

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

(Company No. 474423-X)

**The World's Largest Manufacturer of Gloves**

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**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2018**

	<b>Current Quarter Ended</b>	<b>Corresponding Quarter Ended</b>	<b>Current Year To Date</b>	<b>Corresponding Year To Date</b>
	<b>28-Feb-2018</b>	<b>28-Feb-2017</b>	<b>28-Feb-2018</b>	<b>28-Feb-2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
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
<b>Profit from operations</b>	<b>125,160</b>	<b>104,145</b>	<b>248,025</b>	<b>195,927</b>
Finance costs	(2,721)	(1,474)	(4,320)	(2,643)
Share of results of associates	2,085	57	2,809	(800)
<b>Profit before tax</b>	<b>124,524</b>	<b>102,728</b>	<b>246,514</b>	<b>192,484</b>
Taxation	(14,534)	(19,526)	(30,579)	(35,648)
<b>Profit net of tax</b>	<b>109,990</b>	<b>83,202</b>	<b>215,935</b>	<b>156,836</b>
<b>Profit attributable to:</b>				
Owners of the parent	109,010	83,054	214,455	156,369
Non-controlling interests	980	148	1,480	467
	<b>109,990</b>	<b>83,202</b>	<b>215,935</b>	<b>156,836</b>
<b>Earnings per share attributable to owners of the parent (sen) :</b>				
<b>Basic</b>	<b>8.68</b>	<b>6.63</b>	<b>17.09</b>	<b>12.48</b>
<b>Diluted</b>	<b>8.68</b>	<b>6.62</b>	<b>17.08</b>	<b>12.47</b>

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.**

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

	<b>Current Quarter Ended</b>	<b>Corresponding Quarter Ended</b>	<b>Current Year To Date</b>	<b>Corresponding Year To Date</b>
	<b>28-Feb-2018</b>	<b>28-Feb-2017</b>	<b>28-Feb-2018</b>	<b>28-Feb-2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit net of tax	109,990	83,202	215,935	156,836
<b>Other comprehensive (loss)/ income:</b>				
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
<b>Other comprehensive (loss)/ income</b>	<b>(1,632)</b>	<b>24,340</b>	<b>(17,400)</b>	<b>31,251</b>
<b>Total comprehensive income</b>	<b>108,358</b>	<b>107,542</b>	<b>198,535</b>	<b>188,087</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	107,417	106,687	197,311	186,910
Non-controlling interest	941	855	1,224	1,177
	<b>108,358</b>	<b>107,542</b>	<b>198,535</b>	<b>188,087</b>

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

**TOP GLOVE CORPORATION BHD.**

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**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
<b>ASSETS</b>		
<b>Non-current assets</b>		
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
	<b>1,895,680</b>	<b>1,684,897</b>
<b>Current Assets</b>		
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
	<b>1,365,289</b>	<b>1,251,356</b>
<b>Total Assets</b>	<b>3,260,969</b>	<b>2,936,253</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current Liabilities</b>		
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	-
	<b>1,025,419</b>	<b>795,738</b>
<b>Net Current Assets</b>	<b>339,870</b>	<b>455,618</b>
<b>Non-Current Liabilities</b>		
Long term borrowings	51,557	61,750
Deferred tax liabilities	72,346	66,284
	<b>123,903</b>	<b>128,034</b>
<b>Total Liabilities</b>	<b>1,149,322</b>	<b>923,772</b>
<b>Net Assets</b>	<b>2,111,647</b>	<b>2,012,481</b>
<b>Equity Attributable to Equity Holders of the Company</b>		
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
	<b>2,100,322</b>	<b>2,003,280</b>
Non-controlling interest	11,325	9,201
<b>Total Equity</b>	<b>2,111,647</b>	<b>2,012,481</b>
<b>Total Equity and Liabilities</b>	<b>3,260,969</b>	<b>2,936,253</b>
Net Tangible Assets per share (RM)	1.65	1.59
Net Assets per share (RM)	1.68	1.60

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**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					
<b>6 Months Ended 28 February 2018</b>											
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
<b>Total comprehensive income</b>	<b>198,535</b>	<b>197,311</b>	-	-	-	(16,541)	-	-	(603)	214,455	1,224
<b>Transactions with owners</b>											
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)	-
<b>Total transactions with owners</b>	<b>(99,369)</b>	<b>(100,269)</b>	<b>6,421</b>	-	-	-	<b>734</b>	<b>(1,182)</b>	-	<b>(106,242)</b>	<b>900</b>
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
<b>6 Months Ended 28 February 2017</b>											
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
<b>Total comprehensive income</b>	<b>188,087</b>	<b>186,910</b>	-	-	-	27,744	-	-	2,797	156,369	1,177
<b>Transactions with owners</b>											
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)	-
<b>Total transactions with owners</b>	<b>(104,357)</b>	<b>(104,412)</b>	<b>7,155</b>	<b>(4,781)</b>	-	-	-	<b>(474)</b>	-	<b>(106,312)</b>	<b>55</b>
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.**

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

	<b>Current Year To Date Ended 28-Feb-2018 RM'000</b>	<b>Corresponding Year To Date Ended 28-Feb-2017 RM'000</b>
<b>Operating Activities</b>		
Profit before taxation	246,514	192,484
Depreciation and amortisation	63,944	53,446
Other adjustments	(26,351)	33,432
<b>Operating cash flows before changes in working capital</b>	<u>284,107</u>	<u>279,362</u>
<b>Changes in working capital</b>		
Net change in current assets	(93,905)	(204,810)
Net change in current liabilities	(3,666)	34,550
<b>Cash flows from operating activities</b>	<u>186,536</u>	<u>109,102</u>
Interest paid	(4,320)	(2,643)
Tax paid	(28,442)	(41,901)
<b>Net cash flows generated from operating activities</b>	<u>153,774</u>	<u>64,558</u>
<b>Investing activities</b>		
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
<b>Net cash flows (used in)/generated from investing activities</b>	<u>(307,236)</u>	<u>4,361</u>
<b>Financing activities</b>		
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)
<b>Net cash flows generated from/(used in) financing activities</b>	<u>98,360</u>	<u>(118,388)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(55,102)</u>	<u>(49,469)</u>
<b>Cash and cash equivalents at 1 September</b>	<u>240,068</u>	<u>224,099</u>
<b>Cash and cash equivalents at 28 February</b>	<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.

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### 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
<b>Total</b>		<b>1,160,578</b>

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

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

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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
<b>Revenue</b>						
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>
<b>Result</b>						
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>246,514</u>
<b>Assets</b>						
Segment assets	2,595,620	327,188	83,082	181,570	32,730	<u>3,220,190</u>
Goodwill						<u>40,779</u>
<b>Liabilities</b>						
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.

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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.

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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 and an upward revision of the average selling price. However, this was offset by the impact of foreign worker levy and a marked increase in the gas tariff. Meanwhile Top Glove's focus on continuous improvement, which include Industry 4.0 initiatives, accounted for the improved profitability. The disruption in vinyl glove supply following China's strict enforcement against polluting industries, also contributed marginally to the Group's performance.

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.

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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%

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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 4.9%.

#### 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 route. It is in the process of constructing 2 new manufacturing facilities namely, Factory 31 (operational by June 2018) and Factory 32 (operational by December 2018), which upon completion will boost the Group's total number of production lines by an additional 78 lines and production capacity by 7.8 billion gloves per annum. 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 will add another 3 glove factories with 65 production lines and a capacity of 4.6 billion gloves. By December 2018, Top Glove is projected to have 34 glove factories, 693 production lines and a 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, which may not be fully passed through. Nonetheless, the Group expects glove demand to continue growing steadily on the back of increasing healthcare standards and awareness globally.

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

Not applicable as no profit forecast was issued.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED 28 FEBRUARY 2018 (CONTINUED)****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, that the Company as guarantor and Top Care Sdn. Bhd., a wholly owned subsidiary of Top Glove, as purchaser 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:

	<b>As at 28 Feb 2018</b>		<b>As at 28 Feb 2017</b>	
	<b>Foreign Denominated '000</b>	<b>RM'000</b>	<b>Foreign Denominated '000</b>	<b>RM'000</b>
<b>Short term borrowings</b>				
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>
<b>Long term borrowings</b>				
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>
<b>Total borrowings</b>				
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**

	<b>As at 28 Feb 2018</b>	<b>Fair value Liabilities RM'000</b>
	<b>Contract/Notional Amount RM'000</b>	<b>RM'000</b>
Forward currency contracts	<u>193,700</u>	<u>238</u>

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**

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

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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:

	<b>Quarter ended 28 Feb 2018 RM'000</b>	<b>Year to date ended 28 Feb 2018 RM'000</b>
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**

	<b>Quarter Ended</b>		<b>Year To Date Ended</b>	
	<b>28 Feb 2018</b>	<b>28 Feb 2017</b>	<b>28 Feb 2018</b>	<b>28 Feb 2017</b>
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>
<b>Basic</b>				
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>
<b>Basic earnings per share (sen)</b>	<u>8.68</u>	<u>6.63</u>	<u>17.09</u>	<u>12.48</u>
<b>Diluted</b>				
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>
<b>Diluted earnings per share (sen)</b>	<u>8.68</u>	<u>6.62</u>	<u>17.08</u>	<u>12.47</u>