 585,600 | 74,552 |
| | | <u>585,257</u> | | <u>418,477</u> |
| Exchange rate RM to USD1.00 | | 3.9255 | | 4.4450 |
| Exchange rate RM to THB1.00 | | 0.1247 | | 0.1273 |

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2018 (CONTINUED)****23. Derivative financial instruments**

| | As at 28 Feb 2018 | Fair value Liabilities RM'000 |
|----------------------------|------------------------------------------------|----------------------------------------------|
| | Contract/Notional Amount RM'000 | RM'000 |
| Forward currency contracts | 193,700 | 238 |

As at 28 February 2018, the Group held forward contracts designated as hedges of expected future sales to customers for which the Group has firm commitments. Forward currency contracts used to hedge the Company's sales are denominated in USD for which firm commitments existed at the reporting date, extending to April 2018.

During the year-to-date ended 28 February 2018, the Group recognised a loss of RM880,000 arising from changes in fair value of the forward currency contracts.

24. 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 28 February 2018, 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) | 108,603 | - | 108,603 |
| Financial assets at fair value through profit or loss | | | |
| -Money market funds (quoted in Malaysia) | 26,677 | - | 26,677 |
| Liabilities measured at fair value: | | | |
| Derivative financial instruments | - | 238 | 238 |

25. Realised and Unrealised Profits/Losses

| | As at 28 Feb 2018 RM'000 | As at 28 Feb 2017 RM'000 |
|--------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| Total retained earnings of the company and its subsidiaries: | | |
| Realised | 1,500,806 | 1,307,238 |
| Unrealised | (49,233) | (67,569) |
| | 1,451,573 | 1,239,669 |
| Less : Consolidation adjustments | (29,484) | (22,555) |
| Total group retained earnings as per consolidated accounts | 1,422,089 | 1,217,114 |

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2018 (CONTINUED)****26. Notes to the Statement of Comprehensive Income**

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

| | Quarter ended 28 Feb 2018 RM'000 | Year to date ended 28 Feb 2018 RM'000 |
|-----------------------------------------------|-------------------------------------------------|------------------------------------------------------|
| Interest income | 1,828 | 5,449 |
| Other income including investment income | 4,742 | 15,854 |
| Interest expenses | (2,721) | (4,320) |
| Depreciation and amortization | (32,617) | (63,944) |
| Foreign exchange gain | 9,274 | 6,162 |
| Fair value loss on foreign exchange contracts | (5,660) | (880) |

27. 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.

28. Dividends

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

29. Earnings per share

| | Quarter Ended | | Year To Date Ended | |
|----------------------------------------------------------------------------------|------------------------|------------------------|---------------------------|------------------------|
| | 28 Feb 2018 | 28 Feb 2017 | 28 Feb 2018 | 28 Feb 2017 |
| Net profit attributable to owners of the Company shareholders (RM'000) | <u>109,010</u> | <u>83,054</u> | <u>214,455</u> | <u>156,369</u> |
| Basic | | | | |
| Weighted average number of ordinary shares in issue ('000) | <u>1,255,308</u> | <u>1,253,005</u> | <u>1,254,808</u> | <u>1,252,855</u> |
| Basic earnings per share (sen) | <u>8.68</u> | <u>6.63</u> | <u>17.09</u> | <u>12.48</u> |
| Diluted | | | | |
| Weighted average number of ordinary shares in issue ('000) | 1,255,308 | 1,253,005 | 1,254,808 | 1,252,855 |
| Effect of dilution: share options ('000) | <u>953</u> | <u>1,498</u> | <u>953</u> | <u>1,498</u> |
| Adjusted weighted average number of ordinary shares in issue and issuable ('000) | <u>1,256,261</u> | <u>1,254,503</u> | <u>1,255,761</u> | <u>1,254,353</u> |
| Diluted earnings per share (sen) | <u>8.68</u> | <u>6.62</u> | <u>17.08</u> | <u>12.47</u> |

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PRESS RELEASE

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

For Immediate Release

TOP GLOVE CONTINUES TO DELIVER EXCELLENT PERFORMANCE

Record Sales Volume growth of 21% and 32% increase in PAT despite headwinds

Shah Alam, Thursday, 15 March 2018 – Top Glove Corporation Bhd (“Top Glove”) today announced its financial results for the Second Quarter (“2QFY18”) ended 28 February 2018, as it continued to deliver a robust performance, in what is generally accepted as a softer second quarter owing to shorter work months coupled with a headwind environment.

For 2QFY18, Sales Volume surged by an all-time high of 21% compared with 2QFY17 and 3% versus 1QFY18. The Group also achieved Sales Revenue of RM958.4 million, an increase of 12.6% year-on-year and 2.2% quarter-on-quarter. Profit Before Tax (PBT) came in at RM124.5 million, growing 21.2% in contrast with 2QFY17 and 2% versus 1QFY18, while the Group registered Profit After Tax (PAT) of RM110 million, up 32.2% and 3.9% against 2QFY17 and 1QFY18 respectively.

The upward trend continued on a 6 months comparison. For 1HFY18, Sales Volume improved by 19% versus 1HFY17. Sales Revenue amounted to RM1.9 billion, a 15.9% increase compared with 1HFY17. Meanwhile, PBT grew 28.1% to RM246.5 million and PAT soared 37.7% to RM215.9 million, compared with the corresponding periods in the previous financial year. The cumulative PAT for 1HFY18 was equivalent to 65.7% of the full year profit for FY17.

The significant growth in Sales Volume was mainly attributed to an increase in demand for natural rubber gloves, underscoring the importance of having a balanced product mix, comprising both natural rubber and nitrile gloves, which is aligned with market demand. Demand growth for natural rubber gloves stemmed from emerging markets, where healthcare awareness and hygiene standards are rising steadily, particularly Asia (excluding Japan) and Eastern Europe which respectively saw a 60% and 40% boost in Sales Volume for 1HFY18 compared with 1HFY17. The Group’s performance also improved following a higher utilisation rate from stronger demand, an upward revision of the average selling price and additional natural rubber glove capacity from a factory which was acquired from A1 Glove Sdn Bhd in June 2017. However, this was offset by a marked increase in the natural gas tariff and other costs.

Meanwhile Top Glove's focus on continuous improvement in quality and cost efficiency, which include Industry 4.0 initiatives, accounted for the improved profitability.

Raw material prices were lower compared with 2QFY17, with average natural rubber latex and nitrile latex prices decreasing by 26.1% to RM4.40/kg and 1.9% to USD1.06 respectively. As against 1QFY18, the average natural rubber latex price eased 12%, while the average nitrile latex price was on the uptrend, increasing by 5%.

Commenting on the Group's results, Tan Sri Dr Lim Wee Chai, Top Glove Corporation Bhd's Executive Chairman said, "We have delivered a solid set of numbers which include our highest year-on-year Volume growth and strong growth in Profit, in spite of the shorter work months within the quarter and cost increases. It is not easy to do well in a challenging environment and we believe our commendable performance is largely credited to our commitment towards continuously improving our quality and the cost efficiency of our manufacturing operations".

To support its ambitious growth agenda, Top Glove will continue to pursue strategic expansion via the organic and non-organic routes. It is in the process of constructing 2 new manufacturing facilities namely, Factory 31 (operational by June 2018) and Factory 32 (operational by early 2019), 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. Meanwhile, preparations for Top Glove's condom manufacturing facility have also commenced and it is expected to be operational by June 2018.

Top Glove will also continue to explore mergers and acquisitions opportunities, as well as new set-ups in synergistic industries, towards faster and more efficient growth. In a related development, the Group obtained unanimous approval from its shareholders to proceed with its proposed acquisition of Aspion Sdn Bhd (Aspion) at its Extraordinary General Meeting (EGM) held on 8 March 2018. With this, Top Glove moves into the final phase of the acquisition process which is targeted for completion by early April 2018. Post-acquisition, Top Glove will be better positioned to deliver innovative surgical glove products for its global customers, while creating value for its shareholders. The acquisition also provides synergistic effects in terms of access to new markets and product mix. The acquisition will add another 3 glove factories with 65 production lines and a capacity of 4.6 billion gloves, and 3,000 employees. By early 2019, Top Glove is projected to have 40 factories consisting of 34 glove factories and 6 other supporting factories, 693 glove production lines and a glove production capacity of 64.3 billion gloves per annum.

The Group is also progressing well on its digital adoption journey and will continue to embrace technological advancements, which will enable Top Glove to enhance its product quality and operational efficiency. Additionally, Top Glove will also be looking at various measures to improve the dissemination of information to its customers and vendors towards fostering a more integrated relationship.

Top Glove envisages a challenging business environment ahead characterised by higher operating costs, on which the company will continue to engage with its stakeholders. Nonetheless, the Group expects glove demand to continue growing steadily on the back of increasing healthcare standards and awareness globally.

Tan Sri Dr Lim concluded, “While we have performed well this quarter, we will not be complacent and are preparing ourselves for a challenging second half of the financial year. With this in mind, we will continue to embark on quality improvement and cost-saving projects to ensure we continue to deliver strong results in the quarters ahead.”

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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 manufacturer of gloves 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 March 2018 |
|----------------------------------|------------------------------------------------|
| Number of Factories | 34 (29 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 | 13,000 |