

Quarterly rpt on consolidated results for the financial period ended 31 Aug 2016

TOP GLOVE CORPORATION BHD

Financial Year End 31 Aug 2016
 Quarter 4 Qtr
 Quarterly report for the financial period ended 31 Aug 2016
 The figures have not been audited

Attachments

[TopGlove_4Q16 Financial Results.pdf](#)
365.5 kB

[Top Glove_4Q16 Press Release.pdf](#)
149.7 kB

Default Currency

Other Currency

Currency: **Malaysian Ringgit (MYR)**

SUMMARY OF KEY FINANCIAL INFORMATION 31 Aug 2016

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31 Aug 2016	31 Aug 2015	31 Aug 2016	31 Aug 2015
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	722,114	709,445	2,888,515	2,510,510
2 Profit/(loss) before tax	75,776	134,320	442,628	363,538
3 Profit/(loss) for the period	65,833	103,226	362,762	281,192
4 Profit/(loss) attributable to ordinary equity holders of the parent	65,640	102,755	361,051	279,781
5 Basic earnings/(loss) per share (Subunit)	5.24	8.31	28.85	22.61
6 Proposed/Declared dividend per share (Subunit)	8.50	6.00	14.50	11.50

	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 (\$\$)	1.4600	1.3000

Remarks :

For comparative purpose, the Basic Earnings Per Share, Dividend Declared Per Share and Net Asset Per Share Attributable to Ordinary Equity Holders of the Company for the quarter and year-to-date ended 31 May 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	12 Oct 2016
Category	Financial Results
Reference Number	FRA-01102016-00001

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

(Company No. 474423-X)

The World's Largest Rubber Glove Manufacturer

Website : www.topglove.com.my

E-mail : invest@topglove.com.my

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2016**

	Current Quarter Ended	Corresponding Quarter Ended	Current Year To Date	Corresponding Year To Date
	31-Aug-2016	31-Aug-2015	31-Aug-2016	31-Aug-2015
	RM'000	RM'000	RM'000	RM'000
Revenue	722,114	709,445	2,888,515	2,510,510
Operating Expenses	(662,136)	(578,404)	(2,493,852)	(2,164,540)
Other Operating Income	16,433	10,287	52,274	33,447
Profit From Operations	76,411	141,328	446,937	379,417
Finance Costs	(1,156)	(840)	(5,584)	(4,170)
Share of results of associates	521	(6,168)	1,275	(11,709)
Profit Before Tax	75,776	134,320	442,628	363,538
Taxation	(9,943)	(31,094)	(79,866)	(82,346)
Profit Net of Tax	65,833	103,226	362,762	281,192
Profit Attributable to:				
Owners of the Company	65,640	102,755	361,051	279,781
Minority Interest	193	471	1,711	1,411
	65,833	103,226	362,762	281,192
Earnings Per Share (sen)				
Basic	5.24	*8.31	28.85	*22.61
Diluted	5.23	*8.27	28.81	*22.49

* For comparative purpose, the Earnings Per Share for the quarter and year-to-date ended 31 August 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 2015

TOP GLOVE CORPORATION BHD.

(Company No. 474423-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FOURTH QUARTER ENDED 31 AUGUST 2016

	Current Quarter Ended	Corresponding Quarter Ended	Current Year To Date	Corresponding Year To Date
	31-Aug-2016	31-Aug-2015	31-Aug-2016	31-Aug-2015
	RM'000	RM'000	RM'000	RM'000
Profit net of tax	65,833	103,226	362,762	281,192
Other comprehensive income/(loss):				
Net movement on available-for-sale financial assets	81	(7,885)	(4,229)	(1,132)
Foreign currency translation	(1,759)	23,592	(16,974)	36,664
Other comprehensive (loss)/income	(1,678)	15,707	(21,203)	35,532
Total comprehensive income	64,155	118,933	341,559	316,724
Total comprehensive income attributable to:				
Owners of the Company	63,956	117,882	340,182	314,456
Minority Interest	199	1,051	1,377	2,268
	64,155	118,933	341,559	316,724

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 August 2015

TOP GLOVE CORPORATION BHD.

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUG 2016**

	Unaudited as at 31-Aug-2016 RM'000	Audited as at 31-Aug-2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,124,758	1,026,490
Land use rights	39,462	40,315
Investment properties	114,192	111,178
Investment in associates	3,962	5,140
Deferred tax assets	7,080	8,762
Investment securities	145	145
Goodwill	22,805	22,805
	1,312,404	1,214,835
Current Assets		
Inventories	263,679	252,115
Trade and other receivables	345,903	380,700
Other current assets	22,697	24,148
Investment securities	479,081	669,672
Cash and bank balances	224,074	146,460
	1,335,434	1,473,095
Total Assets	2,647,838	2,687,930
EQUITY AND LIABILITIES		
Current Liabilities		
Trade and other payables	331,035	326,174
Other current liabilities	38,848	29,625
Short term borrowings	298,291	530,333
Tax payable	2,357	25,348
Derivative financial instruments	189	9,211
	670,720	920,691
Net Current Assets	664,714	552,404
Non-Current Liabilities		
Long term borrowings	101,142	105,693
Deferred tax liabilities	49,860	47,153
	151,002	152,846
Total Liabilities	821,722	1,073,537
Net Assets	1,826,116	1,614,393
Equity Attributable to Equity Holders of the Company		
Share capital	627,406	312,092
Share premium	4,781	200,302
Treasury shares	(9,739)	(14,722)
Retained earnings	1,167,358	1,056,583
Other reserves	28,484	53,709
	1,818,290	1,607,964
Minority Interest	7,826	6,429
Total Equity	1,826,116	1,614,393
Total Equity and Liabilities	2,647,838	2,687,930
Net Tangible Assets per share (RM)	1.44	*1.29
Net Assets per share (RM)	1.46	*1.30

* For comparative purpose, the Net Tangible Assets per share and Net Assets per share for 31 August 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.

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2016**

	Current Year To Date Ended 31-Aug-2016 RM'000	Corresponding Year To Date Ended 31-Aug-2015 RM'000
Cash Flows From Operating Activities		
Profit before taxation	442,628	363,538
Depreciation and amortisation	107,728	98,780
Other adjustments	(26,018)	(90)
Operating profit before changes in working capital	<u>524,338</u>	<u>462,228</u>
Changes in working capital		
Net change in current assets	5,285	(115,913)
Net change in current liabilities	15,086	49,611
Cash flows from operating activities	<u>544,709</u>	<u>395,926</u>
Interest paid	(5,584)	(4,170)
Tax paid	(98,470)	(55,562)
Net cash flows from operating activities	<u>440,655</u>	<u>336,194</u>
Cash flows from investing activities		
Proceeds from disposal of investment securities	285,756	47,018
Purchase of investment securities	(23,463)	(424,114)
Purchase of property, plant and equipment	(228,006)	(211,831)
Proceeds from disposal of property, plant and equipment	4,462	6,143
Dividend received from associates	2,255	3,983
Interest received	31,393	23,920
Net cash flows generated from/(used in) investing activities	<u>72,397</u>	<u>(554,881)</u>
Cash flows from financing activities		
Dividend paid on ordinary shares	(168,883)	(104,984)
Proceeds from issuance of shares	22,313	17,637
Proceeds from sale of treasury shares	16,110	-
Purchase of treasury shares	-	(14,722)
(Repayment)/additional of loans and borrowings	(197,543)	364,104
Net cash flows (used in)/generated from financing activities	<u>(328,003)</u>	<u>262,035</u>
Net change in cash and cash equivalents	<u>185,049</u>	<u>43,348</u>
Effects of foreign exchange rate changes	7,198	2,878
Cash and cash equivalents at beginning of year	<u>288,176</u>	<u>241,950</u>
Cash and cash equivalents at end of period	<u>480,423</u>	<u>288,176</u>
Breakdown of cash and cash equivalents at end of period		
Cash and bank balances	224,074	146,460
Add: Cash and cash equivalents included in fair value through profit or loss financial assets	<u>256,349</u>	<u>141,716</u>
Cash and cash equivalents	<u>480,423</u>	<u>288,176</u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the financial year ended 31 August 2015

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 AUGUST 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 2015. 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 2015.

The audited financial statements of the Group for the year ended 31 August 2015 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 2015.

2. Auditors’ report

The audited financial statements for the financial year ended 31 August 2015 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 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.

TOP GLOVE CORPORATION BHD.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2016 (CONTINUED)

6. Changes in debts and equity securities

6.1) During the quarter ended 31 August 2016, a total of 98,500 new ordinary shares of RM0.50 each were issued and allotted pursuant to the exercise of the ESOS II. The details of the issued and paid-up capital of the Company as at 31 August 2016 are as follows:

	No. of shares	RM
As at 31 May 2016	1,254,713,364	627,356,682
Ordinary shares issued pursuant to the ESOS	98,500	49,250
As at 31 August 2016	1,254,811,864	627,405,932

6.2) During the year, a total of 1,160,000 treasury shares were resold to the open market for a total net consideration of RM16.1million; the gain in these sales have been recorded in the retained earnings account of the Company.

Other than the above, there were no issuance and repayment of debt and equity securities, as well as share cancellations 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 FOURTH QUARTER ENDED 31 AUGUST 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.

12 months ended 31 August 2016

	Malaysia RM'000	Thailand RM'000	China RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<u>Revenue</u>						
External sales	2,395,413	217,491	106,479	169,132	-	2,888,515
Inter-segment sales	78,485	296,154	2,024	-	(376,663)	-
Total Revenue	<u>2,473,898</u>	<u>513,645</u>	<u>108,503</u>	<u>169,132</u>	<u>(376,663)</u>	<u>2,888,515</u>
<u>Result</u>						
Segment profit	365,334	37,908	11,638	32,057	-	446,937
Finance cost						(5,584)
Share of results of Associates						<u>1,275</u>
Profit before tax						<u>442,628</u>
<u>Assets</u>						
Segment assets	1,977,100	219,676	51,702	338,747	33,846	<u>2,621,071</u>
Goodwill						<u>22,805</u>
Investment in Associates						<u>3,962</u>
<u>Liabilities</u>						
Segment liabilities	671,045	70,893	12,743	14,824	52,217	<u>821,722</u>
<u>Other segment information</u>						
Capital commitments	116,254	17,290	-	-	-	<u>133,544</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 FOURTH QUARTER ENDED 31 AUGUST 2016 (CONTINUED)

11. Changes in the composition of the Group

During the period under review, two subsidiaries of the Group namely, Great Plantations Co., Ltd. and Efficient Plantations Co., Ltd. have been voluntarily deregistered on 11 August 2016; and Top Glove Chemical Sdn. Bhd., a new wholly-owned subsidiary has been acquired on 14 September 2016.

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 RM133.5 million.

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

14. Review of performance

Top Glove's performance for the full year ("FY2016) and fourth quarter (4QFY16) ended 31 August 2016 compared with the corresponding period last financial year are as follows:

	FY2016	FY2015	Variance	4QFY16	4QFY15	Variance
	RM'mil	RM'mil	%	RM'mil	RM'mil	%
Revenue	2,888.5	2,510.5	15.1	722.1	709.4	1.8
PBT	442.6	363.5	21.8	75.8	134.3	(43.6)
PBT Margin	15.3%	14.5%	5.5	10.5%	18.9%	(44.4)

The Group posted another outstanding performance for the financial year 2016 and attained its highest Revenue ever of RM2.89 billion, an increase of 15.1% over FY2015. Profit Before Tax and Profit After Tax each also registered record highs, at RM442.6 million and RM362.8 million, respectively representing an upturn of 21.8% and 29%. Volume (quantity sold) was also at an all-time high, notwithstanding intensifying competition and pricing pressure. The strong improvement in results was attributed to several improvement initiatives which have proven instrumental in enhancing quality and cost efficiency. A stronger USD, as well as lower raw material prices earlier in the financial year, also boosted the Group's performance.

On a year-on-year comparison, 4QFY16 results were relatively softer, with a marginal increase in Revenue of 1.8%, while Profit Before Tax declined by 43.6%. The less favourable comparison came on the back of a challenging environment in 2HFY16, as tailwinds from 1HFY16 gradually turned to headwinds. Increased competition in the second half of the financial year also led to a downward revision of the average selling price, while volatility in raw material prices and forex created a mismatch in the cost pass-through system.

As at 31 August 2016, the Group maintained a healthy balance sheet with a net cash position of RM303.7 million.

Honouring its commitment to enhance shareholder value, the Board of Directors has proposed a final dividend of 8.5 sen, bringing the total FY2016 dividend payout to 14.5 sen, subject to shareholders' approval at the upcoming AGM in January 2017. This represents a 26% increase in dividend per share compared with previous financial year and dividend payout ratio of 50.3%.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 AUGUST 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											
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 (unaudited)
Revenue	641.8	992.6	1,228.8	1,377.9	1,529.1	2,079.4	2,053.9	2,314.5	2,313.2	2,275.4	2,510.5	2,888.5
EBITDA	89.2	130.3	175.7	197.8	287.5	364.7	207.3	310.0	323.3	312.1	442.6	524.5
EBITDA margin	13.9%	13.1%	14.3%	14.4%	18.8%	17.5%	10.1%	13.4%	14.0%	13.7%	17.6%	18.2%
PBT	65.7	91.8	118.6	134.6	222.0	305.0	145.5	240.7	242.2	216.3	363.5	442.6
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%
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
PAT	58.2	84.8	88.7	108.1	168.1	250.4	115.1	207.3	202.8	183.6	281.2	362.8
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%

TOP GLOVE CORPORATION BHD.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2016 (CONTINUED)****15. Quarterly profit before tax (PBT) comparison with preceding quarter**

	4QFY16 RM'mil	3QFY16 RM'mil	Variance %
Revenue	722.1	672.3	7.4
PBT	75.8	73.7	2.8
PBT margin	10.5%	11.0%	(4.5)

For 4QFY16, the Group achieved Revenue of RM722.1 million and Profit Before Tax of RM75.8 million, delivering growth of 7.4% and 2.8% respectively, compared with 3QFY16, notwithstanding intensive competition and cost increases stemming from hikes in minimum wage, as well as the natural gas tariff.

16. Commentary on prospects and targets

Top Glove which celebrates its 25th anniversary this year, remains on expansion mode. The Group completed the expansion of Factory 27 (Lukut) in August 2016 while the expansion of Factory 6 (Thailand) is expected to be completed in November 2016. Meanwhile, in progress is the construction of a new facility, Factory 30 (Klang), expected to commence production by April 2017, by which time Top Glove will have a total of 540 production lines and a production capacity of 52.4 billion pieces of gloves per annum. With a view to expanding its production capacity, the Group also recently acquired a factory in Klang (Factory 31). The facility is estimated to be able to produce 6 billion pieces of gloves per annum, with Phase 1 targeted to be operational by mid-2017. Top Glove will continue to pursue M&A opportunities that synergise with its current business, both in similar or related industries.

On 28 June 2016, the Group successfully completed its secondary listing on the Mainboard of the Singapore Exchange, an exercise undertaken to add and create value for its shareholders and stakeholders.

Top Glove foresees a competitive business landscape ahead, with the likelihood of oversupply and eventually, industry consolidation taking place. However, the Group is confident of overcoming any challenges that may arise by enhancing its cost management and optimising the efficiency of its production lines. The Group views the potential consolidation as an M&A opportunity.

Nonetheless, it remains upbeat on the glove industry outlook, given that the demand for gloves is resilient and projected the industry to grow healthily at 6% to 8% every year.

17. Variance of actual profits from forecast profits

Not applicable as no profit forecast was issued.

18. Taxation

	Quarter Ended		Year To Date Ended	
	31 Aug 2016 RM'000	31 Aug 2015 RM'000	31 Aug 2016 RM'000	31 Aug 2015 RM'000
Income tax				
Current year	(831)	28,580	72,294	75,613
Under/(Over) provision in previous year	5,466	(80)	3,349	2,687
Real property gain tax	(237)	80	(164)	80
Deferred taxation	5,545	2,514	4,387	3,966
	<u>9,943</u>	<u>31,094</u>	<u>79,866</u>	<u>82,346</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.

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

On the Proposed Secondary Listing of Top Glove on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") by way of introduction ("Proposed Secondary Listing"); the Company has admitted to the Official List of the SGX-ST on 28 June 2016 under the stock code "BVA". Trading in the Shares on the Main Board of the SGX-ST has commenced with effect from 9.00 a.m. (Singapore time) on the same day.

Except the above-mentioned, there are no other corporate proposals not announced or outstanding as at 31 August 2016.

22. Group borrowings

The Group borrowings as at 31 August 2016 were as follows:

	As at 31 Aug 2016 RM'000	As at 31 Aug 2015 RM'000
Short term borrowings		
Unsecured	295,148	299,312
Secured	3,143	231,021
	<u>298,291</u>	<u>530,333</u>
Long term borrowings		
Secured	101,142	105,693
	<u>101,142</u>	<u>105,693</u>
Total borrowings	<u>399,433</u>	<u>636,026</u>

Borrowings are mainly denominated in US Dollar amounting to USD88.8 million as at 31 Aug 2016 (31 Aug 2015: USD137.3 million).

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2016 (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 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	222,732	-	222,732
Fair value through profit or loss Financial assets	256,349	-	256,349
Liabilities measured at fair value:			
Derivative financial instruments	-	189	189

24. Realised and Unrealised Profits/Losses

	As at 31 Aug 2016 RM'000	As at 31 Aug 2015 RM'000
Total retained earnings of the company and its subsidiaries:		
Realised	1,227,541	1,101,909
Unrealised	(43,292)	(30,031)
	1,184,249	1,071,878
Less : Consolidation adjustments	(16,891)	(15,295)
Total group retained earnings as per consolidated accounts	1,167,358	1,056,583

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 2016 RM'000	Year To Date Ended 31 Aug 2016 RM'000
Interest income	6,547	31,393
Other income including investment income	9,886	20,881
Interest expenses	(1,156)	(5,584)
Depreciation and amortisation	(27,044)	(107,728)
Foreign exchange gain	2,168	1,064
Fair value gain on foreign exchange contracts	5,676	9,022

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.

TOP GLOVE CORPORATION BHD.

(Company No. 474423-X)

(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2016 (CONTINUED)****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 RM106.5 million for the financial year ended 31 August 2016. The proposed final single tier dividend is subject to shareholders' approval at the forthcoming Annual General Meeting.

The Board of Directors had on 15 June 2016, declared a first single tier interim dividend of 6 sen per ordinary share and paid on 15 July 2016, amounting to RM75.2 million for the quarter ended 31 May 2016.

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 represented by a payment of approximately RM181.7 million.

28. Earnings per share

	Quarter Ended		Year To Date Ended	
	31 Aug 2016	31 Aug 2015	31 Aug 2016	31 Aug 2015
Net profit attributable to owners of the Company shareholders (RM'000)	65,640	102,755	361,051	279,781
<u>Basic</u>				
Weighted average number of ordinary shares in issue ('000)	1,252,563	1,236,424*	1,251,278	1,237,281*
Basic earnings per share (sen)	5.24	8.31	28.85	22.61
<u>Diluted</u>				
Weighted average number of ordinary shares in issue ('000)	1,252,563	1,236,424*	1,251,278*	1,237,281*
Effect of dilution : share options ('000)	1,953	6,546	1,953	6,546
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,254,516	1,242,970*	1,253,231	1,243,827*
Diluted earnings per share (sen)	5.23	8.27	28.81	22.49

*For comparative purpose, the number of ordinary shares issued as at 31 August 2015 had been adjusted to reflect the bonus issue of 1 for 1 existing ordinary share which was completed on 27 January 2016.

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

For Immediate Release

TOP GLOVE MARKS ANOTHER RECORD YEAR

Group achieves historical highs in Revenue and Profit

Shah Alam, Wednesday, 12 October 2016 – Top Glove Corporation Bhd (“Top Glove”) today announced its results for the Fourth Quarter (“4QFY16”) and full year ended 31 August 2016 (“FY2016”), marking yet another record year, with historical highs in both full year Revenue and Profit.

Posting another outstanding performance for the financial year 2016, the Group attained its highest Revenue ever of RM2.9 billion, an increase of 15.1% over FY2015. Meanwhile Profit Before Tax and Profit After Tax each also registered record highs, at RM442.6 million and RM362.8 million, respectively representing an upturn of 21.8% and 29%. Volume (quantity sold) was also at an all-time high, notwithstanding intensifying competition and pricing pressure.

The robust set of numbers was attributed to several improvement initiatives which have proven instrumental in enhancing quality and cost efficiency, the twin pillars of Top Glove’s time-tested success formula. A stronger USD, as well as lower raw material prices earlier in the financial year, also boosted the Group’s performance.

For 4QFY16, the Group achieved Revenue of RM722.1 million and Net Profit of RM65.8 million, delivering growth of 7.4% and 4.8% respectively, compared with 3QFY16, notwithstanding intensive competition and cost increases stemming from hikes in minimum wage, as well as the natural gas tariff.

On a year-on-year comparison, 4QFY16 results were relatively softer, with a marginal increase in Revenue of 1.8%, while Profit After Tax declined by 36.2%. The less favourable comparison came on the back of a challenging environment in 2HFY16, as tailwinds from 1HFY16 gradually turned to headwinds. Increased competition in the second half of the financial year also led to a downward revision of the average selling price, while volatility in raw material prices and forex created a mismatch in the cost pass-through system.

On Top Glove's performance, its Executive Chairman, Tan Sri Dr Lim Wee Chai remarked, "We have done well in FY2016. Amidst a challenging business environment with substantial cost increases and intense competition, we have achieved another record performance and our best year yet!"

"This is a credit to the internal quality and efficiency enhancements we have been implementing continually, as well as our management team and staff, who have worked hard to ensure we deliver a performance worthy of the Top Glove name" he added.

Top Glove which celebrates its 25th anniversary this year, remains on expansion mode. The Group completed the expansion of Factory 27 (Lukut) in August 2016 while the expansion of Factory 6 (Thailand) is expected to be completed by November 2016. Meanwhile, in progress is the construction of a new facility, Factory 30 (Klang), expected to commence production by April 2017, by which time Top Glove will have a total of 540 production lines and a production capacity of 52.4 billion pieces of gloves per annum. With a view to expanding its production capacity, the Group also recently acquired a factory in Klang (Factory 31). The facility is estimated to be able to produce 6 billion pieces of gloves per annum, with Phase 1 targeted to be operational by mid-2017. Top Glove will continue to pursue M&A opportunities that synergise with its current business, both in similar or related industries.

On 28 June 2016, the Group successfully completed its secondary listing on the Mainboard of the Singapore Exchange, an exercise undertaken to add and create value for its shareholders and stakeholders.

Honouring its commitment to enhance shareholder value, the Board of Directors has proposed a final dividend of 8.5 sen, bringing the total FY2016 dividend payout to 14.5 sen, subject to shareholders' approval at the upcoming AGM in January 2017. This represents a 26% increase in dividend per share compared with the previous financial year and a dividend payout ratio of 50.3%.

As at 31 August 2016, the Group also maintained a healthy balance sheet and a positive net cash position of RM303.7 million.

Top Glove foresees a competitive business landscape ahead, with the likelihood of oversupply and eventually, industry consolidation taking place. However, the Group is confident of overcoming any challenges that may arise by enhancing its cost management and optimising the efficiency of its production lines. The Group views the potential consolidation as an M&A opportunity.

Notwithstanding its commendable results, Tan Sri Dr Lim asserts, "We do not take our achievement for granted. Continuous improvement in quality and efficiency is our duty and an ongoing journey for us. This will ensure we stay healthy and competitive for another 25 years and beyond".

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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 12 October 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