



TOP GLOVE CORPORATION BHD.

(Company No. 474423-X)

The World's Largest Rubber Glove Manufacturer

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**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THIRD QUARTER ENDED 31 MAY 2016**

	Current Quarter Ended	Corresponding Quarter Ended	Current Year To Date	Corresponding Year To Date
	31-May-2016	31-May-2015	31-May-2016	31-May-2015
	RM'000	RM'000	RM'000	RM'000
Revenue	672,270	661,190	2,166,401	1,801,065
Operating Expenses	(612,305)	(569,051)	(1,831,716)	(1,586,136)
Other Operating Income	14,413	9,538	35,841	23,160
Profit From Operations	74,378	101,677	370,526	238,089
Finance Costs	(1,256)	(965)	(4,428)	(3,330)
Share of results of associates	621	(131)	754	(5,541)
Profit Before Tax	73,743	100,581	366,852	229,218
Taxation	(10,964)	(27,921)	(69,923)	(51,252)
Profit Net of Tax	62,779	72,660	296,929	177,966
Profit Attributable to:				
Owners of the Company	62,456	72,274	295,411	177,026
Minority Interest	323	386	1,518	940
	62,779	72,660	296,929	177,966
Earnings Per Share (sen)				
Basic	4.99	*5.85	23.63	*14.29
Diluted	4.98	*5.83	23.59	*14.23

* For comparative purpose, the Earnings Per Share for the quarter and year-to-date ended 31 May 2015 had been adjusted to reflect the bonus issue of 1 for 1 existing ordinary share of par value 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

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 31 MAY 2016**

	Current	Corresponding	Current	Corresponding
	Quarter Ended	Quarter Ended	Year To Date	Year To Date
	31-May-2016	31-May-2015	31-May-2016	31-May-2015
	RM'000	RM'000	RM'000	RM'000
Profit net of tax	62,779	72,660	296,929	177,966
Other comprehensive income/(loss):				
Net movement on available-for-sale financial assets	5,179	(893)	(4,310)	6,753
Foreign currency translation	(4,168)	(1,709)	(15,215)	13,072
Other comprehensive income/(loss)	1,011	(2,602)	(19,525)	19,825
Total comprehensive income	63,790	70,058	277,404	197,791
Total comprehensive income attributable to:				
Owners of the Company	63,629	69,757	276,226	196,574
Minority Interest	161	301	1,178	1,217
	63,790	70,058	277,404	197,791

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

TOP GLOVE CORPORATION BHD.

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

	Unaudited as at 31-May-2016 RM'000	Audited as at 31-Aug-2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,090,632	1,026,490
Land use rights	39,673	40,315
Investment properties	114,598	111,178
Investment in associates	5,765	5,140
Deferred tax assets	7,382	8,762
Investment securities	145	145
Goodwill	22,805	22,805
	1,281,000	1,214,835
Current Assets		
Inventories	236,788	252,115
Trade and other receivables	329,035	380,700
Other current assets	22,755	24,148
Investment securities	638,695	669,672
Cash and bank balances	150,645	146,460
	1,377,918	1,473,095
Total Assets	2,658,918	2,687,930
EQUITY AND LIABILITIES		
Current Liabilities		
Trade and other payables	290,585	326,174
Other current liabilities	37,600	29,625
Short term borrowings	323,928	530,333
Tax payable	30,016	25,348
Derivative financial instruments	5,865	9,211
Dividend payable	75,283	-
	763,277	920,691
Net Current Assets	614,641	552,404
Non-Current Liabilities		
Long term borrowings	86,960	105,693
Deferred tax liabilities	47,146	47,153
	134,106	152,846
Total Liabilities	897,383	1,073,537
Net Assets	1,761,535	1,614,393
Equity Attributable to Equity Holders of the Company		
Share capital	627,357	312,092
Share premium	4,994	200,302
Treasury shares	(9,739)	(14,722)
Retained earnings	1,102,063	1,056,583
Other reserves	29,253	53,709
	1,753,928	1,607,964
Minority Interest	7,607	6,429
Total Equity	1,761,535	1,614,393
Total Equity and Liabilities	2,658,918	2,687,930
Net Tangible Assets per share (RM)	1.39	*1.28
Net Assets per share (RM)	1.41	*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 STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 MAY 2016**

	← 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	Distributable Retained earnings RM'000	Minority Interest RM'000	
9 Months Ended 31 May 2016											
Opening balance at 1 September 2015	1,614,393	1,607,964	312,092	200,302	(14,722)	42,292	3,781	7,714	(78)	1,056,583	6,429
Total comprehensive income	277,404	276,226	-	-	-	(14,875)	-	-	(4,310)	295,411	1,178
Transactions with owners											
Issuance of ordinary shares pursuant to ESOS	22,545	22,545	2,408	20,137	-	-	-	-	-	-	-
Issuance of bonus shares	-	-	312,857	(220,800)	-	-	-	-	-	(92,057)	-
Share options granted under ESOS	108	108	-	-	-	-	108	-	-	-	-
Transfer from share option reserve	-	-	-	5,373	-	-	(5,373)	-	-	-	-
Share issue expenses	(18)	(18)	-	(18)	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	(6)	-	6	-	-
Resold of treasury shares	16,110	16,110	-	4,983	-	-	-	-	11,127	-	-
Dividend on ordinary shares	(169,007)	(169,007)	-	-	-	-	-	-	(169,007)	-	-
Closing balance at 31 May 2016	1,761,535	1,753,928	627,357	4,994	(9,739)	27,417	3,781	2,443	(4,388)	1,102,063	7,607
9 Months Ended 31 May 2015											
Opening balance at 1 September 2014	1,397,550	1,393,389	310,332	180,673	-	6,485	3,781	10,200	1,054	880,864	4,161
Total comprehensive income	197,790	196,573	-	-	-	12,794	-	-	6,753	177,026	1,217
Transactions with owners											
Issuance of ordinary shares pursuant to ESOS	2,094	2,094	64	514	-	-	-	1,411	-	105	-
Purchase of treasury shares	(14,722)	(14,722)	-	-	(14,722)	-	-	-	-	-	-
Dividend on ordinary shares	(105,228)	(105,228)	-	-	-	-	-	-	-	(105,228)	-
Closing balance at 31 May 2015	1,477,484	1,472,106	310,396	181,187	(14,722)	19,279	3,781	11,611	7,807	952,767	5,378

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 2015

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

	Current Year To Date Ended 31-May-2016 RM'000	Corresponding Year To Date Ended 31-May-2015 RM'000
Cash Flows From Operating Activities		
Profit before taxation	366,852	229,218
Depreciation and amortisation	80,684	72,390
Other adjustments	6,278	7,484
Operating profit before changes in working capital	<u>453,814</u>	<u>309,092</u>
Changes in working capital		
Net change in current assets	68,386	(74,063)
Net change in current liabilities	(27,614)	43,100
Cash flows from operating activities	<u>494,586</u>	<u>278,129</u>
Interest paid	(4,428)	(3,330)
Tax paid	(63,882)	(20,828)
Net cash flows from operating activities	<u>426,276</u>	<u>253,971</u>
Cash flows from investing activities		
Proceeds from disposal of investment securities	182,265	-
Purchase of investment securities	-	(278,297)
Purchase of property, plant and equipment	(156,566)	(153,611)
Proceeds from disposal of property, plant and equipment	3,171	6,009
Interest received	24,846	17,151
Net cash flows generated from/(used in) investing activities	<u>53,716</u>	<u>(408,748)</u>
Cash flows from financing activities		
Dividend paid on ordinary shares	(93,724)	(55,565)
Dividend received from associates	-	3,983
Share issue expenses	(18)	-
Proceeds from issuance of shares	22,545	2,094
Proceeds from sale of treasury shares	16,110	-
Purchase of treasury shares	-	(14,722)
(Repayment)/additional of loans and borrowings	(225,138)	298,603
Net cash flows (used in)/generated from financing activities	<u>(280,225)</u>	<u>234,393</u>
Net change in cash and cash equivalents	199,767	79,616
Cash and cash equivalents at beginning of year	<u>286,928</u>	<u>184,030</u>
Cash and cash equivalents at end of period	<u>486,695</u>	<u>263,646</u>
Breakdown of cash and cash equivalents at end of period		
Cash and bank balances	150,645	109,291
Add: Cash and cash equivalents included in fair value through profit or loss financial assets	336,050	154,355
Cash and cash equivalents	<u>486,695</u>	<u>263,646</u>

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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 31 MAY 2016**

1. Basis of preparation

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

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

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

2. Auditors’ report

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

3. Seasonal or cyclical factors

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

4. Extraordinary and exceptional items

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MAY 2016 (CONTINUED)

6. Changes in debts and equity securities

6.1) During the quarter ended 31 May 2016, a total of 251,800 new ordinary shares of RM0.50 each were issued and allotted pursuant to the exercise of the ESOS II. The details of the issued and paid-up capital of the Company as at 31 May 2016 are as follows:

	No. of shares	RM
As at 29 February 2016	1,254,461,564	627,230,782
Ordinary shares issued pursuant to the ESOS	251,800	125,900
As at 31 May 2016	1,254,713,364	627,356,682

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

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

7. Dividends paid

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

Record of dividends paid:

Financial Year	*Net Dividend per share (sen)	Total Dividend (RM'000)
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:

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MAY 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.

9 months ended 31 May 2016

	Malaysia RM'000	Thailand RM'000	China RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<u>Revenue</u>						
External sales	1,804,552	161,891	81,783	118,175	-	2,166,401
Inter-segment sales	53,963	207,766	1,447	-	(263,176)	-
Total Revenue	<u>1,858,515</u>	<u>369,657</u>	<u>83,230</u>	<u>118,175</u>	<u>(263,176)</u>	<u>2,166,401</u>
<u>Result</u>						
Segment profit	308,504	30,514	9,076	22,432	-	370,526
Finance cost						(4,428)
Share of results of Associates						754
Profit before tax						<u>366,852</u>
<u>Assets</u>						
Segment assets	1,914,544	224,085	41,990	413,778	35,951	<u>2,630,348</u>
Goodwill						<u>22,805</u>
Investment in Associates						<u>5,765</u>
<u>Liabilities</u>						
Segment liabilities	725,264	64,786	13,073	17,098	77,162	<u>897,383</u>
<u>Other segment information</u>						
Capital commitments	46,529	17,753	-	-	-	<u>64,282</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 THIRD QUARTER ENDED 31 MAY 2016 (CONTINUED)

11. Changes in the composition of the Group

During the quarter ended 31 May 2016, the following companies had been added to the Group:

- TG Medical (Xinghua) Co Ltd, a wholly-owned subsidiary of Great Glove (Xinghua) Co Ltd; and
- TG GD Medical Clinic Sdn Bhd, a 95% owned joint venture company of Top Glove Sdn Bhd.

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

12. Contingent liabilities

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

13. Capital commitments

As at the end of the reporting quarter, the Company had commitments for approved and contracted for capital expenditures amounting approximately to RM64.3 million.

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

14. Review of performance

Top Glove's performance for the third quarter ended 31 May 2016 ("3QFY16") compared with the corresponding period last financial year are as follows:

	3QFY16	3QFY15	Variance	9MFY16	9MFY15	Variance
	RM'mil	RM'mil	%	RM'mil	RM'mil	%
Revenue	672.3	661.2	1.7	2,166.4	1,801.1	20.3
PBT	73.7	100.6	(26.7)	366.9	229.2	60.1
PBT Margin	11.0%	15.2%	(27.6)	16.9 %	12.7%	33.1

Revenue for 3QFY16 increased by 1.7% to RM672.3 million with volume growth of 11%, but at a lower average selling price. For 9MFY16, the Group registered revenue of RM2.17 billion, a 20.3% increase versus 9MFY15, with volume growth of 13.8%.

Profit before tax for 3QFY16 declined by 26.7% to RM73.7 million compared with 3QFY15. Whereas on a 9-months comparison, profit before tax surged 60.1% to RM366.9 million, while profit after tax amounted RM296.9 million which at the 9-month mark already exceeded the full financial year profit of RM281.2 million in FY2015.

The Group's softer performance came on the back of a strengthening of the Ringgit against the US Dollar (USD) during the quarter in review, as well as significant hikes in raw material prices. While pricing adjustments were made accordingly, there was a time lag of 2 months before the cost increase could be shared out with customers. The adverse impact of the natural gas tariff increase was also felt for the full quarter. Meanwhile, intensive competition in the nitrile glove segment eroded margins and bottomline.

Natural latex prices were on the uptrend, increasing by an average of 14.2% to RM3.94/kg while nitrile latex prices fell slightly by 1% to USD0.95/kg compared with 2QFY16.

As at 31 May 2016, the Group maintained a healthy balance sheet with a net cash position of RM378.5 million.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 31 MAY 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 2001-9MFY16)
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	9MFY16 (unaudited)	
Revenue	641.8	992.6	1,228.8	1,377.9	1,529.1	2,079.4	2,053.9	2,314.5	2,313.2	2,275.4	2,510.5	2,166.4	
EBITDA	89.2	130.3	175.7	197.8	287.5	364.7	207.3	310.0	323.3	312.1	466.5	452.0	
EBITDA margin	13.9%	13.1%	14.3%	14.4%	18.8%	17.5%	10.1%	13.4%	14.0%	13.7%	18.6%	20.9%	15.3%
PBT	65.7	91.8	118.6	134.6	222.0	305.0	145.5	240.7	242.2	216.3	363.5	366.9	
PBT margin	10.2%	9.2%	9.7%	9.8%	14.5%	14.7%	7.1%	10.4%	10.5%	9.5%	14.5%	16.9%	11.4%
Taxation	7.5	7.0	29.9	26.5	53.9	54.6	30.3	33.4	39.4	32.7	82.3	69.9	
PAT	58.2	84.8	88.7	108.1	168.1	250.4	115.1	207.3	202.8	183.6	281.2	297.0	
PAT margin	9.1%	8.5%	7.2%	7.8%	11.0%	12.0%	5.6%	9.0%	8.8%	8.1%	11.2%	13.7%	9.5%

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

	3QFY16 RM'mil	2QFY16 RM'mil	Variance %
Revenue	672.3	693.9	(3.1)
PBT	73.7	131.8	(44.1)
PBT margin	11.0%	19.0%	(42.1)

Comparing with 2QFY16, revenue declined by 3.1% even though the sales volume growth was 5% due to lower average selling price and weaker USD. Profit before tax declined by 44.1% due to the weakening of USD, intense competition in nitrile glove segment as well as the increase raw material price, which impacted performance.

16. Commentary on prospects and targets

To ensure it is able to meet the strong global demand for rubber gloves, Top Glove will continue to steadily expand its operations, by building new optimised facilities with faster, more efficient and technologically-advanced production lines. Top Glove will commence operations for Factory 27 in Lukut, Port Dickson by July 2016 while the expansion of Factory 6 in Thailand is slated to be completed by August 2016. Its newest facility, Factory 30 in Klang is scheduled to commence production by February 2017, by which time there will be 29 factories, 540 production lines and a total production capacity of 52.4 billion gloves per annum. In addition to organic growth, Top Glove will continue to pursue M&A opportunities that synergise with its current business, in similar or related industries.

Top Glove's proposed a secondary listing on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST) is well on track and targeted to be completed on 28 June 2016, barring any unforeseen circumstances, fulfilment of the eligibility-to-list (ETL) conditions and shareholders' approval for the Proposed Amendments at the EGM on 24 June 2016. 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.

Looking ahead, Top Glove expects the economic environment to remain challenging as headwinds persist and competition remains intense in the nitrile glove segment. In addition, there is also the increase in minimum wage which will come into force on 1 July 2016 to contend with.

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

17. Variance of actual profits from forecast profits

Not applicable as no profit forecast was issued.

18. Taxation

	Quarter Ended		Year To Date Ended	
	31 May 2016 RM'000	31 May 2015 RM'000	31 May 2016 RM'000	31 May 2015 RM'000
Income tax				
Current year	8,048	23,750	73,125	47,032
Under/(Over) provision in previous year	2,912 11	2,767 -	(2,117) 73	- 2,767
Real property gain tax				
Deferred taxation	(7)	1,404	(1,158)	1,453
	<u>10,964</u>	<u>27,921</u>	<u>69,923</u>	<u>51,252</u>

The effective tax rate of the Group is lower than the statutory tax rate due to the tax incentives available to Malaysia and certain overseas subsidiaries.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 31 MAY 2016 (CONTINUED)****19. Profit/(loss) on sales of unquoted investments and/or properties**

There were no sales of unquoted investments and/or properties during the current quarter and financial year-to-date.

20. Purchase and disposal of quoted securities

There was no purchase or disposal of quoted securities by the Group for the current quarter and financial year-to-date.

21. Status of corporate proposals announced

On the Proposed Secondary Listing of Top Glove on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") by way of introduction ("Proposed Secondary Listing"); the Company had, on 9 June 2016 received a letter of conditional eligibility-to-list on the Main Board of SGX-ST from the SGX-ST in connection to the Proposed Secondary Listing ("ETL").

An Extraordinary General Meeting will be held on 24 June 2016 to seek shareholders' approval on the Proposed Amendments to the Articles of Association of the Company, necessary for the Company to undertake the Proposed Secondary Listing.

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

22. Group borrowings

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

	As at 31 May 2016 RM'000	As at 31 May 2015 RM'000
Short term borrowings		
Unsecured	318,772	212,466
Secured	5,156	170,064
	<u>323,928</u>	<u>382,530</u>
Long term borrowings		
Unsecured	83,967	109,306
Secured	2,993	2,815
	<u>86,960</u>	<u>112,121</u>
Total borrowings	<u>410,888</u>	<u>494,651</u>

Borrowings are mainly denominated in US Dollar amounting to USD91 million as at 31 May 2016 (31 May 2015: USD127.8 million).

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 31 MAY 2016 (CONTINUED)****23. Fair value hierarchy**

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

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

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

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

As at 31 May 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	302,645	-	302,645
Liabilities measured at fair value:			
Derivative financial instruments	-	5,865	5,865

24. Realised and Unrealised Profits/Losses

	As at 31 May 2016 RM'000	As at 31 May 2015 RM'000
Total retained earnings of the company and its subsidiaries:		
Realised	1,177,441	1,012,786
Unrealised	(58,718)	(51,506)
	<u>1,118,723</u>	<u>961,280</u>
Less : Consolidation adjustments	(16,660)	(8,513)
Total group retained earnings as per consolidated accounts	<u><u>1,102,063</u></u>	<u><u>952,767</u></u>

25. Notes to the Statement of Comprehensive Income

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

	Quarter ended 31 May 2016 RM'000	Year To Date Ended 31 May 2016 RM'000
Interest income	7,791	24,846
Other income including investment income	6,622	10,995
Interest expenses	(1,256)	(4,428)
Depreciation and amortisation	(26,478)	(80,684)
Foreign exchange gain/(loss)	10,228	(1,104)
Fair value (loss)/gain on foreign exchange contracts	(8,555)	3,346

26. Material litigation

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

TOP GLOVE CORPORATION BHD.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 31 MAY 2016 (CONTINUED)****27. Dividends**

The Board of Directors has on today, 15 June 2016, declared a first single tier interim dividend of 6 sen per ordinary share payable on 15 July 2016, amounting to approximately RM75.3 million for the quarter ended 31 May 2016.

28. Earnings per share

	Quarter Ended		Year To Date Ended	
	31 May 2016	31 May 2015	31 May 2016	31 May 2015
Net profit attributable to owners of the Company shareholders (RM'000)	62,456	72,274	295,411	177,026
Basic				
Weighted average number of ordinary shares in issue ('000)	1,252,439	1,234,857	1,250,251	1,238,644*
Basic earnings per share (sen)	4.99	5.85	23.63	14.29
Diluted				
Weighted average number of ordinary shares in issue ('000)	1,252,439	1,234,857*	1,250,251	1,238,644*
Effect of dilution : share options ('000)	2,081	5,157	2,081	5,157
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,254,520	1,240,014*	1,252,332	1,243,801*
Diluted earnings per share (sen)	4.98	5.83	23.59	14.23

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