

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 THIRD QUARTER ENDED 31 MAY 2018**

| | Current Quarter Ended | Corresponding Quarter Ended | Current Year To Date | Corresponding Year To Date |
|--|------------------------------|------------------------------------|-----------------------------|-----------------------------------|
| | 31-May-2018 | 31-May-2017 | 31-May-2018 | 31-May-2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 1,100,574 | 869,641 | 2,997,130 | 2,506,761 |
| Operating expenses | (964,018) | (787,912) | (2,633,852) | (2,252,656) |
| Other operating income | 10,774 | 11,367 | 32,077 | 34,918 |
| Profit from operations | 147,330 | 93,096 | 395,355 | 289,023 |
| Finance costs | (12,667) | (1,532) | (16,987) | (4,175) |
| Share of results of associates | (454) | (60) | 2,355 | (860) |
| Profit before tax | 134,209 | 91,504 | 380,723 | 283,988 |
| Taxation | (14,823) | (13,955) | (45,402) | (49,603) |
| Profit net of tax | 119,386 | 77,549 | 335,321 | 234,385 |
| Profit attributable to: | | | | |
| Owners of the parent | 117,571 | 77,713 | 332,026 | 234,082 |
| Non-controlling interests | 1,815 | (164) | 3,295 | 303 |
| | 119,386 | 77,549 | 335,321 | 234,385 |
| Earnings per share attributable to owners of the parent (sen) : | | | | |
| Basic | 9.36 | 6.20 | 26.45 | 18.68 |
| Diluted | 9.35 | 6.19 | 26.44 | 18.66 |

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
FOR THE THIRD QUARTER ENDED 31 MAY 2018**

| | Current Quarter Ended | Corresponding Quarter Ended | Current Year To Date | Corresponding Year To Date |
|---|----------------------------------|--|---------------------------------|---------------------------------------|
| | 31-May-2018 | 31-May-2017 | 31-May-2018 | 31-May-2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit net of tax | 119,386 | 77,549 | 335,321 | 234,385 |
| Other comprehensive (loss)/ income: | | | | |
| Net movement on available-for-sale financial assets | (58) | 3,976 | (661) | 6,773 |
| Foreign currency translation | (5,623) | (9,760) | (22,420) | 18,694 |
| Net movement on cash flow hedge | 2,847 | - | 2,847 | - |
| Other comprehensive (loss)/ income | (2,834) | (5,784) | (20,234) | 25,467 |
| Total comprehensive income | 116,552 | 71,765 | 315,087 | 259,852 |
| Total comprehensive income attributable to: | | | | |
| Owners of the parent | 114,773 | 72,058 | 312,084 | 258,968 |
| Non-controlling interest | 1,779 | (293) | 3,003 | 884 |
| | 116,552 | 71,765 | 315,087 | 259,852 |

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 31 MAY 2018**

| | Unaudited as at 31-May-2018 RM'000 | Audited as at 31-Aug-2017 RM'000 |
|---|---|---|
| ASSETS | | |
| Non-Current Assets | | |
| Property, plant and equipment | 2,057,008 | 1,523,406 |
| Land use rights | 113,331 | 40,457 |
| Investment properties | 84,848 | 83,156 |
| Investment in associates | 2,355 | - |
| Deferred tax assets | 17,961 | 14,681 |
| Development cost | 7,902 | - |
| Investment | 392 | 392 |
| Goodwill | 1,214,273 | 22,805 |
| | 3,498,070 | 1,684,897 |
| Current Assets | | |
| Inventories | 444,867 | 315,775 |
| Trade and other receivables | 579,677 | 419,349 |
| Other current assets | 83,367 | 51,258 |
| Tax recoverable | 15,093 | 17,351 |
| Derivative financial instruments | - | 645 |
| Investment securities | 248,404 | 206,910 |
| Cash and bank balances | 190,936 | 240,068 |
| | 1,562,344 | 1,251,356 |
| Total Assets | 5,060,414 | 2,936,253 |
| EQUITY AND LIABILITIES | | |
| Current Liabilities | | |
| Trade and other payables | 480,468 | 418,802 |
| Other current liabilities | 54,990 | 62,292 |
| Loans and borrowings | 623,861 | 314,644 |
| Derivative financial instruments | 1,906 | - |
| Dividend payable | 89,423 | - |
| | 1,250,648 | 795,738 |
| Net Current Assets | 311,696 | 455,618 |
| Non-Current Liabilities | | |
| Loans and borrowings | 1,444,989 | 61,750 |
| Deferred tax liabilities | 88,701 | 66,284 |
| | 1,533,690 | 128,034 |
| Total Liabilities | 2,784,338 | 923,772 |
| Net Assets | 2,276,076 | 2,012,481 |
| Equity Attributable to Equity Holders of the Company | | |
| Share capital | 785,100 | 636,644 |
| Treasury shares | (9,739) | (9,739) |
| Retained earnings | 1,449,060 | 1,313,876 |
| Other reserves | 41,545 | 62,499 |
| | 2,265,966 | 2,003,280 |
| Non-controlling interest | 10,110 | 9,201 |
| Total Equity | 2,276,076 | 2,012,481 |
| Total Equity and Liabilities | 5,060,414 | 2,936,253 |
| Net Assets per share (RM) | 1.78 | 1.60 |

TOP GLOVE CORPORATION BHD

 (Company No. 474423-X)
 (Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 AS AT 31 MAY 2018**

| | Attributable to Equity Holders of the Company | | | | | | | | | | | Non-controlling interest RM'000 |
|--|---|--|-------------------------|-------------------------|---------------------------|------------------------------------|-------------------------|--------------------------------|---------------------------|---|---|------------------------------------|
| | 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 | Foreign exchange reserve RM'000 | Legal reserve RM'000 | Share option reserve RM'000 | Cash flow hedge RM'000 | Fair value adjustment reserve RM'000 | Distributable Retained earnings RM'000 | |
| 9 Months Ended 31 May 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 | 315,087 | 312,084 | - | - | - | (22,128) | - | - | 2,847 | (661) | 332,026 | 3,003 |
| Transactions with owners | | | | | | | | | | | | |
| Issuance of ordinary shares pursuant to ESOS | 9,713 | 9,713 | 9,713 | - | - | - | - | - | - | - | - | - |
| Issuance of ordinary shares | 137,000 | 137,000 | 137,000 | - | - | - | - | - | - | - | - | - |
| Issuance of shares to non-controlling interest | 1,538 | - | - | - | - | - | - | - | - | - | - | 1,538 |
| Acquisition of subsidiary | (3,632) | - | - | - | - | - | - | - | - | - | - | (3,632) |
| Transfer from share option reserve | - | - | 1,743 | - | - | - | - | (1,743) | - | - | - | - |
| Transfer to legal reserve | - | - | - | - | - | - | 731 | - | - | - | (731) | - |
| Dividend on ordinary shares | (196,111) | (196,111) | - | - | - | - | - | - | - | - | (196,111) | - |
| Total transactions with owners | (51,492) | (49,398) | 148,456 | - | - | - | 731 | (1,743) | - | - | (196,842) | (2,094) |
| Closing balance at 31 May 2018 | 2,276,076 | 2,265,966 | 785,100 | - | (9,739) | 31,572 | 5,660 | 825 | 2,847 | 641 | 1,449,060 | 10,110 |
| 9 Months Ended 31 May 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 | 259,852 | 258,968 | - | - | - | 18,113 | - | - | - | 6,773 | 234,082 | 884 |
| Transactions with owners | | | | | | | | | | | | |
| Issuance of ordinary shares pursuant to ESOS | 2,701 | 2,701 | 1,650 | 1,051 | - | - | - | - | - | - | - | - |
| Issuance of shares to non-controlling interest | 480 | - | - | - | - | - | - | - | - | - | - | 480 |
| Changes in ownership interest in subsidiary | - | 20 | - | - | - | - | - | - | - | - | 20 | (20) |
| Reclassification due to compliance with Company Act 2016 | - | - | 6,110 | (6,110) | - | - | - | - | - | - | - | - |
| Transfer from share option reserve | - | - | - | 278 | - | - | - | (278) | - | - | - | - |
| Transfer to retained earnings | - | - | - | - | - | - | - | (326) | - | - | 326 | - |
| Dividend on ordinary shares | (181,727) | (181,727) | - | - | - | - | - | - | - | - | (181,727) | - |
| Total transactions with owners | (178,546) | (179,006) | 7,760 | (4,781) | - | - | - | (604) | - | - | (181,381) | 460 |
| Closing balance at 31 May 2017 | 1,907,145 | 1,897,975 | 635,166 | - | (9,739) | 43,789 | 4,278 | 2,257 | - | 2,466 | 1,219,758 | 9,170 |

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 31 MAY 2018**

| | Current Year To Date Ended 31-May-2018 RM'000 | Corresponding Year To Date Ended 31-May-2017 RM'000 |
|---|--|--|
| Operating Activities | | |
| Profit before taxation | 380,723 | 283,988 |
| Depreciation and amortisation | 102,909 | 82,051 |
| Other adjustments | 787 | 11,454 |
| Operating cash flows before changes in working capital | <u>484,419</u> | <u>377,493</u> |
| Changes in working capital | | |
| Net change in current assets | (81,022) | (186,485) |
| Net change in current liabilities | (50,448) | 46,824 |
| Cash flows from operating activities | <u>352,949</u> | <u>237,832</u> |
| Interest paid | (16,987) | (4,175) |
| Tax paid | (37,074) | (56,001) |
| Net cash flows generated from operating activities | <u>298,888</u> | <u>177,656</u> |
| Investing activities | | |
| Proceeds from disposal of investment securities | 26,887 | 322,047 |
| Purchase of investment securities | (71,314) | (60,143) |
| Purchase of property, plant and equipment | (336,359) | (306,947) |
| Proceeds from disposal of property, plant and equipment | 24,040 | 10,757 |
| Net cash outflow on acquisition of subsidiaries | (1,270,635) | - |
| Interest received | 9,409 | 13,403 |
| Net cash flows used in investing activities | <u>(1,617,972)</u> | <u>(20,883)</u> |
| Financing activities | | |
| Dividend paid on ordinary shares | (106,688) | (106,508) |
| Dividend receive from associate | - | 787 |
| Issuance of shares to non-controlling interest | 1,538 | 480 |
| Proceeds from issuance of shares | 9,713 | 2,701 |
| Drawdown/ (repayment) of loans and borrowings | 1,365,389 | (65,461) |
| Net cash flows generated from/(used in) financing activities | <u>1,269,952</u> | <u>(168,001)</u> |
| Net decrease in cash and cash equivalents | <u>(49,132)</u> | <u>(11,228)</u> |
| Cash and cash equivalents at 1 September | <u>240,068</u> | <u>224,099</u> |
| Cash and cash equivalents at 31 May | <u>190,936</u> | <u>212,871</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 THIRD QUARTER ENDED 31 MAY 2018**

1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian 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 31 May 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 THIRD QUARTER ENDED 31 MAY 2018 (CONTINUED)

6. Changes in debts and equity securities

As at the quarter ended 31 May 2018, 20,505,000 new ordinary shares were issued as part of the consideration for the acquisition of Aspion Sdn. Bhd., whereas 953,400 ordinary shares were issued pursuant to the exercise of the ESOS II. Details of the issued and paid-up capital of the Company as at 31 May 2018 are as follows:

| | No. of shares | RM'000 |
|---|---------------|---------|
| As at 28 February 2018 | 1,258,175,424 | 643,065 |
| Ordinary shares issued pursuant to the ESOS | 953,400 | 5,035 |
| Ordinary shares issued | 20,505,000 | 137,000 |
| As at 31 May 2018 | 1,279,633,824 | 785,100 |

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 THIRD QUARTER ENDED 31 MAY 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.

9 months ended 31 May 2018

| | Malaysia RM'000 | Thailand RM'000 | China RM'000 | Others RM'000 | Eliminations RM'000 | Consolidated RM'000 |
|-----------------------------------|--------------------|--------------------|-----------------|------------------|------------------------|------------------------|
| Revenue | | | | | | |
| External sales | 2,466,902 | 295,890 | 140,806 | 93,532 | - | 2,997,130 |
| Inter-segment sales | 45,734 | 262,253 | 1,773 | - | (309,760) | - |
| Total Revenue | <u>2,512,636</u> | <u>558,143</u> | <u>142,579</u> | <u>93,532</u> | <u>(309,760)</u> | <u>2,997,130</u> |
| Result | | | | | | |
| Segment profit | 314,596 | 52,407 | 22,118 | 6,234 | - | 395,355 |
| Finance cost | | | | | | (16,987) |
| Share of results of Associates | | | | | | <u>2,355</u> |
| Profit before tax | | | | | | <u><u>380,723</u></u> |
| Assets | | | | | | |
| Segment assets | 3,221,183 | 316,484 | 92,111 | 180,954 | 35,409 | <u>3,846,141</u> |
| Goodwill | | | | | | <u>1,214,273</u> |
| Liabilities | | | | | | |
| Segment liabilities | 2,556,338 | 98,912 | 25,044 | 15,344 | 88,700 | <u>2,784,338</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, plant 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)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MAY 2018 (CONTINUED)

11. Changes in the composition of the Group

During the quarter ended 31 May 2018, the acquisition of the following companies had been completed and added to the Group:

- a) The acquisition of Aspion Sdn. Bhd. (“Aspion”) was completed on 5 April 2018 and became a wholly-owned subsidiary of the Group;

Goodwill was recognised as a result of the acquisition as follows:

| | |
|--|------------------|
| | RM'000 |
| Fair value of consideration transferred | 1,370,000 |
| Provisional fair value of identifiable assets acquired and liabilities assumed | (267,149) |
| Goodwill attributable to owners of parent (provisional) | <u>1,102,851</u> |

The Group is currently in the process of performing the purchase price allocation for Aspion, to identify all intangible assets and its allocated goodwill. The Company has up to 12 months from the completion of acquisition to complete such allocation. Accordingly, on a provisional basis, the Group has recognised goodwill of RM1.1 billion.

- b) The acquisition of Duramedical Sdn. Bhd. was completed on 14 May 2018 and became a 85% owned subsidiary of the Group; and
- c) The acquisition of remaining 30% stake in Kevenoll Do Brasil was completed on 30 May 2018 and became a wholly-owned subsidiary of 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 RM1,714.4 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 RM168.7 million.

TOP GLOVE CORPORATION BHD.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MAY 2018 (CONTINUED)

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

14. Review of performance

A comparison of Top Glove's performance for the third quarter ended 31 May 2018 ("3QFY18") with the corresponding period last financial year is as follows:

| | 3QFY18 RM'mil | 3QFY17 RM'mil | Variance % | 9MFY18 RM'mil | 9MFY17 RM'mil | Variance % |
|--|------------------|------------------|---------------|------------------|------------------|---------------|
| Revenue | 1,100.6 | 869.6 | 26.6% | 2,997.1 | 2,506.8 | 19.6% |
| Operating profit | 147.3 | 93.1 | 58.2% | 395.4 | 289.0 | 36.8% |
| Profit before interest and tax | 146.9 | 93.0 | 58.0% | 397.7 | 288.2 | 38.0% |
| Profit before tax | 134.2 | 91.5 | 46.7% | 380.7 | 284.0 | 34.0% |
| Profit after tax | 119.4 | 77.5 | 54.1% | 335.3 | 234.4 | 43.0% |
| Profit attributable to ordinary equity holders of the parent | 117.6 | 77.7 | 51.4% | 332.0 | 234.1 | 41.8% |

The Group achieved 3QFY18 Sales Revenue of RM1.1 billion, a 26.6% increased year-on-year. Both Profit before tax and after tax also rose to RM134.2 million and RM119.4 million, which increased by 46.7% and 54.1% respectively compared with 3QFY17. Meanwhile, Sales Volume (Quantity Sold) surged by a record historical high of 37% from 3QFY17.

On a 9 months basis, the Group attained Sales Revenue of RM3 billion, 19.6% higher than 9MFY17. Profit Before Tax came in at RM380.7 million, while Profit After Tax was RM335.3 million, both figures surpassing full year for FY2017.

The excellent set of numbers followed increased glove demand, which Top Glove's balanced product mix is well positioned to cater for. Stronger demand growth stemmed particularly from Asia (where demand growth from India, China and Vietnam exceeded 100% on a 9-month basis), as well as Eastern Europe and Latin America.

The stronger glove demand also led to better cost efficiencies resulting from a higher utilisation rate, thereby contributing to the Group's good performance. Top Glove's focus on continuous quality and cost improvement initiatives, and harnessing technological advances to address business challenges also accounted for the improved profitability. Nonetheless, this was offset by a marked increase in the natural gas tariff and additional wage-cost.

Raw material prices were lower compared with 3QFY17, with the average natural rubber latex price on the downtrend, easing 38% to RM4.38/kg, and the average nitrile latex price also eased by 14.2% to USD1.15/kg.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 31 MAY 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 | 9MFY18 (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 | 2,997.1 |
| EBITDA | 197.8 | 287.5 | 364.7 | 196.7 | 297.7 | 310.6 | 301.8 | 441.7 | 524.7 | 484.0 | 491.2 |
| EBITDA margin | 14.4% | 18.8% | 17.5% | 9.6% | 12.9% | 13.4% | 13.3% | 17.6% | 18.2% | 14.2% | 16.4% |
| PBT | 134.6 | 222.0 | 305.0 | 145.5 | 240.7 | 242.2 | 216.3 | 363.5 | 442.2 | 383.1 | 380.7 |
| PBT margin | 9.8% | 14.5% | 14.7% | 7.1% | 10.4% | 10.5% | 9.5% | 14.5% | 15.3% | 11.2% | 12.7% |
| Taxation | 26.5 | 53.9 | 54.6 | 30.3 | 33.4 | 39.4 | 32.7 | 82.3 | 79.8 | 54.7 | 45.4 |
| PAT | 108.1 | 168.1 | 250.4 | 115.1 | 207.3 | 202.8 | 183.6 | 281.2 | 362.4 | 328.4 | 335.3 |
| PAT margin | 7.8% | 11.0% | 12.0% | 5.6% | 9.0% | 8.8% | 8.1% | 11.2% | 12.5% | 9.6% | 11.2% |

TOP GLOVE CORPORATION BHD.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 31 MAY 2018 (CONTINUED)****15. Comparison of 3QFY18 Quarterly Profit Before Tax (PBT) with preceding quarter**

| | 3QFY18 | 2QFY18 | Variance |
|---|---------------|---------------|-----------------|
| | RM'mil | RM'mil | % |
| Revenue | 1,100.6 | 958.4 | 14.8% |
| Operating profit | 147.3 | 125.2 | 17.7% |
| Profit before interest and tax | 146.9 | 127.2 | 15.5% |
| Profit before tax | 134.2 | 124.5 | 7.8% |
| Profit after tax | 119.4 | 110.0 | 8.5% |
| Profit attributable to ordinary equity holders of the parents | 117.6 | 109.0 | 7.9% |

The Group achieved Sales Revenue of RM1.1 billion, a 14.8% increase quarter-on-quarter. Profit Before Tax also registered higher at RM134.2 million, representing an improvement of 7.8% compared with 2QFY18. Meanwhile, sales volume grew 8% versus 2QFY18. The improved performance was attributed to improvements in production efficiency and quality, coupled with new capacity coming onstream and strong demand growth. The upward trend in nitrile latex prices compared with 2QFY18 also caused some pricing pressure. The average natural rubber latex price eased 0.5%, while the average nitrile latex price was on the uptrend, increasing by 8.5%.

16. Commentary on prospects and targets

As a growing and dynamic company, Top Glove will continue to expand its manufacturing capabilities, organically as well as through M&As and joint ventures. The construction of Factory 31 (operational by July 2018) and Factory 32 (operational by early 2019) is underway, which upon completion, will increase the Group's total number of production lines by an additional 74 lines and production capacity by 7.4 billion gloves per annum. Meanwhile, Top Glove's condom manufacturing facility is expected to be operational by end of June 2018.

The Group completed its acquisition of Aspion Sdn. Bhd. on 5 April 2018 and integration of the 2 businesses is in progress. In line with the Group's expansion plans, in May 2018, Top Glove also completed its acquisition of Duramedical Sdn. Bhd., a company manufacturing and marketing dental hygiene products such as dental dams, for the purchase consideration of RM2.85 million. The exercise represents an initiative to diversify into medical related products catering to its customer base.

The Group's financial position remained healthy as at 31 May 2018, with healthy working capital position. Consistent with its commitment to enhance the value delivered to shareholders, the Group declared an interim dividend of 7 sen, to be paid on 17 July 2018. The Board of Directors also proposed to undertake a bonus issue on the basis of one bonus share for every one existing Top Glove share held, subject to shareholder approval during an extraordinary general meeting to be convened later.

In another development, Top Glove was included as a constituent of the MSCI Global Standard Index effective 1 June 2018, in recognition of its strong and consistent growth.

While the USD shows signs of strengthening, the operating environment is still expected to be challenging. Nonetheless, the Group remains upbeat in terms of outlook.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 31 MAY 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 | |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31 May 2018 RM'000 | 31 May 2017 RM'000 | 31 May 2018 RM'000 | 31 May 2017 RM'000 |
| Income tax | | | | |
| - Current quarter/year | 12,767 | 11,777 | 43,114 | 54,887 |
| - Under provision in previous year | 2 | 1,150 | 2 | 1,150 |
| Real property gain tax | - | 1 | 288 | 230 |
| Deferred taxation | 2,054 | 1,027 | 1,998 | (6,664) |
| | <u>14,823</u> | <u>13,955</u> | <u>45,402</u> | <u>49,603</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 20 April 2018 announced that:

- Proposed bonus issue of up to 1,280,267,624 new ordinary shares in Top Glove on the basis 1 bonus share for every 1 existing Top Glove share held;
- Proposed issuance of guaranteed exchangeable bonds with an aggregate principal amount of up to USD300 million; and
- Proposed amendment to the constitution of Top Glove.

Except the above-mentioned, there is no other corporate proposals announced or outstanding as at 18 June 2018.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 31 MAY 2018 (CONTINUED)****22. Group loans and borrowings**

The Group loans and borrowings as at 31 May 2018 were as follows:

| | As at 31 May 2018 | | As at 31 May 2017 | |
|-----------------------------------|--|------------------|--|----------------|
| | Foreign Currency Denominated '000 | RM'000 | Foreign Currency Denominated '000 | RM'000 |
| Current | | | | |
| Unsecured | | | | |
| Revolving credit (USD) | USD100,300 | 398,843 | USD42,900 | 183,440 |
| Revolving credit (RM) | - | 56,291 | - | - |
| Promissory notes (USD) | USD1,158 | 4,605 | - | - |
| Promissory notes (THB) | THB419,102 | 52,117 | THB564,102 | 70,736 |
| | | <u>511,856</u> | | <u>254,176</u> |
| Secured | | | | |
| Revolving credit (USD) | USD8,162 | 32,444 | USD5,220 | 22,321 |
| Bank overdraft (RM) | - | 3,282 | - | - |
| Bankers' acceptance (RM) | - | 71,491 | - | - |
| Hire purchase (RM) | - | 3,787 | - | - |
| Term loan (USD) | USD3 | 10 | USD45 | 194 |
| Term loan (RM) | - | 991 | - | - |
| | | <u>112,005</u> | | <u>22,515</u> |
| Total current borrowings | | <u>623,861</u> | | <u>276,691</u> |
| Non-current | | | | |
| Secured | | | | |
| Revolving credit (USD) | USD26,034 | 103,524 | USD15,210 | 65,038 |
| Hire purchase (RM) | - | 8,414 | - | - |
| Term loan (USD) | USD23,972 | 95,325 | USD682 | 2,918 |
| Term loan (RM) | - | 5,011 | - | - |
| | | <u>212,274</u> | | <u>67,956</u> |
| Unsecured | | | | |
| Syndicated loan (USD) | USD310,000 | 1,232,715 | - | - |
| Total non-current borrowings | | <u>1,444,989</u> | | <u>67,956</u> |
| Total loans and borrowings | | | | |
| a) USD | 469,629 | 1,867,466 | 64,057 | 273,911 |
| b) RM | - | 149,267 | - | - |
| c) THB | 419,102 | 52,117 | 564,102 | 70,736 |
| | | <u>2,068,850</u> | | <u>344,647</u> |

Exchange rate RM to USD1.00

3.9765

4.2760

Exchange rate RM to THB1.00

0.1243

0.1256

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 31 MAY 2018 (CONTINUED)****23. Derivative financial instruments**

| | As at 31 May 2018 | Fair value Liabilities RM'000 |
|----------------------------|--|--|
| | Contract/Notional Amount RM'000 | RM'000 |
| Forward currency contracts | 247,800 | 1,906 |

As at 31 May 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 January 2019.

During the year-to-date ended 31 May 2018, the Group recognised a loss of RM3.3 million 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 31 May 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) | 107,092 | - | 107,092 |
| Financial assets at fair value through profit or loss | | | |
| -Money market funds (quoted in Malaysia) | 141,312 | - | 141,312 |
| Liabilities measured at fair value: | | | |
| Derivative financial instruments | - | 1,906 | 1,906 |

25. Realised and Unrealised Profits/Losses

| | As at 31 May 2018 RM'000 | As at 31 May 2017 RM'000 |
|--|---|---|
| Total retained earnings of the company and its subsidiaries: | | |
| Realised | 1,463,640 | 1,303,850 |
| Unrealised | (69,464) | (58,676) |
| | 1,394,176 | 1,245,174 |
| Less : Consolidation adjustments | 54,884 | (25,416) |
| Total group retained earnings as per consolidated accounts | 1,449,060 | 1,219,758 |

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 31 MAY 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 31 May 2018 RM'000 | Year to date ended 31 May 2018 RM'000 |
|---|---|--|
| Interest income | 3,960 | 9,409 |
| Other income including investment income | 6,814 | 22,668 |
| Interest expenses | (12,667) | (16,987) |
| Depreciation and amortization | (38,965) | (102,909) |
| Foreign exchange loss | (7,381) | (1,219) |
| Fair value loss on foreign exchange contracts | (2,431) | (3,311) |

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

The Board of Directors has on 19 June 2018, declared a first single tier interim dividend of 7 sen per ordinary share payable on 17 July 2018, amounting to approximately RM89.4 million for the quarter ended 31 May 2018.

29. Earnings per share

| | Quarter Ended | | Year To Date Ended | |
|--|------------------------|------------------------|---------------------------|------------------------|
| | 31 May 2018 | 31 May 2017 | 31 May 2018 | 31 May 2017 |
| Net profit attributable to owners of the Company shareholders (RM'000) | <u>117,571</u> | <u>77,713</u> | <u>332,026</u> | <u>234,082</u> |
| <u>Basic</u> | | | | |
| Weighted average number of ordinary shares in issue ('000) | <u>1,256,440</u> | <u>1,253,422</u> | <u>1,255,355</u> | <u>1,253,046</u> |
| Basic earnings per share (sen) | <u>9.36</u> | <u>6.20</u> | <u>26.45</u> | <u>18.68</u> |
| <u>Diluted</u> | | | | |
| Weighted average number of ordinary shares in issue ('000) | <u>1,256,440</u> | <u>1,253,422</u> | <u>1,255,355</u> | <u>1,253,046</u> |
| Effect of dilution: share options ('000) | <u>402</u> | <u>1,336</u> | <u>402</u> | <u>1,336</u> |
| Adjusted weighted average number of ordinary shares in issue and issuable ('000) | <u>1,256,842</u> | <u>1,254,758</u> | <u>1,255,757</u> | <u>1,254,382</u> |
| Diluted earnings per share (sen) | <u>9.35</u> | <u>6.19</u> | <u>26.44</u> | <u>18.66</u> |