

Quarterly rpt on consolidated results for the financial period ended 30 Nov 2017

TOP GLOVE CORPORATION BHD

Financial Year End 31 Aug 2018
 Quarter 1 Qtr
 Quarterly report for the financial period ended 30 Nov 2017
 The figures have not been audited

Attachments

[TopGlove_1QFY18_Financial_Results.pdf](#)
598.6 kB

[TopGlove_1QFY18_Press_Release.pdf](#)
155.6 kB

Default Currency

Other Currency

Currency: **Malaysian Ringgit (MYR)**

SUMMARY OF KEY FINANCIAL INFORMATION 30 Nov 2017

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30 Nov 2017	30 Nov 2016	30 Nov 2017	30 Nov 2016
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	938,116	785,583	938,116	785,583
2 Profit/(loss) before tax	121,990	89,756	121,990	89,756
3 Profit/(loss) for the period	105,945	73,634	105,945	73,634
4 Profit/(loss) attributable to ordinary equity holders of the parent	105,445	73,315	105,445	73,315
5 Basic earnings/(loss) per share (Subunit)	8.41	5.85	8.41	5.85
6 Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	0.00

	AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
7 Net assets per share attributable to ordinary equity holders of the parent (\$\$)	1.6800	1.6000

Definition of Subunit:

In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit. Example for the subunit as follows:

Country	Base Unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence

Announcement Info

Company Name	TOP GLOVE CORPORATION BHD
Stock Name	TOPGLOV
Date Announced	19 Dec 2017
Category	Financial Results
Reference Number	FRA-09122017-00001

TOP GLOVE**TOP QUALITY, TOP EFFICIENCY****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 FIRST QUARTER ENDED 30 NOVEMBER 2017**

	Current Quarter Ended	Corresponding Quarter Ended	Current Year To Date	Corresponding Year To Date
	30-Nov-2017	30-Nov-2016	30-Nov-2017	30-Nov-2016
	RM'000	RM'000	RM'000	RM'000
Revenue	938,116	785,583	938,116	785,583
Operating expenses	(829,984)	(704,124)	(829,984)	(704,124)
Other operating income	14,733	10,323	14,733	10,323
Profit from operations	122,865	91,782	122,865	91,782
Finance costs	(1,599)	(1,169)	(1,599)	(1,169)
Share of results of associates	724	(857)	724	(857)
Profit before tax	121,990	89,756	121,990	89,756
Taxation	(16,045)	(16,122)	(16,045)	(16,122)
Profit net of tax	105,945	73,634	105,945	73,634
Profit attributable to:				
Owners of the parent	105,445	73,315	105,445	73,315
Non-controlling interests	500	319	500	319
	105,945	73,634	105,945	73,634
Earnings per share attributable to owners of the parent (sen) :				
Basic	8.41	5.85	8.41	5.85
Diluted	8.40	5.84	8.40	5.84

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**AS AT 30 NOVEMBER 2017**

	Current Quarter Ended	Corresponding Quarter Ended	Current Year To Date	Corresponding Year To Date
	30-Nov-2017	30-Nov-2016	30-Nov-2017	30-Nov-2016
	RM'000	RM'000	RM'000	RM'000
Profit net of tax	105,945	73,634	105,945	73,634
Other comprehensive (loss)/ income:				
Net movement on available-for-sale financial assets	(214)	(3,811)	(214)	(3,811)
Foreign currency translation	(15,554)	10,722	(15,554)	10,722
Other comprehensive (loss)/ income	(15,768)	6,911	(15,768)	6,911
Total comprehensive income	90,177	80,545	90,177	80,545
Total comprehensive income attributable to:				
Owners of the parent	89,894	80,223	89,894	80,223
Non-controlling interest	283	322	283	322
	90,177	80,545	90,177	80,545

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

TOP GLOVE CORPORATION BHD.

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2017**

	Unaudited as at 30-Nov-2017 RM'000	Audited as at 31-Aug-2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,587,580	1,523,406
Land use rights	35,490	40,457
Investment properties	84,008	83,156
Investment in associates	724	-
Deferred tax assets	14,681	14,681
Investment	400	392
Goodwill	22,805	22,805
	1,745,688	1,684,897
Current Assets		
Inventories	294,250	315,775
Trade and other receivables	453,614	419,349
Other current assets	63,062	51,258
Tax recoverable	14,282	17,351
Derivative financial instruments	5,422	645
Investment securities	242,340	206,910
Cash and bank balances	162,090	240,068
	1,235,060	1,251,356
Total Assets	2,980,748	2,936,253
EQUITY AND LIABILITIES		
Current Liabilities		
Trade and other payables	416,255	418,802
Other current liabilities	67,886	62,292
Short term borrowings	272,909	314,644
	757,050	795,738
Net Current Assets	478,010	455,618
Non-Current Liabilities		
Long term borrowings	51,496	61,750
Deferred tax liabilities	66,254	66,284
	117,750	128,034
Total Liabilities	874,800	923,772
Net Assets	2,105,948	2,012,481
Equity Attributable to Equity Holders of the Company		
Share capital	639,034	636,644
Treasury shares	(9,739)	(9,739)
Retained earnings	1,419,727	1,313,876
Other reserves	46,542	62,499
	2,095,564	2,003,280
Non-controlling interest	10,384	9,201
Total Equity	2,105,948	2,012,481
Total Equity and Liabilities	2,980,748	2,936,253
Net Tangible Assets per share (RM)	1.66	1.59
Net Assets per share (RM)	1.68	1.60

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
AS AT 30 NOVEMBER 2017**

	Current Year To Date Ended 30-Nov-2017 RM'000	Corresponding Year To Date Ended 30-Nov-2016 RM'000
Operating Activities		
Profit before taxation	121,990	89,756
Depreciation and amortisation	31,327	26,221
Other adjustments	(13,391)	23,789
Operating cash flows before changes in working capital	<u>139,926</u>	<u>139,766</u>
Changes in working capital		
Net change in current assets	(31,844)	(86,705)
Net change in current liabilities	(7,427)	12,775
Cash flows from operating activities	<u>100,655</u>	<u>65,836</u>
Interest paid	(1,599)	(1,169)
Tax paid	(13,006)	(23,097)
Net cash flows generated from operating activities	<u>86,050</u>	<u>41,570</u>
Investing activities		
Proceeds from disposal of investment securities	24,921	12,387
Purchase of investment securities	(62,182)	(66,926)
Purchase of property, plant and equipment	(101,959)	(52,761)
Proceeds from disposal of property, plant and equipment	10,124	830
Interest received	3,621	5,695
Net cash flows used in investing activities	<u>(125,475)</u>	<u>(100,775)</u>
Financing activities		
Issuance of shares to non-controlling interest	900	-
Proceeds from issuance of shares	2,390	483
Repayment of loans and borrowings	(41,843)	(28,751)
Net cash flows used in financing activities	<u>(38,553)</u>	<u>(28,268)</u>
Net decrease in cash and cash equivalents	<u>(77,978)</u>	<u>(87,473)</u>
Cash and cash equivalents at 1 September	<u>240,068</u>	<u>224,099</u>
Cash and cash equivalents at 30 November	<u>162,090</u>	<u>136,626</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 FIRST QUARTER ENDED 30 NOVEMBER 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 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 30 November 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 FIRST QUARTER ENDED 30 NOVEMBER 2017 (CONTINUED)

6. Changes in debts and equity securities

As at the quarter ended 30 November 2017, a total of 680,500 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 30 November 2017 are as follows:

	No. of shares	RM'000
As at 31 August 2017	1,256,298,764	636,644
Ordinary shares issued pursuant to the ESOS	680,500	2,390
As at 30 November 2017	1,256,979,264	639,034

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
Total		1,053,888

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 FIRST QUARTER ENDED 30 NOVEMBER 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.

3 months ended 30 November 2017

	Malaysia RM'000	Thailand RM'000	China RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<u>Revenue</u>						
External sales	760,372	94,276	48,671	34,797	-	938,116
Inter-segment sales	16,764	102,613	789	-	(120,166)	-
Total Revenue	<u>777,136</u>	<u>196,889</u>	<u>49,460</u>	<u>34,797</u>	<u>(120,166)</u>	<u>938,116</u>
<u>Result</u>						
Segment profit	96,831	16,461	7,453	2,120	-	122,865
Finance cost						(1,599)
Share of results of Associates						724
Profit before tax						<u>121,990</u>
<u>Assets</u>						
Segment assets	2,366,959	306,204	80,231	174,862	29,687	<u>2,957,943</u>
Goodwill						<u>22,805</u>
<u>Liabilities</u>						
Segment liabilities	673,563	108,585	22,588	3,810	66,254	<u>874,800</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 FIRST QUARTER ENDED 30 NOVEMBER 2017 (CONTINUED)

11. Changes in the composition of the Group

During the quarter under review, the following wholly-owned subsidiaries had been added to the Group:

- a) Top Glove Labuan Ltd.
- b) Top Feel Sdn. Bhd.

Other than the above-mentioned, there is no other significant change in the composition of the Group, including business combination, acquisition or disposal of subsidiaries and long-term investment, restructuring and discontinuing operations.

12. Contingent liabilities

A nominal amount of RM309.4 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 RM191.1 million.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2017 (CONTINUED)

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

14. Review of performance

A comparison of Top Glove's performance for the first quarter ended 30 November 2017 ("1QFY18") with the corresponding period last financial year is as follows:

	1QFY18 RM'mil	1QFY17 RM'mil	Variance %
Revenue	938.1	785.6	19.4%
Operating profit	122.9	91.8	33.9%
Profit before interest and tax	123.6	90.9	36.0%
Profit before tax	122.0	89.8	35.9%
Profit after tax	105.9	73.6	43.9%
Profit attributable to ordinary equity holders of the parent	105.4	73.3	43.8%

For 1QFY18, the Group attained its highest-ever quarterly Sales Revenue of RM938.1 million, which represented an increase of 19.4% over 1QFY17. Profit Before Tax increased to RM122 million, an improvement of 35.9% compared with 1QFY17. Also on the uptrend was Profit After Tax, which at RM105.9 million, rose an exceptional 43.9% year-on-year. Meanwhile, Sales Volume (Quantity Sold) demonstrated a healthy growth of 17% against 1QFY17. Nitrile glove sales volume grew the most, compared with 1QFY17.

The improved results followed strong demand growth stemming from developed and emerging markets, where glove demand is rapidly on the rise. Further contributing to demand was the disruption in vinyl glove supply following China's strict enforcement against polluting industries which benefited both natural rubber and nitrile glove sales. Internally, new capacity coming onstream, as well as continuous improvement initiatives in terms of automation, better production lines and cost-saving were also instrumental in contributing to the strong performance.

Raw material prices in 1QFY18 were on the uptrend compared with 1QFY17, with average natural rubber latex and nitrile latex prices higher by 12.1% and 3% respectively.

As at 30 November 2017, the Group maintained a healthy financial position with a positive net cash position of RM80 million.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 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	2017	1QFY18 (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	938.1
EBITDA	197.8	287.5	364.7	196.7	297.7	310.6	301.8	441.7	524.7	484.0	151.3
EBITDA margin	14.4%	18.8%	17.5%	9.6%	12.9%	13.4%	13.3%	17.6%	18.2%	14.2%	16.1%
PBT	134.6	222.0	305.0	145.4	240.7	242.2	216.3	363.5	442.2	383.1	122.0
PBT margin	9.8%	14.5%	14.7%	7.1%	10.4%	10.5%	9.5%	14.5%	15.3%	11.2%	13.0%
Taxation	26.5	53.9	54.6	30.3	33.4	39.4	32.7	82.3	79.8	54.7	16.1
PAT	108.1	168.1	250.4	115.1	207.3	202.8	183.6	281.2	362.4	328.4	105.9
PAT margin	7.8%	11.0%	12.0%	5.6%	9.0%	8.8%	8.1%	11.2%	12.5%	9.6%	11.3%

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2017 (CONTINUED)

15. Comparison of 1QFY18 Quarterly Profit Before Tax (PBT) with preceding quarter

	1QFY18 RM'mil	4QFY17 RM'mil	Variance %
Revenue	938.1	902.4	4.0%
Operating profit	122.9	101.4	21.2%
Profit before interest and tax	123.6	101.3	22.0%
Profit before tax	122.0	99.1	23.1%
Profit after tax	105.9	94.1	12.5%
Profit attributable to ordinary equity holders of the parents	105.4	94.5	11.5%

The Group achieved Sales Revenue of RM938.1 million, a 4% increase quarter-on-quarter. Profit Before Tax also registered higher at RM122 million, representing an improvement of 23.1% compared with 4QFY17. Meanwhile, Sales Volume (Quantity Sold) grew 8% versus 4QFY17. The robust performance was attributed to improvements in production efficiency and quality, coupled with new capacity coming onstream and strong demand growth.

16. Commentary on prospects and targets

To further its growth, Top Glove will continue to expand its operations. Yearly, it will continue to build 1 to 2 factories and its current plans for expansion include the construction of 2 new manufacturing facilities: Factory 31 (operational by May 2018) and Factory 32 (operational by December 2018). Upon completion, this 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. Preparations for Top Glove's condom manufacturing facility have also started, with operations expected to commence by June 2018. Towards expanding more expeditiously and efficiently, Top Glove will also continue to explore mergers and acquisitions, as well as new set-ups in synergistic industries. In tandem, Top Glove will also continue to enhance its product quality and operational efficiency.

In a related development, on 24 November 2017, Top Glove announced that it had entered into a term sheet to negotiate definitive agreements to acquire Aspion Sdn Bhd, upon completion of which Top Glove will emerge the world's largest manufacturer of surgical gloves, in addition to being the world's largest manufacturer of gloves.

A testament to its good corporate governance practices, Top Glove also received two awards at the Minority Shareholder Watchdog Group ASEAN Corporate Governance Recognition 2017 held on 6 December 2017, namely the *Merit Award for Most Improved Corporate Governance Disclosure* and *Industry Excellence Award (Manufacturing)*. In addition, Top Glove ranked the 5th most popular employer in Malaysia's 100 Leading Graduate Employers 2017 by GTI Media. We were also the *Winner in the Healthiest Employees* category in the AIA Vitality 2017 awards and received the *Certificate of Excellence* at the Human Resource Development Awards 2017 by HRDF Malaysia. On 3 November 2017, Top Glove was the first private company in Malaysia to obtain the ISO 37001:2016 Anti Bribery Management System certification.

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 FIRST QUARTER ENDED 30 NOVEMBER 2017 (CONTINUED)****18. Taxation**

	Quarter Ended and Year To Date Ended	
	30 Nov 2017	30 Nov 2016
	RM'000	RM'000
Income tax		
- Current quarter/year	15,787	19,967
Real property gain tax	288	213
Deferred taxation	(30)	(4,058)
	<u>16,045</u>	<u>16,122</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 updates of the corporate proposals announced are as follows:

a) Eastern Press Sdn Bhd

The Company had on 3 November 2017 announced the proposed acquisition of the entire equity interest in Eastern Press Sdn Bhd which was expected to complete in the second quarter financial year 2018.

b) Aspion Sdn Bhd

The Company had on 24 November 2017 announced the signing of term sheet for the proposed transaction of the entire equity interest in Aspion Sdn. Bhd. ("Proposed Transaction"), which the Vendor had agreed to provide the Company with an exclusivity period from the date of the Term Sheet until 15 January 2018.

An announcement in relation to the Proposed Transaction shall be made upon execution of the Sale and Purchase Agreement

c) New Employees' Share Option Scheme

The Company had on 9 November 2017 announced a proposal to establish a new employees' share option scheme of up to 10% of the total number of issued shares (excluding treasury shares) in the Company ("Proposed New ESOS").

On 8 December 2017, Bursa Malaysia Securities Berhad approved the Proposed New ESOS with condition stated in the announcement dated 8 December 2017.

Except the above-mentioned, there is no other corporate proposals announced or outstanding as at 19 December 2017.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2017 (CONTINUED)****22. Group borrowings**

The Group borrowings as at 30 November 2017 were as follows:

	As at 30 Nov 2017		As at 30 Nov 2016	
	Foreign Denominated '000	RM'000	Foreign Denominated '000	RM'000
Short term borrowings				
Unsecured				
Revolving credit (USD)	USD42,900	175,332	USD54,900	244,991
Revolving credit (RM)	-	15,000	-	-
Promissory notes (THB)	THB489,102	61,243	THB470,602	54,405
		<u>251,575</u>		<u>299,396</u>
Secured				
Revolving credit (USD)	USD5,220	21,334	USD5,923	26,431
Term loan (USD)	-	-	USD 45	201
		<u>21,334</u>		<u>26,632</u>
Total short term borrowings		<u>272,909</u>		<u>326,028</u>
Long term borrowings				
Secured				
Revolving credit (USD)	USD12,600	51,496	USD17,820	79,522
Term loan (USD)	-	-	USD 704	3,142
Total long term borrowings		<u>51,496</u>		<u>82,664</u>
Total borrowings				
a) USD	60,720	248,162	79,392	354,287
b) RM	15,000	15,000	-	-
c) THB	489,102	61,243	470,602	54,405
		<u>324,405</u>		<u>408,692</u>
Exchange rate RM to USD1.00		4.0870		4.4625
Exchange rate RM to THB1.00		0.1252		0.1156

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2017 (CONTINUED)****23. Derivative financial instruments**

	As at 30 Nov 2017	
	Contract/Notional Amount RM'000	Fair value Assets RM'000
Forward currency contracts	208,378	5,422

As at 30 November 2017, 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 2018.

During the year-to-date ended 30 November 2017, the Group recognised a gain of RM4.78 million in the profit and loss 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 30 November 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)	98,709	-	98,709
Financial assets at fair value through profit or loss			
-Money market funds (quoted in Malaysia)	143,631	-	143,631
Asset measured at fair value:			
Derivative financial instruments	-	5,422	5,422

25. Realised and Unrealised Profits/Losses

	As at 30 Nov 2017 RM'000	As at 30 Nov 2016 RM'000
Total retained earnings of the company and its subsidiaries:		
Realised	1,502,957	1,332,241
Unrealised	(52,661)	(62,212)
	1,450,296	1,270,029
Less : Consolidation adjustments	(30,569)	(29,657)
Total group retained earnings as per consolidated accounts	1,419,727	1,240,372

TOP GLOVE CORPORATION BHD.

(Company No. 474423-X)

(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2017 (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 and Year To Date Ended 30 Nov 2017 RM'000
Interest income	3,621
Other income including investment income	11,112
Interest expenses	(1,599)
Depreciation and amortization	(31,327)
Foreign exchange loss	(3,112)
Fair value gain on foreign exchange contracts	4,780

27. Material litigation

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

28. Dividends

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

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 amounting to approximately RM181.9 million. The Company paid a First Single Tier Interim Dividend of 6 sen per ordinary share amounting to RM75.2 million on 17 July 2017. The Board of Directors has also proposed a Single Tier Final Dividend of 8.5 sen per ordinary share amounting to approximately RM106.7 million for the financial year ended 31 August 2017. The proposed final dividend is subject to shareholders' approval at the forthcoming Annual General Meeting on 9 January 2018.

29. Earnings per share

	Quarter Ended and Year To Date Ended 30 Nov 2017	30 Nov 2016
Net profit attributable to owners of the Company shareholders (RM'000)	<u>105,445</u>	<u>73,315</u>
Basic		
Weighted average number of ordinary shares in issue ('000)	<u>1,254,328</u>	<u>1,252,713</u>
Basic earnings per share (sen)	<u>8.41</u>	<u>5.85</u>
Diluted		
Weighted average number of ordinary shares in issue ('000)	1,254,328	1,252,713
Effect of dilution: share options ('000)	<u>1,272</u>	<u>1,669</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>1,255,600</u>	<u>1,254,382</u>
Diluted earnings per share (sen)	<u>8.40</u>	<u>5.84</u>

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PRESS RELEASE

Top Glove Corporation Bhd (Company No. 474423-X)

For Immediate Release

AN EXCELLENT START TO FY2018 FOR TOP GLOVE

Shah Alam, Tuesday, 19 Dec 2017 – Top Glove Corporation Bhd (“Top Glove”) today announced its financial results for the First Quarter (“1QFY18”) ended 30 November 2017, posting a robust set of numbers as it commenced the new financial year on a solid note.

For 1QFY18, the Group attained its highest-ever quarterly Sales Revenue of RM938.1 million, which represented an increase of 19.4% over 1QFY17 and 4% over 4QFY17. Profit Before Tax increased to RM122 million, an improvement of 35.9% and 23.1% compared with 1QFY17 and 4QFY17 respectively. Also on the uptrend was Profit After Tax, which at RM105.9 million, rose an exceptional 43.9% year-on-year and 12.5% quarter-on-quarter. Meanwhile, Sales Volume (Quantity Sold) demonstrated a healthy growth of 17% against 1QFY17 and 8% against 4QFY17. Nitrile glove sales volume grew the most, compared with 1QFY17 and 4QFY17.

The excellent set of numbers followed strong demand growth stemming from developed and emerging markets, where glove demand is rapidly on the rise. Further contributing to demand was the disruption in vinyl glove supply following China’s strict enforcement against polluting industries which benefited both natural rubber and nitrile glove sales. Internally, new capacity coming onstream, as well as continuous improvement initiatives in terms of automation, better production lines and cost-saving were also instrumental in contributing to the strong performance.

In comparison with 4QFY17, the average natural rubber latex price eased 10% to RM5.00/kg while the average nitrile latex price was USD1.01/kg, up marginally by 3%. However, raw material prices were on the uptrend compared with 1QFY17, with average natural rubber latex and nitrile latex prices higher by 12.1% and 3% respectively.

Tan Sri Dr Lim Wee Chai, Top Glove Corporation Bhd’s Executive Chairman remarked, “We are pleased to have delivered a strong performance once again. It is not easy to do well consistently amidst an increasingly challenging business environment and we credit our commendable results to our ongoing improvement initiatives in the manufacturing process”.

To further its growth, Top Glove will continue to expand its operations. Yearly, it will continue to build 1 to 2 factories and its current plans for expansion include the construction of 2 new manufacturing facilities: Factory 31 (operational by May 2018) and Factory 32 (operational by December 2018). Upon completion, this 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. Preparations for Top Glove's condom manufacturing facility have also started, with operations expected to commence by June 2018. Towards expanding more expeditiously and efficiently, Top Glove will also continue to explore mergers and acquisitions, as well as new set-ups in synergistic industries. In tandem, Top Glove will also continue to enhance its product quality and operational efficiency.

In a related development, on 24 November 2017, Top Glove announced that it had entered into a term sheet to negotiate definitive agreements to acquire Aspion Sdn Bhd, upon completion of which Top Glove will emerge the world's largest manufacturer of surgical gloves, in addition to being the world's largest manufacturer of gloves.

"Post-acquisition, Top Glove will also have an enlarged earning base, with the addition of Aspion's new range of surgical glove products incorporated into Top Glove's existing product offering", Tan Sri Dr Lim added.

Notwithstanding its capital outlays, the Group's financial position remained healthy with a positive net cash position of RM80 million as at 30 November 2017.

A testament to its good corporate governance practices, Top Glove also received two awards at the Minority Shareholder Watchdog Group ASEAN Corporate Governance Recognition 2017 held on 6 December 2017, namely the *Merit Award for Most Improved Corporate Governance Disclosure* and *Industry Excellence Award (Manufacturing)*. In addition, Top Glove ranked the 5th most popular employer in Malaysia's 100 Leading Graduate Employers 2017 by GTI Media. We were also the *Winner in the Healthiest Employees* category in the AIA Vitality 2017 awards and received the *Certificate of Excellence* at the Human Resource Development Awards 2017 by HRDF Malaysia. On 3 November 2017, Top Glove was the first private company in Malaysia to obtain the ISO 37001:2016 Anti Bribery Management System certification.

Tan Sri Dr Lim, concludes, "Having begun the new financial year on a solid note, we are inspired to keep up our efforts to improve our quality, costing and efficiency, to ensure we continue to do well throughout FY2018 and beyond".

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About Top Glove Corporation Bhd

Top Glove Corporation Bhd is listed on the Bursa Malaysia Stock Exchange Main Board and Singapore Exchange Mainboard. It is also one of the component stocks of the FTSE Bursa Malaysia (“FBM”) Mid 70 Index, FBM Top 100 Index, FBM Emas Index, FBM Emas Syariah Index, FTSE Bursa Malaysia Hijrah Shariah Index and FTSE4Good Bursa Malaysia Index. Top Glove is currently the world’s largest rubber glove manufacturer with an established corporate culture and good business direction of producing consistently high quality, cost efficient gloves. Top Glove has over 2,000 customers worldwide and exports to more than 195 countries.

Summary of key information:

	As at 19 December 2017
Number of Factories	33 (28 in Malaysia, 4 in Thailand, 1 in China)
Number of Glove Production Lines	550
Glove Production Capacity	51.9 billion pieces per annum
Number of Employees	12,000