



TOP GLOVE CORPORATION BHD. (Company No. 474423-X)

A Public Company Listed on Main Market of Bursa Malaysia
 Manufacturer and Exporter of Latex Examination, Nitrile, Surgical, Household, Vinyl, Cleanroom, Industrial Gloves,
 CPE & TPE

The World's Largest Rubber Glove Manufacturer

Top Glove, Top Quality, Top Efficiency, Good Health, Safety First & Be Honest

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CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SECOND QUARTER ENDED 29 FEBRUARY 2016

| | Current Quarter Ended | Corresponding Quarter Ended | Current Year To Date | Corresponding Year To Date |
|---------------------------------|-----------------------|-----------------------------|----------------------|----------------------------|
| | 29-Feb-2016 | 28-Feb-2015 | 29-Feb-2016 | 28-Feb-2015 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 693,855 | 572,247 | 1,494,131 | 1,139,875 |
| Operating Expenses | (571,557) | (506,548) | (1,219,411) | (1,017,085) |
| Other Operating Income | 10,954 | 7,933 | 21,428 | 13,622 |
| Profit From Operations | 133,252 | 73,632 | 296,148 | 136,412 |
| Finance Costs | (1,505) | (1,489) | (3,172) | (2,365) |
| Share of results of associates | 94 | (2,558) | 133 | (5,410) |
| Profit Before Tax | 131,841 | 69,585 | 293,109 | 128,637 |
| Taxation | (26,603) | (13,292) | (58,959) | (23,331) |
| Profit Net of Tax | 105,238 | 56,293 | 234,150 | 105,306 |
| Profit Attributable to: | | | | |
| Owners of the Company | 104,607 | 56,069 | 232,955 | 104,751 |
| Minority Interest | 631 | 224 | 1,195 | 555 |
| | 105,238 | 56,293 | 234,150 | 105,306 |
| Earnings Per Share (sen) | | | | |
| Basic | 8.36 | *4.51 | 18.69 | *8.43 |
| Diluted | 8.34 | *4.51 | 18.65 | *8.42 |

* For comparative purpose, the Earnings Per Share for the quarter and year-to-date ended 28 February 2015 had been adjusted to reflect the bonus issue of 1 for 1 existing ordinary share of par value RM0.50 each which was completed on 27 January 2016.

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

TOP GLOVE CORPORATION BHD.

(Company No. 474423-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 29 FEBRUARY 2016**

| | Current | Corresponding | Current | Corresponding |
|---|----------------------|----------------------|---------------------|----------------------|
| | Quarter Ended | Quarter Ended | Year To Date | Year To Date |
| | 29-Feb-2016 | 28-Feb-2015 | 29-Feb-2016 | 28-Feb-2015 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit net of tax | 105,238 | 56,293 | 234,150 | 105,306 |
| Other comprehensive (loss)/income: | | | | |
| Net movement on available-for-sale financial assets | (9,407) | 5,542 | (9,489) | 7,646 |
| Foreign currency translation | (2,216) | 9,596 | (11,047) | 14,781 |
| Other comprehensive (loss)/income | (11,623) | 15,138 | (20,536) | 22,427 |
| Total comprehensive income | 93,615 | 71,431 | 213,614 | 127,733 |
| Total comprehensive income attributable to: | | | | |
| Owners of the Company | 92,995 | 70,957 | 212,597 | 126,817 |
| Minority Interest | 620 | 474 | 1,017 | 916 |
| | 93,615 | 71,431 | 213,614 | 127,733 |

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

TOP GLOVE CORPORATION BHD.

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 29 FEBRUARY 2016**

| | Unaudited as at 29-Feb-2016 RM'000 | Audited as at 31-Aug-2015 RM'000 |
|---|---|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 1,074,141 | 1,026,490 |
| Land use rights | 40,042 | 40,315 |
| Investment properties | 115,402 | 111,178 |
| Investment in associates | 5,287 | 5,140 |
| Deferred tax assets | 7,382 | 8,762 |
| Investment securities | 145 | 145 |
| Goodwill | 22,805 | 22,805 |
| | 1,265,204 | 1,214,835 |
| Current Assets | | |
| Inventories | 235,632 | 252,115 |
| Trade and other receivables | 341,462 | 380,700 |
| Other current assets | 31,009 | 24,148 |
| Investment securities | 368,101 | 527,956 |
| Cash and bank balances | 441,532 | 288,176 |
| Derivative financial instruments | 2,690 | - |
| | 1,420,426 | 1,473,095 |
| Total Assets | 2,685,630 | 2,687,930 |
| EQUITY AND LIABILITIES | | |
| Current Liabilities | | |
| Trade and other payables | 306,348 | 326,174 |
| Other current liabilities | 36,859 | 29,625 |
| Short term borrowings | 377,277 | 530,333 |
| Tax payable | 53,318 | 25,348 |
| Derivative financial instruments | - | 9,211 |
| | 773,802 | 920,691 |
| Net Current Assets | 646,624 | 552,404 |
| Non-Current Liabilities | | |
| Long term borrowings | 94,942 | 105,693 |
| Deferred tax liabilities | 44,623 | 47,153 |
| | 139,565 | 152,846 |
| Total Liabilities | 913,367 | 1,073,537 |
| Net Assets | 1,772,263 | 1,614,393 |
| Equity Attributable to Equity Holders of the Company | | |
| Share capital | 627,231 | 312,092 |
| Share premium | 15,271 | 200,302 |
| Treasury shares | (9,739) | (14,722) |
| Retained earnings | 1,103,762 | 1,056,583 |
| Other reserves | 28,292 | 53,709 |
| | 1,764,817 | 1,607,964 |
| Minority Interest | 7,446 | 6,429 |
| Total Equity | 1,772,263 | 1,614,393 |
| Total Equity and Liabilities | 2,685,630 | 2,687,930 |
| Net Tangible Assets per share (RM) | 1.40 | *1.28 |
| Net Assets per share (RM) | 1.42 | *1.30 |

* For comparative purpose, the Net Tangible Assets per share and Net Assets per share for 31 August 2015 had been adjusted to reflect the bonus issue of 1 for 1 existing ordinary share of par value RM0.50 each which was completed on 27 January 2016.

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 29 FEBRUARY 2016**

| | Current Year To Date Ended 29-Feb-2016 RM'000 | Corresponding Year To Date Ended 28-Feb-2015 RM'000 |
|---|--|--|
| Cash Flows From Operating Activities | | |
| Profit before taxation | 293,109 | 128,637 |
| Depreciation and amortisation | 54,206 | 47,005 |
| Other adjustments | (9,322) | 2,833 |
| Operating profit before changes in working capital | <u>337,993</u> | <u>178,475</u> |
| Changes in working capital | | |
| Net change in current assets | 48,860 | (31,622) |
| Net change in current liabilities | (12,592) | (6,906) |
| Cash flows from operating activities | <u>374,261</u> | <u>139,947</u> |
| Interest paid | (3,172) | (2,365) |
| Tax paid | (32,140) | (19,139) |
| Net cash flows from operating activities | <u>338,949</u> | <u>118,443</u> |
| Cash flows from investing activities | | |
| Proceeds/(purchase) of investment securities | 149,344 | (269,846) |
| Purchase of property, plant and equipment | (117,444) | (94,555) |
| Proceeds from disposal of property, plant and equipment | 2,130 | - |
| Net cash flows generated from/(used in) investing activities | <u>34,030</u> | <u>(364,401)</u> |
| Cash flows from financing activities | | |
| Dividend paid on ordinary shares | (93,724) | (55,565) |
| Share issue expenses | (78) | - |
| Proceeds from issuance of shares | 21,876 | 1,291 |
| Proceeds/(purchase) of treasury shares | 16,110 | (14,722) |
| (Repayment)/additional of loans and borrowings | (163,807) | 259,856 |
| Net cash flows (used in)/generated from financing activities | <u>(219,623)</u> | <u>190,860</u> |
| Net change in cash and cash equivalents | <u>153,356</u> | <u>(55,098)</u> |
| Cash and cash equivalents at beginning of year | <u>288,176</u> | <u>184,030</u> |
| Cash and cash equivalents at end of period | <u>441,532</u> | <u>128,932</u> |
| Breakdown of cash and cash equivalents at end of period | | |
| Cash and bank balances | <u>441,532</u> | <u>128,932</u> |

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



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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 29 FEBRUARY 2016

1. Basis of preparation

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

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 August 2015. The explanatory notes attached to the interim financial statements provide an explanation of events and transaction that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 August 2015.

The audited financial statements of the Group for the year ended 31 August 2015 were prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"). The significant accounting policies and method of computations adopted in preparation of this interim financial report are consistent with those adopted in the audited financial statements of the Company for the financial year ended 31 August 2015.

2. Auditors' report

The audited financial statements for the financial year ended 31 August 2015 was not subject to any qualification.

3. Seasonal or cyclical factors

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

4. Extraordinary and exceptional items

There were no extraordinary and exceptional items of unusual nature affecting assets, liabilities, equity, net income, or cash flows in the interim financial period ended 29 February 2016.

5. Changes in estimates of amounts reported previously

There were no material changes in estimates of amounts reported in prior interim periods or prior financial year that have a material effect in the current financial year-to-date.

6. Changes in debts and equity securities

- 6.1) Subsequent to the Shareholders' approval granted during the Extraordinary General Meeting held on 6 January 2016 on a Proposed Bonus Issue of up to 630,697,962 new ordinary shares of RM0.50 each in the Company on the basis of one (1) Bonus Share for every one (1) existing Share held ("Bonus Issue").

The issued and paid-up share capital of the Company had increased from RM313,938,981 to RM627,795,762, following the listing of and quotation for 625,713,562 Bonus Shares on the Main Market of Bursa Malaysia Securities Berhad on 27 January 2016.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 29 FEBRUARY 2016 (CONTINUED)

- 6.2) During the quarter ended 29 February 2016, a total of 1,839,440 new ordinary shares of RM0.50 each were issued and allotted pursuant to the exercise of the ESOS II. The details of the issued and paid-up capital of the Company as at 29 February 2016 are as follows:

| | No. of shares | RM |
|--|---------------|-------------|
| As at 30 November 2015 | 626,908,562 | 313,454,281 |
| Ordinary shares issued pursuant to the ESOS | 1,839,440 | 919,720 |
| Ordinary shares issued pursuant to Bonus Issue | 625,713,562 | 312,856,781 |
| As at 29 February 2016 | 1,254,461,564 | 627,230,782 |

- 6.3) During the current quarter, a total of 1,160,000 treasury shares were resold to the open market for a total net consideration of RM16.1million; the gain in these sales have been recorded in the share premium account of the Company.

Other than the above, there were no issuance and repayment of debt and equity securities, as well as share cancellations for the financial year-to-date.

7. Dividends paid

The Board of Directors of Top Glove has adopted a Dividend Policy to declare and pay annual dividends of 50% of its profit after tax and minority interest in respect of future financial years.

Record of dividends paid:

| Financial Year | *Net Dividend per share (sen) | Total Dividend (RM'000) |
|----------------|-------------------------------|-------------------------|
| 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 | | 796,987 |

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

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 29 FEBRUARY 2016 (CONTINUED)

8. Segmental reporting

- a. Primary reporting segment – Geographical segments.

The Group operates in three principal geographical areas of the world and is primarily involved in the gloves manufacturing industry.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on negotiated and mutually agreed terms.

6 months ended 29 February 2016

| | Malaysia RM'000 | Thailand RM'000 | China RM'000 | Others RM'000 | Eliminations RM'000 | Consolidated RM'000 |
|-----------------------------------|--------------------|--------------------|-----------------|------------------|------------------------|------------------------|
| <u>Revenue</u> | | | | | | |
| External sales | 1,237,470 | 115,296 | 55,776 | 85,589 | - | 1,494,131 |
| Inter-segment sales | 36,762 | 137,909 | 955 | - | (175,626) | - |
| Total Revenue | <u>1,274,232</u> | <u>253,205</u> | <u>56,731</u> | <u>85,589</u> | <u>(175,626)</u> | <u>1,494,131</u> |
| <u>Result</u> | | | | | | |
| Segment profit | 248,058 | 26,283 | 6,174 | 15,633 | - | 296,148 |
| Finance cost | | | | | | (3,172) |
| Share of results of Associates | | | | | | 133 |
| Profit before tax | | | | | | <u>293,109</u> |
| <u>Assets</u> | | | | | | |
| Segment assets | 1,896,704 | 215,237 | 49,179 | 460,945 | 35,473 | <u>2,657,538</u> |
| Goodwill | | | | | | <u>22,805</u> |
| Investment in Associates | | | | | | <u>5,287</u> |
| <u>Liabilities</u> | | | | | | |
| Segment liabilities | 677,253 | 60,193 | 13,032 | 64,947 | 97,942 | <u>913,367</u> |
| <u>Other information</u> | | | | | | |
| Capital expenditure | 111,232 | 6,060 | 123 | 29 | - | <u>117,444</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 29 FEBRUARY 2016 (CONTINUED)

11. Changes in the composition of the Group

There were no significant changes in the composition of the Group for the quarter under review, including business combination, acquisition or disposal of subsidiaries and long-term investment, restructuring and discontinuing operations.

12. Contingent liabilities

There were no significant changes in contingent liabilities since the last annual balance sheet date and there were no contingent liabilities pending at the date of this report.

13. Capital commitments

As at the end of the reporting quarter, the Company had commitments for approved and contracted for capital expenditures amounting approximately to RM70.6 million.

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

14. Review of performance

Top Glove's performance for the second quarter ended 29 February 2016 ("2QFY16") compared with the corresponding period last financial year are as follows:

| | 2QFY16 | 2QFY15 | Variance | 1HFY16 | 1HFY15 | Variance |
|------------|--------|--------|----------|---------|---------|----------|
| | RM'mil | RM'mil | % | RM'mil | RM'mil | % |
| Revenue | 693.9 | 572.2 | 21.3 | 1,494.1 | 1,139.9 | 31.1 |
| PBT | 131.8 | 69.6 | 89.4 | 293.1 | 128.6 | 127.9 |
| PBT Margin | 19.0% | 12.2% | 55.7 | 19.6% | 11.3% | 73.5 |

Top Glove posted strong results for Second Quarter ("2QFY16") and First Half ("1HFY16") ended 29 February 2016, in spite of an intensively competitive environment, delivering strong performance.

For 1HFY16, Top Glove achieved Profit Before Tax (PBT) of RM293.1 million, 127.9% higher compared with 1HFY15. Meanwhile, PBT for 2QFY16 came in at RM131.8 million, an increase of 89.4% year-on-year.

The Group also delivered healthy Profit After Tax (PAT) for 1HFY16 of RM234.2 million, which already represents 83% of the full year profit for FY15 and growth of 122.4% versus 1HFY15. PAT for 2QFY16 also rose by 86.9% to RM105.2 million compared with the corresponding period in FY15.

Sales Revenue for 1HFY16 increased by 31.1% to RM1.5 billion compared with 1HFY15 and 2QFY16, the Group registered Sales Revenue of RM693.9 million, a 21.3% increase versus 2QFY15.

1HFY16 Sales Volume (quantity) surged 15.5% compared with 1HFY15. Similarly, 2QFY16 Sales Volume was also on the uptrend, growing 15.8% compared with 2QFY15.

As at 29 February 2016, the Group maintained a healthy balance sheet. Its net cash position also increased from RM180.1 million as at 31 August 2015 to RM337.4 million, even after having paid out a final dividend of RM93.7 million in January 2016.

Top Glove's overall strong performance, is credited to on-going improvements, which concentrate on enhancing quality, efficiency and profit margins. The Group has also benefited from lower raw material prices, which have decreased by an average of 5% to RM3.45/kg for latex and 7% to USD0.96/kg for nitrile compared with 2QFY15.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 29 FEBRUARY 2016 (CONTINUED)****14. Review of performance (continued)**

The financial results of Top Glove since financial year 2005 are as follows:

| RM 'mil | Financial year ended 31 August | | | | | | | | | | | | Average margin (from year 2001-1HFY16) |
|---------------|--------------------------------|-------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------------------|---|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 1HFY16 (unaudited) | |
| Revenue | 641.8 | 992.6 | 1,228.8 | 1,377.9 | 1,529.1 | 2,079.4 | 2,053.9 | 2,314.5 | 2,313.2 | 2,275.4 | 2,510.5 | 1,494.1 | |
| EBITDA | 89.2 | 130.3 | 175.7 | 197.8 | 287.5 | 364.7 | 207.3 | 310.0 | 323.3 | 312.1 | 466.5 | 350.5 | |
| EBITDA margin | 13.9% | 13.1% | 14.3% | 14.4% | 18.8% | 17.5% | 10.1% | 13.4% | 14.0% | 13.7% | 18.6% | 23.5% | 15.4% |
| PBT | 65.7 | 91.8 | 118.6 | 134.6 | 222.0 | 305.0 | 145.5 | 240.7 | 242.2 | 216.3 | 363.5 | 293.1 | |
| PBT margin | 10.2% | 9.2% | 9.7% | 9.8% | 14.5% | 14.7% | 7.1% | 10.4% | 10.5% | 9.5% | 14.5% | 19.6% | 11.6% |
| Taxation | 7.5 | 7.0 | 29.9 | 26.5 | 53.9 | 54.6 | 30.3 | 33.4 | 39.4 | 32.7 | 82.3 | 58.9 | |
| PAT | 58.2 | 84.8 | 88.7 | 108.1 | 168.1 | 250.4 | 115.1 | 207.3 | 202.8 | 183.6 | 281.2 | 234.2 | |
| PAT margin | 9.1% | 8.5% | 7.2% | 7.8% | 11.0% | 12.0% | 5.6% | 9.0% | 8.8% | 8.1% | 11.2% | 15.7% | 9.7% |

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 29 FEBRUARY 2016 (CONTINUED)

15. Quarterly profit before tax (PBT) comparison with preceding quarter

| | 2QFY16 RM'mil | 1QFY16 RM'mil | Variance % |
|------------|------------------|------------------|---------------|
| Revenue | 693.9 | 800.3 | (13.3) |
| PBT | 131.8 | 161.3 | (18.3) |
| PBT margin | 19.0% | 20.2% | (5.9) |

Comparing with 1QFY16 Revenue and PBT recording a decline of 13.3% and 18.3% respectively. This was attributed to the weakening USD, as well as intense competition in the nitrile glove segment as well as the increase in natural gas price, which impacted performance.

16. Commentary on prospects and targets

To ensure it is well-positioned to meet the increasing demand for rubber gloves, Top Glove will continue to expand its operations and build new optimised facilities with faster, more efficient and technologically-advanced production lines towards better profitability. Underway are expansion plans for Factory 27 in Lukut, Port Dickson (to commence production by March 2016) and Factory 6 in Thailand (to commence production by August 2016), as well as the construction of a new facility, Factory 30 (to commence production by February 2017). Together, this will bring the total number of production lines to 540 and total production capacity to 52 billion gloves per annum. Top Glove is also aggressively pursuing M&A opportunities that synergise with its current business, in similar or related industries.

On 14 March 2016, Top Glove also proposed a secondary listing on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST) by way of introduction, subject to approval by the relevant authorities and its shareholders. Pursuant to this exercise, a shareholder holding existing Top Glove Shares listed and quoted on the Main Market of Bursa Securities may transfer such Top Glove Shares to the Main Board of the SGX-ST and vice versa for trading on the respective stock exchanges, subject to the fulfilment of transfer conditions and criteria. The proposed secondary listing is expected to enhance the Company's investor reach and diversify its investor base, enabling the Company to tap on a new platform for potential future fundraising. It also serves to enhance the visibility of the Company's profile among international investors, analysts and media. More details are available in the announcement which has been posted on <http://www.bursamalaysia.com/market/listed-companies/company-announcements/5029521>.

Top Glove envisages a challenging economic environment ahead as competition remains intense in the nitrile glove segment. Additionally, there is also increase in minimum wage coming into force on 1 July 2016.

However, it expects its steady performance to continue, supported by the resilient demand for gloves.

Nonetheless, Top Glove maintains that industry prospects are promising, reiterating that as an essential item in the healthcare sector, the demand for rubber gloves will keep growing steadily at a rate of 6% to 8% every year.

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 29 FEBRUARY 2016 (CONTINUED)****18. Taxation**

| | Quarter Ended | | Year To Date Ended | |
|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 29 Feb 2016 RM'000 | 28 Feb 2015 RM'000 | 29 Feb 2016 RM'000 | 28 Feb 2015 RM'000 |
| Income tax | | | | |
| Current year | 34,150 | 12,870 | 65,077 | 23,282 |
| Over provision in previous year | (5,029) | - | (5,029) | - |
| Real property gain tax | 18 | - | 62 | - |
| Deferred taxation | (2,536) | 422 | (1,151) | 49 |
| | <u>26,603</u> | <u>13,292</u> | <u>58,959</u> | <u>23,331</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 14 March 2016 announced the following proposals:

- (i) Proposed Secondary Listing of Top Glove on the Main Board of the Singapore Exchange Securities Trading Limited by way of introduction; and
- (ii) Proposed Amendments to the Articles of Association of Top Glove. (“the Proposals”)

The submissions to the relevant authorities in Malaysia and Singapore are expected to be made within 3 months from the date of announcement; barring any unforeseen circumstances and subject to obtaining the relevant approvals, the Proposals are expected to be completed by the third quarter of 2016.

Except the above-mentioned, there are no other corporate proposals not announced or outstanding as at 29 February 2016.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 29 FEBRUARY 2016 (CONTINUED)****22. Group borrowings**

The Group borrowings as at 29 February 2016 were as follows:

| | As at 29 Feb 2016 RM'000 | As at 28 Feb 2015 RM'000 |
|-----------------------|---|---|
| Short term borrowings | | |
| Unsecured | 302,524 | 329,644 |
| Secured | 74,753 | 153 |
| | <u>377,277</u> | <u>329,797</u> |
| Long term borrowings | | |
| Unsecured | 91,820 | 107,955 |
| Secured | 3,122 | 2,823 |
| | <u>94,942</u> | <u>110,778</u> |
| Total borrowings | <u>472,219</u> | <u>440,575</u> |

Borrowings are mainly denominated in US Dollar amounting to USD104.1 million as at 29 February 2016 (28 February 2015: USD117.9 million).

23. Fair value hierarchy

The Group uses the following hierarchy in determining the fair value of all financial instruments carried at fair value:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs that are based on observable market data, either directly or indirectly

Level 3 – Inputs that are not based on observable market data

As at 29 February 2016, the Group held the following financial assets and liabilities that are measured at fair value:

| | Level 1 RM'000 | Level 2 RM'000 | Total RM'000 |
|-------------------------------------|-------------------|-------------------|-----------------|
| Assets measured at fair value: | | | |
| Available-for-sale financial assets | 368,101 | - | 368,101 |
| Liabilities measured at fair value: | | | |
| Derivative assets | - | 2,690 | 2,690 |

24. Realised and Unrealised Profits/Losses

| | As at 29 Feb 2016 RM'000 | As at 28 Feb 2015 RM'000 |
|--|---|---|
| Total retained earnings of the company and its subsidiaries: | | |
| Realised | 1,186,378 | 969,310 |
| Unrealised | (66,777) | (42,417) |
| | <u>1,119,601</u> | <u>926,893</u> |
| Less : Consolidation adjustments | (15,839) | 3,015 |
| Total group retained earnings as per consolidated accounts | <u>1,103,762</u> | <u>929,908</u> |

TOP GLOVE CORPORATION BHD.

(Company No. 474423-X)

(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 29 FEBRUARY 2016 (CONTINUED)****25. Notes to the Statement of Comprehensive Income**

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

| | Quarter ended 29 Feb 2016 RM'000 | Year To Date Ended 29 Feb 2016 RM'000 |
|---|---|--|
| Interest income | 8,461 | 17,055 |
| Other income including investment income | 2,493 | 4,373 |
| Interest expenses | (1,505) | (3,172) |
| Depreciation and amortisation | (26,856) | (54,206) |
| Foreign exchange loss | (387) | (11,332) |
| Fair value gain on foreign exchange contracts | 1,786 | 11,901 |

26. Material litigation

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

27. Dividends

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

28. Earnings per share

| | Quarter Ended | | Year To Date Ended | |
|--|------------------------|------------------------|---------------------------|------------------------|
| | 29 Feb 2016 | 28 Feb 2015 | 29 Feb 2016 | 28 Feb 2015 |
| Net profit attributable to owners of the Company shareholders (RM'000) | <u>104,607</u> | <u>56,069</u> | <u>232,955</u> | <u>104,751</u> |
| Basic | | | | |
| Weighted average number of ordinary shares in issue ('000) | <u>1,251,377</u> | <u>1,243,113*</u> | <u>1,246,570</u> | <u>1,243,113*</u> |
| Basic earnings per share (sen) | <u>8.36</u> | <u>4.51</u> | <u>18.69</u> | <u>8.43</u> |
| Diluted | | | | |
| Weighted average number of ordinary shares in issue ('000) | 1,251,377 | 1,243,113* | 1,246,570 | 1,243,113* |
| Effect of dilution : share options ('000) | <u>2,480</u> | <u>373</u> | <u>2,480</u> | <u>373</u> |
| Adjusted weighted average number of ordinary shares in issue and issuable ('000) | <u>1,253,857</u> | <u>1,243,486*</u> | <u>1,249,050</u> | <u>1,243,486*</u> |
| Diluted earnings per share (sen) | <u>8.34</u> | <u>4.51</u> | <u>18.65</u> | <u>8.42</u> |

*For comparative purpose, the number of ordinary shares issued as at 28 February 2015 had been adjusted to reflect the bonus issue of 1 for 1 existing ordinary share which was completed on 27 January 2016.