

**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](http://www.topglove.com)E-mail : [invest@topglove.com.my](mailto:invest@topglove.com.my)**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2017**

	<b>Current Quarter Ended</b>	<b>Corresponding Quarter Ended</b>	<b>Current Year To Date</b>	<b>Corresponding Year To Date</b>
	<b>31-Aug-2017</b>	<b>31-Aug-2016</b>	<b>31-Aug-2017</b>	<b>31-Aug-2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	902,415	722,114	3,409,176	2,888,515
Operating expenses	(809,981)	(661,229)	(3,062,637)	(2,492,945)
Other operating income	8,942	15,127	43,860	50,968
<b>Profit from operations</b>	<b>101,376</b>	<b>76,012</b>	<b>390,399</b>	<b>446,538</b>
Finance costs	(2,139)	(1,183)	(6,314)	(5,611)
Share of results of associates	(120)	521	(980)	1,275
<b>Profit before tax</b>	<b>99,117</b>	<b>75,350</b>	<b>383,105</b>	<b>442,202</b>
Taxation	(933)	(9,840)	(50,536)	(79,763)
<b>Profit net of tax</b>	<b>98,184</b>	<b>65,510</b>	<b>332,569</b>	<b>362,439</b>
<b>Profit attributable to:</b>				
Owners of the parent	98,622	65,318	332,704	360,729
Non-controlling interests	(438)	192	(135)	1,710
	<b>98,184</b>	<b>65,510</b>	<b>332,569</b>	<b>362,439</b>
<b>Earnings per share attributable to owners of the parent (sen) :</b>				
<b>Basic</b>	<b>7.87</b>	<b>5.21</b>	<b>26.55</b>	<b>28.83</b>
<b>Diluted</b>	<b>7.86</b>	<b>5.21</b>	<b>26.52</b>	<b>28.78</b>

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 August 2016

**TOP GLOVE CORPORATION BHD.**

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(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2017**

	<b>Current Quarter Ended</b>	<b>Corresponding Quarter Ended</b>	<b>Current Year To Date</b>	<b>Corresponding Year To Date</b>
	<b>31-Aug-2017</b>	<b>31-Aug-2016</b>	<b>31-Aug-2017</b>	<b>31-Aug-2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit net of tax	98,184	65,510	332,569	362,439
<b>Other comprehensive (loss)/ income:</b>				
Net movement on available-for-sale financial assets	(1,164)	81	5,609	(4,229)
Foreign currency translation	10,095	(1,734)	28,789	(16,949)
<b>Other comprehensive (loss)/ income</b>	<b>8,931</b>	<b>(1,653)</b>	<b>34,398</b>	<b>(21,178)</b>
<b>Total comprehensive income</b>	<b>107,115</b>	<b>63,857</b>	<b>366,967</b>	<b>341,261</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	107,369	63,658	366,337	339,884
Non-controlling interest	(254)	199	630	1,377
	<b>107,115</b>	<b>63,857</b>	<b>366,967</b>	<b>341,261</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 2016

**TOP GLOVE CORPORATION BHD.**

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 AUGUST 2017**

	Unaudited as at 31-Aug-2017 RM'000	Audited as at 31-Aug-2016 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,523,406	1,156,767
Land use rights	40,457	39,461
Investment properties	83,156	82,184
Investment in associates	-	3,961
Deferred tax assets	14,681	7,081
Investment	392	145
Goodwill	22,805	22,805
	<b>1,684,897</b>	<b>1,312,404</b>
<b>Current Assets</b>		
Inventories	315,775	263,679
Trade and other receivables	422,158	345,700
Other current assets	49,190	24,179
Tax prepayment	21,484	-
Investment securities	206,910	479,081
Cash and bank balances	240,068	224,099
Derivative financial instruments	645	-
	<b>1,256,230</b>	<b>1,336,738</b>
<b>Total Assets</b>	<b>2,941,127</b>	<b>2,649,142</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	419,543	332,199
Other current liabilities	62,292	39,368
Short term borrowings	314,644	317,796
Tax payable	-	1,357
Derivative financial instruments	-	189
	<b>796,479</b>	<b>690,909</b>
<b>Net Current Assets</b>	<b>459,751</b>	<b>645,829</b>
<b>Non-Current Liabilities</b>		
Long term borrowings	61,750	81,637
Deferred tax liabilities	66,284	50,757
	<b>128,034</b>	<b>132,394</b>
<b>Total Liabilities</b>	<b>924,513</b>	<b>823,303</b>
<b>Net Assets</b>	<b>2,016,614</b>	<b>1,825,839</b>
<b>Equity Attributable to Equity Holders of the Company</b>		
Share capital	636,644	627,406
Share premium	-	4,781
Treasury shares	(9,739)	(9,739)
Retained earnings	1,318,009	1,167,057
Other reserves	62,499	28,508
	<b>2,007,413</b>	<b>1,818,013</b>
<b>Non-controlling interest</b>	<b>9,201</b>	<b>7,826</b>
<b>Total Equity</b>	<b>2,016,614</b>	<b>1,825,839</b>
<b>Total Equity and Liabilities</b>	<b>2,941,127</b>	<b>2,649,142</b>
Net Tangible Assets per share (RM)	1.59	1.44
Net Assets per share (RM)	1.61	1.46

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Draft @13/10/2017, subject to change.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2017**

	Attributable to Equity Holders of the Company										
	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	Fair value adjustment reserve RM'000	Retained earnings RM'000	Non-controlling interest RM'000	
<b>12 Months Ended 31 August 2017</b>											
<b>Opening balance at 1 September 2016</b>	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>	366,967	366,337	-	-	-	28,024	-	-	5,609	332,704	630
<b>Transactions with owners</b>											
Issuance of ordinary shares pursuant to ESOS	4,179	4,179	3,128	1,051	-	-	-	-	-	-	-
Issuance of shares to non controlling interest	780	-	-	-	-	-	-	-	-	-	780
Share options granted under ESOS	578	578	-	-	-	-	578	-	-	-	-
Changes in ownership interest in subsidiary	-	35	-	-	-	-	-	-	35	-	(35)
Reclassification due to compliance with Company Act 2016	-	-	6,110	(6,110)	-	-	-	-	-	-	-
Transfer from share option reserve	-	-	-	278	-	-	(278)	-	-	-	-
Share issue expenses	-	-	-	-	-	-	(3)	-	-	3	-
Transfer to retained earnings	-	-	-	-	-	-	(590)	-	-	590	-
Transfer to legal reserve	-	-	-	-	-	651	-	-	-	(651)	-
Dividend on ordinary shares	(181,729)	(181,729)	-	-	-	-	-	-	-	(181,729)	-
<b>Closing balance at 31 August 2017</b>	<b>2,016,614</b>	<b>2,007,413</b>	<b>636,644</b>	<b>-</b>	<b>(9,739)</b>	<b>53,700</b>	<b>4,929</b>	<b>2,568</b>	<b>1,302</b>	<b>1,318,009</b>	<b>9,201</b>
<b>12 Months Ended 31 August 2016</b>											
<b>Opening balance at 1 September 2015</b>	1,614,393	1,607,964	312,092	200,302	(14,722)	42,292	3,781	7,714	(78)	1,056,583	6,429
<b>Total comprehensive income</b>	341,261	339,884	-	-	-	(16,616)	-	-	(4,229)	360,729	1,377
<b>Transactions with owners</b>											
Issuance of ordinary shares pursuant to ESOS	22,791	22,791	2,457	20,334	-	-	-	-	-	-	-
Issuance of bonus shares	-	-	312,857	(220,800)	-	-	-	-	-	(92,057)	-
Share options granted under ESOS	144	144	-	-	-	-	144	-	-	-	-
Issuance of shares to non-controlling interest	20	-	-	-	-	-	-	-	-	-	20
Transfer from share option reserve	-	-	-	4,962	-	-	(4,962)	-	-	-	-
Share issue expenses	(17)	(17)	-	(17)	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	(35)	-	-	35	-
Transfer to legal reserve	-	-	-	-	-	497	-	-	-	(497)	-
Resold of treasury shares	16,110	16,110	-	-	4,983	-	-	-	-	11,127	-
Dividend on ordinary shares	(168,863)	(168,863)	-	-	-	-	-	-	-	(168,863)	-
<b>Closing balance at 31 August 2016</b>	<b>1,825,839</b>	<b>1,818,013</b>	<b>627,406</b>	<b>4,781</b>	<b>(9,739)</b>	<b>25,676</b>	<b>4,278</b>	<b>2,861</b>	<b>(4,307)</b>	<b>1,167,057</b>	<b>7,826</b>

 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 2016

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 31 AUGUST 2017**

	<b>Current Year To Date Ended 31-Aug-2017 RM'000</b>	<b>Corresponding Year To Date Ended 31-Aug-2016 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	383,105	442,202
Depreciation and amortisation	111,805	107,891
Other adjustments	4,116	(37,899)
<b>Operating profit before changes in working capital</b>	<u>499,026</u>	<u>512,194</u>
<b>Changes in working capital</b>		
Net change in current assets	(155,041)	8,993
Net change in current liabilities	110,376	16,599
<b>Cash flows from operating activities</b>	<u>454,361</u>	<u>537,786</u>
Interest paid	(6,314)	(5,611)
Tax paid	(65,450)	(98,469)
<b>Net cash flows from operating activities</b>	<u>382,597</u>	<u>433,706</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of investment securities	272,393	284,940
Purchase of investment securities	(13,290)	(132,874)
Purchase of property, plant and equipment	(447,130)	(234,073)
Proceeds from disposal of property, plant and equipment	12,018	14,372
Dividend received from associate	787	2,255
Net cash inflow on disposal of associate	2,194	-
Interest received	17,232	31,022
<b>Net cash flows used in investing activities</b>	<u>(155,796)</u>	<u>(34,358)</u>
<b>Cash flows from financing activities</b>		
Dividend paid on ordinary shares	(181,729)	(168,863)
Issuance of shares to non-controlling interest	780	20
Share issue expenses	-	(17)
Proceeds from issuance of shares	4,179	22,791
Proceeds from sale of treasury shares	-	16,110
Repayment of loans and borrowings	(29,796)	(198,069)
<b>Net cash flows used in financing activities</b>	<u>(206,566)</u>	<u>(328,028)</u>
<b>Net change in cash and cash equivalents</b>	20,235	71,320
<b>Effects of foreign exchange rate changes</b>	(4,266)	6,624
<b>Cash and cash equivalents at beginning of year</b>	<u>223,156</u>	<u>145,212</u>
<b>Cash and cash equivalents at end of period</b>	<u>239,125</u>	<u>223,156</u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the financial year ended 31 August 2016

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2017**

**1. Basis of preparation**

The interim financial report is unaudited and has been prepared in accordance with Malaysia Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 August 2016. The explanatory notes attached to the interim financial statements provide an explanation of events and transaction that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 August 2016.

The audited financial statements of the Group for the year ended 31 August 2016 were prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”). The significant accounting policies and method of computations adopted in preparation of this interim financial report are consistent with those adopted in the audited financial statements of the Company for the financial year ended 31 August 2016.

**2. Auditors’ report**

The audited financial statements for the financial year ended 31 August 2016 was not subject to any qualification.

**3. Seasonal or cyclical factors**

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

**4. Extraordinary and exceptional items**

There were no extraordinary and exceptional items of unusual nature affecting assets, liabilities, equity, net income, or cash flows in the interim financial period ended 31 August 2017.

**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 2017 (CONTINUED)

#### 6. Changes in debts and equity securities

As at the quarter ended 31 August 2017, a total of 481,600 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 31 August 2017 are as follows:

	No. of shares	RM'000
As at 31 May 2017	1,255,817,164	635,166
Ordinary shares issued pursuant to the ESOS	481,600	1,478
As at 31 August 2017	1,256,298,764	636,644

With the implementation of the Companies Act 2016 ("CA 2016") on 26 January 2017, all shares shall have no par or nominal value. In view thereof, the amount standing in share premium as at 31 January 2017 will be part of the Company's share capital. Nevertheless, the Company may within 24 months upon the commencement of the CA 2016, utilised the amount standing in share premium account for such purposes allowed under CA 2016.

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	6.00 (interim)	75,246
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>1,053,888</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.

## TOP GLOVE CORPORATION BHD.

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2017 (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 2017

	Malaysia RM'000	Thailand RM'000	China RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b><u>Revenue</u></b>						
External sales	2,844,069	290,662	118,471	155,974	-	3,409,176
Inter-segment sales	69,891	398,026	1,655	-	(469,572)	-
Total Revenue	<u>2,913,960</u>	<u>688,688</u>	<u>120,126</u>	<u>155,974</u>	<u>(469,572)</u>	<u>3,409,176</u>
<b><u>Result</u></b>						
Segment profit	317,312	40,921	13,487	18,679	-	390,399
Finance cost						(6,314)
Share of results of Associates						<u>(980)</u>
Profit before tax						<u>383,105</u>
<b><u>Assets</u></b>						
Segment assets	2,315,253	307,699	77,506	217,864	-	<u>2,918,322</u>
Goodwill						<u>22,805</u>
<b><u>Liabilities</u></b>						
Segment liabilities	783,578	108,365	22,630	9,940	-	<u>924,513</u>
<b><u>Other segment information</u></b>						
Capital commitments	108,988	4,132	387	-	-	<u>113,507</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 2017 (CONTINUED)**

#### **11. Changes in the composition of the Group**

As at 31 August 2017, the Company via its indirect subsidiary Medi-Flex Pte. Ltd. has completed disposal of its associate company Sonic Clean Pte. Ltd. The Disposal was part of the Top Glove Group's strategic business rationalization plan to streamline its business.

Other than the above-mentioned, there is no other significant change 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 approved and contracted for capital expenditures amounting approximately to RM113.5 million.

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2017 (CONTINUED)

#### ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

#### 14. Review of performance

A comparison of Top Glove's performance for the fourth quarter ended 31 August 2017 ("4QFY17") and full year (FY2017) with the corresponding period last financial year is as follows:

	4QFY17 RM'mil	4QFY16 RM'mil	Variance %	FY2017 RM'mil	FY2016 RM'mil	Variance %
Revenue	902.4	722.1	25.0%	3,409.2	2,888.5	18.0%
Operating profit	101.4	76.0	33.4%	390.4	446.5	(12.6%)
Profit before interest and tax	101.2	76.5	32.3%	389.4	447.8	(13.0%)
Profit before tax	99.1	75.4	31.4%	383.1	442.2	(13.4%)
Profit after tax	98.2	65.5	49.9%	332.6	362.4	(8.2%)
Profit attributable to ordinary equity holders of the parent	98.6	65.3	51.0%	332.7	360.7	(7.8%)

In 4QFY17, the Group achieved Sales Revenue of RM902.4 million, a 25.0% increase year-on-year while Profit Before Tax also registered higher at RM99.1 million, representing an improvement of 31.4% compared with 4QFY16. Sales Volume (quantity sold) increased by 13.0% versus 4QFY16, following increased sales in all region, as well as a replenishment exercise by customers, after having put orders on hold in 3QFY17, owing to higher raw material prices. Sales volume also rose with additional capacity coming onstream.

Top Glove also performed well for the full financial year 2017. Sales Revenue breached the RM3 billion mark at yet another record-high RM3.4 billion, an 18% increase over FY2016, following an upturn of 7% in Sales Volume compared with the previous financial year. The uptrend in Sales Revenue also came on the back of an increase in average selling prices (ASP) arising from a surge in raw material prices, as well as a strengthening of the USD over the course of FY2017. Additionally, more sales of nitrile gloves, which command higher ASP, coupled with new capacity, also helped move Sales Revenue figures higher.

Internally, Top Glove's good performance was credited to ongoing improvements in the manufacturing process, which enabled the Group to manage costs more efficiently, reduce wastage and upgrade glove quality. These include initiatives to increase automation, reduce downtime and conserve heat energy, electricity and water. The robust numbers achieved were also attributed to new capacity coming onstream and strong demand growth. However, despite these improvements, profit before tax eased by 13.4% to RM383.1 million compared to FY2016, during which Top Glove benefited from positive external factors of currency impact and lower raw material prices.

For FY2017, the average natural rubber latex price was RM5.76/kg, 46.4% higher than FY2016, while the average nitrile latex price was USD1.1/kg, up 11.9% compared with the previous financial year.

As at 31 August 2017, the Group maintained a healthy financial position with a positive net cash position of RM70.6 million, despite its capital expenditure of RM447.1 million.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2017 (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	FY2017 (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
EBITDA	197.8	287.5	364.7	196.7	297.7	310.6	301.8	441.7	524.7	484.0
EBITDA margin	14.4%	18.8%	17.5%	9.6%	12.9%	13.4%	13.3%	17.6%	18.2%	14.2%
PBT	134.6	222	305	145.4	240.7	242.2	216.3	363.5	442.2	383.1
PBT margin	9.8%	14.5%	14.7%	7.1%	10.4%	10.5%	9.5%	14.5%	15.3%	11.2%
Taxation	26.5	53.9	54.6	30.3	33.4	39.4	32.7	82.3	79.8	50.5
PAT	108.1	168.1	250.4	115.1	207.3	202.8	183.6	281.2	362.4	332.6
PAT margin	7.8%	11.0%	12.0%	5.6%	9.0%	8.8%	8.1%	11.2%	12.5%	9.8%

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
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	<b>4QFY17</b>	<b>3QFY17</b>	<b>Variance</b>
	<b>RM'mil</b>	<b>RM'mil</b>	<b>%</b>
Revenue	902.4	869.6	3.8%
Operating profit	101.4	93.1	8.9%
Profit before interest and tax	101.2	93.0	8.8%
Profit before tax	99.1	91.5	8.3%
Profit after tax	98.2	77.5	26.7%
Profit attributable to ordinary equity holders of the parents	98.6	77.7	26.9%

The Group achieved Sales Revenue of RM902.4 million, a 3.8% increase quarter-on-quarter. Profit Before Tax also registered higher at RM99.1 million, representing an improvement of 8.3% compared 3QFY17. Sales Volume (quantity sold) was exceptionally high with double-digit growth of 14.0% comparison versus 3QFY17. The improved performance was attributed to improvements in product quality and manufacturing efficiency, coupled with new capacity coming onstream and strong demand growth.

**16. Commentary on prospects and targets**

Notwithstanding the challenging business environment, Top Glove will continue to expand strategically. Its organic expansion plans include the construction of 2 new manufacturing facilities: Factory 31 (operational by March 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. By December 2018, Top Glove is projected to have 31 glove factories, 628 production lines and a production capacity of 59.7 billion gloves per annum. Top Glove has also commenced preparations for its condom manufacturing facility, expected to be operational in 2018.

The Group is also leveraging emerging technologies like Industry 4.0 and moving towards digitalisation and the implementation of "smart factories". It has accordingly invested in sensors and other data capturing equipment to upgrade its production lines, as it progresses towards fully automating them eventually.

In tandem, Top Glove will also continue to explore inorganic expansion via mergers and acquisitions, as well as new set-ups in related industries in order to grow faster and more efficiently. While gloves will continue to be its core business, the Group will diversify into other revenue sources.

**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  
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	Quarter Ended		Year To Date Ended	
	31 Aug 2017 RM'000	31 Aug 2016 RM'000	31 Aug 2017 RM'000	31 Aug 2016 RM'000
Income tax				
- Current quarter/year	(18,239)	(1,897)	36,648	71,228
- Under/(over) provision in previous year	4,553	5,531	5,703	3,414
Real property gain tax	28	(237)	258	(164)
Deferred taxation	14,591	6,443	7,927	5,285
	<u>933</u>	<u>9,840</u>	<u>50,536</u>	<u>79,763</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 13 October 2017 announced entered into a term sheet for the proposed acquisition of the entire ordinary shares of Eastern Press Sdn. Bhd. The indicative consideration for the Proposed Transaction is RM47.25 million.

Eastern Press is the major supplier of packaging material to the operations of the Company's subsidiaries (together with the Company, the "Group") in Malaysia. The proposed transaction is expected to provide the Group with synergistic benefits, enabling it to improve its supply chain coordination, thereby allowing for flexible planning and better delivery time in relation to the supply of packaging material for its glove products, as well as better costs and quality control.

Except the above-mentioned, there are no other corporate proposals not announced or outstanding as at 13 October 2017.

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The Group borrowings as at 31 August 2017 were as follows:

	<b>As at 31 Aug 2017</b>		<b>As at 31 Aug 2016</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)	USD 42,904	183,179	USD 63,000	254,268
Revolving credit (RM)	-	42,800	-	-
Promissory notes (THB)	THB 524,102	67,410	THB353,602	40,879
		<u>293,389</u>		<u>295,147</u>
Secured				
Revolving credit (USD)	USD 4,916	20,988	USD 5,566	22,466
Term loan (USD)	USD 62	267	USD 45	183
		<u>21,255</u>		<u>22,649</u>
<b>Long term borrowings</b>				
Secured				
Revolving credit (USD)	USD 14,209	60,666	USD 19,512	78,751
Term loan (USD)	USD 254	1,084	USD 715	2,886
		<u>61,750</u>		<u>81,637</u>
<b>Total borrowings</b>				
a) USD	62,345	266,184	88,838	358,554
b) RM	42,800	42,800	-	-
c) THB	524,102	67,410	353,602	40,879
		<u>376,394</u>		<u>399,433</u>
Exchange rate RM to USD1.00		4.2695		4.0360
Exchange rate RM to THB1.00		0.1286		0.1156

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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 2017, 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)	125,453	-	125,453
Financial assets at fair value through profit or loss			
-Money market funds (quoted in Malaysia)	81,457	-	81,457
Asset measured at fair value:			
Derivative financial instruments	-	645	645

**24. Realised and Unrealised Profits/Losses**

	<b>As at 31 Aug 2017 RM'000</b>	<b>As at 31 Aug 2016 RM'000</b>
Total retained earnings of the company and its subsidiaries:		
Realised	1,409,998	1,229,505
Unrealised	(72,448)	(45,556)
	1,337,550	1,183,949
Less : Consolidation adjustments	(19,541)	(16,892)
Total group retained earnings as per consolidated accounts	1,318,009	1,167,057

**25. Notes to the Statement of Comprehensive Income**

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

	<b>Quarter ended 31 Aug 2017 RM'000</b>	<b>Year To Date Ended 31 Aug 2017 RM'000</b>
Interest income	3,829	17,232
Other income including investment income	5,113	26,628
Interest expenses	(2,139)	(6,314)
Depreciation and amortization	(29,754)	(111,805)
Foreign exchange gain	4,291	4,541
Fair value (loss)/gain on foreign exchange contracts	(2,093)	829

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The Company and its subsidiaries are not engaged in any material litigation, either as plaintiff or defendant, which has a material effect on the financial position of the Company and its subsidiaries, and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and/or adversely affect the position or business of the Company or subsidiaries.

**27. Dividends**

The Board of Directors is pleased to propose a final single tier dividend of 8.5 sen per ordinary share amounting to approximately RM106.6 million for the financial year ended 31 August 2017. The proposed final single tier dividend is subject to shareholders' approval at the forthcoming Annual General Meeting.

The Board of Directors had on 16 June 2017, declared a first single tier interim dividend of 6 sen per ordinary share and paid on 17 July 2017, amounting to RM75.2 million for the quarter ended 31 May 2017.

The total dividend paid and proposed by the Company in respect of the financial year ended 31 August 2017 is 14.5 sen per ordinary share represented by a payment of approximately RM181.8 million, and a dividend payout ratio of 54.6%.

**28. Earnings per share**

	Quarter Ended		Year To Date Ended	
	31 Aug 2017	31 Aug 2016	31 Aug 2017	31 Aug 2016
Net profit attributable to owners of the Company shareholders (RM'000)	98,622	65,318	332,704	360,729
<b>Basic</b>				
Weighted average number of ordinary shares in issue ('000)	1,253,897	1,252,563	1,253,286	1,251,278
<b>Basic earnings per share (sen)</b>	7.87	5.21	26.55	28.83
<b>Diluted</b>				
Weighted average number of ordinary shares in issue ('000)	1,253,897	1,252,563	1,253,286	1,251,278
Effect of dilution : share options ('000)	1,353	1,953	1,353	1,953
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,255,250	1,254,516	1,254,639	1,253,231
<b>Diluted earnings per share (sen)</b>	7.86	5.21	26.52	28.78