



TOP GLOVE CORPORATION BHD.

Company No.199801018294 (474423-X)

The World's Largest Manufacturer of Gloves

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2020

	Current Quarter Ended	Corresponding Quarter Ended	Current Year To Date	Corresponding Year To Date
	31/Aug/2020	31/Aug/2019	31/Aug/2020	31/Aug/2019
	RM'000	RM'000	RM'000	RM'000
Revenue	3,109,116	1,188,974	7,236,317	4,801,139
Operating expenses	(1,500,112)	(1,100,017)	(4,932,440)	(4,339,573)
Other operating income	18,634	7,635	52,009	44,297
Profit from operations	1,627,638	96,592	2,355,886	505,863
Finance costs	(2,990)	(21,041)	(53,058)	(79,601)
Share of result of associate	(1,094)	(1,551)	(1,428)	(2,674)
Profit before tax	1,623,554	74,000	2,301,400	423,588
Taxation	(297,541)	10	(397,585)	(56,042)
Profit net of tax	1,326,013	74,010	1,903,815	367,546
Profit attributable to:				
Owners of the parent	1,291,995	74,166	1,866,999	364,678
Holders of Perpetual Sukuk	25,605	0	25,605	0
Non controlling interests	8,413	(156)	11,211	2,868
	1,326,013	74,010	1,903,815	367,546
Earnings per share attributable to owners of the parent, sen:				
Basic	15.95	0.97*	23.31	4.76*
Diluted	15.82	0.95*	23.18	4.74*

* For comparative purpose, the earnings per share for the quarter and year to date ended 31 August 2019 had been adjusted to reflect the bonus issue of 2 for every 1 existing ordinary share which was completed on 7 September 2020.

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Annual Financial Report for the financial year ended 31 August 2019.

TOP GLOVE CORPORATION BHD.

Company No.199801018294 (474423-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2020**

	Current Quarter Ended	Corresponding Quarter Ended	Current Year To Date	Corresponding Year To Date
	31/Aug/2020	31/Aug/2019	31/Aug/2020	31/Aug/2019
	RM'000	RM'000	RM'000	RM'000
Profit net of tax	1,326,013	74,010	1,903,815	367,546
Other comprehensive income/(loss):				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net movement on debt instrument at fair value through other comprehensive income	0	1,856	(2,084)	3,247
Foreign currency translation differences of foreign operations	(9,679)	3,029	(7,210)	17,423
Cash flow hedge	98,277	(8,704)	80,589	(38,787)
Other comprehensive income/(loss), net of tax	88,598	(3,819)	71,295	(18,117)
Total comprehensive income	1,414,611	70,191	1,975,110	349,429
Total comprehensive income attributable to:				
Owners of the parent	1,380,942	70,048	1,938,742	345,444
Holder of Perpetual Sukuk	25,605	0	25,605	0
Non controlling interests	8,064	143	10,763	3,985
	1,414,611	70,191	1,975,110	349,429

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 August 2019.

TOP GLOVE CORPORATION BHD.

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2020**

	Unaudited as at 31/Aug/2020 RM'000	Audited as at 31/Aug/2019 Restated RM'000
ASSETS		
Non current assets		
Property, plant and equipment	3,034,794	2,480,026
Land use rights	0	178,495
Right of use assets	180,674	0
Investment property	163,900	163,900
Investment in an associate	10,425	11,853
Deferred tax assets	8,832	58,472
Biological assets	28	0
Investment securities	392	392
Intangible assets	1,012,320	1,015,970
	4,411,365	3,909,108
Current assets		
Inventories	525,645	629,896
Trade and other receivables	803,059	592,217
Other current assets	47,924	303,917
Investment securities	1,674,545	87,285
Cash and bank balances	1,210,388	165,782
	4,261,561	1,779,097
Total assets	8,672,926	5,688,205
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	670,671	492,414
Contract liabilities	864,630	55,610
Loans and borrowings	323,319	1,041,325
Lease liabilities	1,714	0
Income tax payables	117,594	789
Derivative financial instruments	871	1,653
	1,978,799	1,591,791
Net current assets	2,282,762	187,306
Non current liabilities		
Loans and borrowings	217,431	1,379,369
Lease liabilities	3,015	0
Deferred tax liabilities	160,622	159,714
Provisions	3,384	3,190
	384,452	1,542,273
Total liabilities	2,363,251	3,134,064
Net assets	6,309,675	2,554,141
Equity attributable to owners of the parent		
Share capital	1,675,704	788,326
Treasury shares	(1,519)	(1,781)
Retained earnings	3,246,308	1,751,963
Other reserves	68,362	(1,553)
	4,988,855	2,536,955
Perpetual Sukuk	1,295,262	0
Non controlling interests	25,558	17,186
Total equity	6,309,675	2,554,141
Total equity and liabilities	8,672,926	5,688,205
Net assets per share attributable to ordinary equity holders of the parent, RM	0.61	0.33*

* For comparative purpose, the earnings per share for the quarter and year to date ended 31 August 2019 had been adjusted to reflect the bonus issue of 2 for every 1 existing ordinary share which was completed on 7 September 2020.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 AUGUST 2020**

	← Attributable to owners of the parent →												
	Total equity RM'000	Total equity attributable to owners of the parent RM'000		Non distributable					Distributable			Non controlling interests RM'000	
Share capital RM'000		Treasury shares RM'000	Foreign exchange reserve RM'000	Legal reserve RM'000	Share option reserve RM'000	Cash flow hedge reserve RM'000	Other reserve RM'000	Fair value adjustment reserve RM'000	Retained earnings RM'000	Perpetual sukuk RM'000			
12 months ended 31 August 2020													
Opening balance at 1 September 2019	2,554,141	2,536,955	788,326	(1,781)	51,645	10,088	8,995	(80,291)	5,926	2,084	1,751,963	0	17,186
Effects of adoption of MFRS 16, note 1	(56)	(56)	0	0	0	0	0	0	0	0	(56)	0	0
1 September 2019, restated	2,554,085	2,536,899	788,326	(1,781)	51,645	10,088	8,995	(80,291)	5,926	2,084	1,751,907	0	17,186
Total comprehensive income	1,975,110	1,938,742	0	0	(6,762)	0	0	80,589	0	(2,084)	1,866,999	25,605	10,763
Transactions with owners													
Issuance of ordinary shares pursuant to ESOS	178,123	178,123	178,123	0	0	0	0	0	0	0	0	0	0
Issuance of ordinary shares pursuant to conversion of exchangeable bonds	698,783	698,783	698,783	0	0	0	0	0	0	0	0	0	0
Issuance of shares to non controlling interests	75	0	0	0	0	0	0	0	0	0	0	0	75
Share options granted under ESOS	7,404	7,404	0	0	0	0	7,404	0	0	0	0	0	0
Transfer from share option reserve	0	0	10,892	0	0	0	(11,080)	0	0	0	188	0	0
Transaction cost	(5,158)	(420)	(420)	0	0	0	0	0	0	0	0	(4,738)	0
Transfer from retained earnings	0	0	0	0	0	0	0	0	1,848	0	(1,848)	0	0
Transfer to employee share grant scheme	1,128	1,128	0	262	0	0	0	0	0	0	866	0	0
Distribution to holders of Perpetual Sukuk	(25,605)	0	0	0	0	0	0	0	0	0	0	(25,605)	0
Issuance of perpetual sukuk	1,300,000	0	0	0	0	0	0	0	0	0	0	1,300,000	0
Dividends on non controlling interests	(2,466)	0	0	0	0	0	0	0	0	0	0	0	(2,466)
Dividends on ordinary shares	(371,804)	(371,804)	0	0	0	0	0	0	0	0	(371,804)	0	0
Total transactions with owners	1,780,480	513,214	887,378	262	0	0	(3,676)	0	1,848	0	(372,598)	1,269,657	(2,391)
Closing balance at 31 August 2020	6,309,675	4,988,855	1,675,704	(1,519)	44,883	10,088	5,319	298	7,774	0	3,246,308	1,295,262	25,558

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 2019.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
AS AT 31 AUGUST 2020

	← Attributable to owners of the parent →											
	Total equity RM'000	Total equity attributable to owners of the parent RM'000	Non distributable					Distributable			Non controlling interests RM'000	
Share capital RM'000			Treasury shares RM'000	Foreign exchange reserve RM'000	Legal reserve RM'000	Share option reserve RM'000	Cash flow hedge reserve RM'000	Other reserve RM'000	Fair value adjustment reserve RM'000	Retained earnings RM'000		
12 months ended 31 August 2019												
Opening balance at 1 September 2018	2,393,768	2,378,481	787,709	(9,325)	36,125	9,164	1,929	(41,504)	0	(1,163)	1,595,546	15,287
Prior year adjustment	4,628	4,565	0	0	(786)	0	0	0	2,898	0	2,453	63
1 September 2018, restated	2,398,396	2,383,046	787,709	(9,325)	35,339	9,164	1,929	(41,504)	2,898	(1,163)	1,597,999	15,350
Total comprehensive income	349,429	345,444	0	0	16,306	0	0	(38,787)	0	3,247	364,678	3,985
Transactions with owners												
Issuance of ordinary shares pursuant to ESOS	662	662	662	0	0	0	0	0	0	0	0	0
Share options granted under ESOS	7,197	7,197	0	0	0	0	7,197	0	0	0	0	0
Issuance of shares to non controlling interests	548	0	0	0	0	0	0	0	0	0	0	548
Equity component of exchangeable bonds	1,433	1,433	0	0	0	0	0	0	1,433	0	0	0
Transfer from share option reserve	0	0	41	0	0	0	(131)	0	0	0	90	0
Transaction cost	(86)	(86)	(86)	0	0	0	0	0	0	0	0	0
Transfer to retained earnings	0	0	0	0	0	0	0	0	1,595	0	(1,595)	0
Transfer to legal reserve	0	0	0	0	0	924	0	0	0	0	(924)	0
Transfer to employee share grant scheme	2,716	2,716	0	1,327	0	0	0	0	0	0	1,389	0
Sale of treasury shares	13,936	13,936	0	6,217	0	0	0	0	0	0	7,719	0
Dividends on non controlling interests	(2,697)	0	0	0	0	0	0	0	0	0	0	(2,697)
Dividends on ordinary shares	(217,393)	(217,393)	0	0	0	0	0	0	0	0	(217,393)	0
Total transactions with owners	(193,684)	(191,535)	617	7,544	0	924	7,066	0	3,028	0	(210,714)	(2,149)
Closing balance at 31 August 2019	2,554,141	2,536,955	788,326	(1,781)	51,645	10,088	8,995	(80,291)	5,926	2,084	1,751,963	17,186

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 2019.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
AS AT 31 AUGUST 2020**

	Current Year To Date Ended 31/Aug/2020 RM'000	Corresponding Year To Date Ended 31/Aug/2019 RM'000
Operating activities		
Profit before tax	2,301,400	423,588
Depreciation and amortisation	235,264	194,915
Other adjustments	46,871	88,622
Operating cash flows before changes in working capital	<u>2,583,535</u>	<u>707,125</u>
Changes in working capital		
Net changes in current assets	(123,997)	(35,523)
Net changes in current liabilities	988,232	(6,024)
Cash flows from operating activities	<u>3,447,770</u>	<u>665,578</u>
Interest paid	(46,088)	(79,601)
Income taxes paid	(230,389)	(59,786)
Net cash flows generated from operating activities	<u>3,171,293</u>	<u>526,191</u>
Investing activities		
(Placement)/withdrawal of investment securities	(1,586,540)	110,854
Purchase of property, plant and equipment	(765,215)	(624,105)
Proceeds from disposal of property, plant and equipment	4,730	12,005
Net cash inflow from acquisition settlement	240,406	0
Interest received	23,628	10,611
Net cash flows used in investing activities	<u>(2,082,991)</u>	<u>(490,635)</u>
Financing activities		
Dividends paid on ordinary shares	(371,804)	(217,393)
Dividends paid on non controlling interests	(2,466)	(2,697)
Issuance of shares to non controlling interests	75	548
Proceeds from issuance of shares	178,123	662
Transaction cost	(5,158)	(86)
Proceeds from sale of treasury shares	0	13,936
Repayment of lease liabilities	(1,847)	0
Proceeds from issuance of Perpetual Sukuk	1,300,000	0
Dividends paid to Perpetual Sukuk holders	(25,605)	0
Proceeds from issuance of exchangeable bonds	0	814,400
Repayment of loans and borrowings	(1,115,014)	(637,868)
Net cash flows used in financing activities	<u>(43,696)</u>	<u>(28,498)</u>
Net increase in cash and cash equivalents	<u>1,044,606</u>	<u>7,058</u>
Cash and cash equivalents at 1 September 2019 / 2018	<u>165,782</u>	<u>158,724</u>
Cash and cash equivalents at 31 August 2020 / 2019	<u>1,210,388</u>	<u>165,782</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 August 2019.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2020**

1. Basis of preparation

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

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 August 2019. 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 2019.

The audited financial statements of the Group for the year ended 31 August 2019 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 2019 except for the adoption of the following new MFRS and Issue Committee Interpretations (“IC Interpretations”):

Description

Amendments to MFRS 9: Prepayment Features with Negative Compensation
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures
Annual Improvements to MFRSs 2015 - 2017 Cycle
IC Interpretation 23: Uncertainty over Income Tax Treatments

The adoption of the above mentioned standards did not have a material impact on the financial statements of the Group.

Impact of the initial application of MFRS 16 Leases

On the date of initial application, the Group applied the simplified transitional approach and did not restate comparative amounts for the period prior to first adoption.

The adoption of MFRS 16 to the opening balance as at 1 September 2019 has the following impact:

	Audited 31 Aug 2019	Adjustment	After MFRS 16 Adoption
	RM'000	RM'000	RM'000
Right of use assets	0	6,430	6,430
Lease liabilities	0	6,486	6,486
Retained earnings	1,751,963	(56)	1,751,907

2. Auditors' report

The audited financial statements for the financial year ended 31 August 2019 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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2020 (CONTINUED)

4. Extraordinary and exceptional items

There were no extraordinary and exceptional items of unusual nature affecting assets, liabilities, equity, net income, or cash flows in the interim financial period ended 31 August 2020.

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

- a) As at the quarter ended 31 August 2020, a total of 17,075,060 and 59,215,496 new ordinary shares were issued pursuant to the exercise of the ESOS and conversion of exchangeable bonds respectively. Details of the issued and paid up capital of the Company as at 31 August 2020 are as follows:

	No. of shares	RM'000
As at 31 May 2020	2,631,873,093	1,169,954
Ordinary shares issued pursuant to the ESOS	17,075,060	144,949
Ordinary shares issued pursuant to the conversion of exchangeable bonds	59,215,496	361,214
Transaction cost	0	(413)
As at 31 August 2020	2,708,163,649	1,675,704

- b) During the year, a total 114,000 of treasury shares were transferred to eligible employees under employee share grant scheme for RM1,128,000; the gain had been recorded in the retained earnings account of the Company.
- c) On 22 January 2020, the Company's 100% ultimate owned subsidiary, TG Excellence Berhad ("TGE") lodged the Perpetual Sukuk Programme with the Securities Commission Malaysia ("SC"). The Perpetual Sukuk Programme, under the Shariah principle of Wakalah Bi-Al Istithmar, is guaranteed by the Company via a subordinated guarantee. The Perpetual Sukuk Programme provides TGE with the flexibility to issue unsecured and subordinated perpetual sukuk from time to time, subject to the aggregate outstanding nominal amount not exceeding RM3.0 billion at any point in time.

On 27 February 2020, TGE completed the first issuance with a nominal value of RM1.3 billion under the Perpetual Sukuk Programme. The Perpetual Sukuk was issued with a tenure of perpetual non-callable 5 years with an initial periodic distribution rate of 3.95% per annum.

	As at 31 Aug 2020
	RM'000
Issuance nominal value	1,300,000
Less: Transaction costs	(4,738)
Net nominal value	<u>1,295,262</u>

Other than the above, there were no issuance and repayment of debt and equity securities, share cancellations and resale of treasury shares in the current quarter and financial period ended 31 August 2020.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2020 (CONTINUED)

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)
2020	3.33	269,411
2019	2.50	191,960
2018	2.83	217,282
2017	2.42	181,936
2016	2.42	181,655
2015	1.92	143,143
2014	1.33	99,009
2013	1.33	99,252
2012	1.33	99,038
2011	0.92	68,035
2010	1.33	98,877
2009	0.92	65,873
2008	0.46	32,389
2007	0.38	27,435
2006	0.31	21,173
2005	0.22	14,110
2004	0.20	12,295
2003	0.15	9,550
2002	0.05	2,808
2001	0.07	4,000
Total		1,839,231

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, 100% in January 2016, 100% in October 2018 and 200% in September 2020.
- 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 FOURTH QUARTER ENDED 31 AUGUST 2020 (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 intersegment transactions have been entered into in the normal course of business and have been established on negotiated and mutually agreed terms.

12 months ended 31 August 2020

	Malaysia RM'000	Thailand RM'000	China RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	6,226,223	539,137	127,500	343,457	0	7,236,317
Intersegment sales	259,288	383,990	622	0	(643,900)	0
Total Revenue	<u>6,485,511</u>	<u>923,127</u>	<u>128,122</u>	<u>343,457</u>	<u>(643,900)</u>	<u>7,236,317</u>
Result						
Segment profit	2,075,453	200,566	40,280	39,587	0	2,355,886
Finance cost	(51,535)	(1,120)	0	(403)	0	(53,058)
Share of result of associate	(1,428)	0	0	0	0	<u>(1,428)</u>
Profit before tax						<u>2,301,400</u>
Assets						
Segment assets	6,638,965	531,261	177,819	324,932	999,949	<u>8,672,926</u>
Intangible assets	1,012,320	0	0	0	0	<u>1,012,320</u>
Liabilities						
Segment liabilities	1,709,701	158,736	94,098	122,501	278,215	<u>2,363,251</u>

b. Secondary reporting segment – Business segments

As the Group is principally involved in gloves manufacturing industry, segment reporting by business segment is not prepared.

9. Valuation of property, plant and equipment

There was no revaluation of property, plant and equipment brought forward from the previous audited financial statements as the Group does not adopt a revaluation policy on its property, plant and equipment.

10. Material events subsequent to the end of the interim report

There were no significant subsequent events after the end of the interim period to the date of this announcement, which will materially affect the earnings or income of the Group.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2020 (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

A nominal amount of RM433 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 RM393 million.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2020 (CONTINUED)

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

14. Review of performance

A comparison of Top Glove's performance for the full financial year 2020 ("FY2020") and fourth quarter ended 31 August 2020 ("4QFY2020") with the corresponding period last financial year is as follows:

	4QFY2020 RM'mil	4QFY2019 RM'mil	Variance %	FY2020 RM'mil	FY2019 RM'mil	Variance %
Revenue	3,109	1,189	161	7,236	4,801	51
Operating profit	1,628	97	1,578	2,356	506	366
Profit before interest and tax	1,616	92	1,657	2,331	493	373
Profit before tax	1,624	74	2,095	2,301	424	443
Profit after tax	1,326	74	1,692	1,904	368	417
Profit attributable to owners of the parent	1,292	74	1,646	1,867	365	412

For the quarter ended 4QFY20, Top Glove attained the highest ever quarterly Sales Revenue of RM3.11 billion, representing an increase of 161% compared with 4QFY2019. Profit Before Tax and Profit After Tax surged by 2,095% to RM1.62 billion and 1,692% to RM1.33 billion respectively. Meanwhile, Sales Volume grew by 43% versus 4QFY2019.

The Company delivered an impressive results for its full financial year 2020. Sales Revenue for FY2020 amounted to RM7.24 billion, up 51% from that of FY2019, while Profit Before Tax (PBT) and Profit After Tax also soared to RM2.30 billion and RM1.90 billion, up 443% and 417% from the previous financial year. Sales Volume also grew by 17% versus FY2019.

The tremendous growth stemmed from a global surge in demand for gloves on the back of the COVID-19 pandemic. 4QFY2020 demand growth was especially strong in Asia, Western Europe and Eastern Europe rising by 110%, 73% and 64% respectively compared with 4QFY19. Most robust was demand for nitrile gloves which grew by 31% year-on-year, while natural rubber examination gloves also saw growth of 7% versus the corresponding period in FY19. Reflecting market demand, average selling prices (ASPs) were also adjusted upwards.

The Group's improved profit was also attributed to productivity enhancements which it continued to embark on, while the Group's utilisation levels which remained at close to 100% amplified production efficiency and reaped superior economies of scale. High utilisation helped lower overheads significantly, notably the cost of labour and natural gas.

Further contributing to the phenomenal results was Aspion with a Profit Before Tax of RM139.9 million, as the Group started to reap the fruits of its acquisition. The additional capacity provided also helped position Top Glove to meet the upturn in glove demand.

Raw material prices for FY2020 remained mixed in comparison with FY2019. Average natural latex concentrate price increased 2.3% from RM4.33/kg to RM4.43/kg. While, nitrile latex price decreased 13.3% from USD1.13/kg to USD0.98/kg.

To reward its 57,000 public shareholders following the Group's remarkable performance, the Board recommended a final dividend of 8.5 sen per share, amounting to a payout of approximately RM691.8 million. This brings the total FY2020 dividend payout to 11.8 sen per share, amounting to a total payout of approximately RM961.2 million. The total dividend of 11.8 sen represents an increase of 9.3 sen or 373% over FY2019, which is a net profit payout ratio of 51%.

The healthy cash flow generated by the excellent performance enabled the Group to lower borrowings, which led to a 33% savings in terms of interest cost. Over the course of FY2020, the net cash flow generated from operating activities was RM3.17 billion compared with RM0.53 billion in FY2019, an impressive increase of 500%. This has considerably strengthened the Group's financial position, which enabled the Group to fully settle its syndicated loan of RM654 million during the year. In addition, a total of RM710 million or 87.2% of its Exchangeable Bonds were converted into Ordinary shares of the Company. As at 31 August 2020, the Group was in a net cash position of RM2.34 billion, in turn allowing the funding of ongoing organic capital expenditure, dividend payment, future M&As as well as the acquisition of land bank for business expansion.

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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	2018	2019	2020 (unaudited)
Revenue	1,378	1,529	2,079	2,054	2,315	2,313	2,275	2,511	2,889	3,409	4,221	4,801	7,236
EBITDA	198	288	365	197	298	311	302	442	525	489	694	687	2,547
EBITDA margin	14%	19%	18%	10%	13%	13%	13%	18%	18%	14%	16%	14%	35%
PBT	135	222	305	146	241	242	216	364	442	393	523	424	2,301
PBT margin	10%	15%	15%	7%	10%	11%	10%	15%	15%	12%	12%	9%	32%
Taxation	27	54	55	30	33	39	33	82	80	55	90	56	397
PAT	108	168	250	115	207	203	184	281	362	339	433	368	1,904
PAT margin	8%	11%	12%	6%	9%	9%	8%	11%	13%	10%	10%	8%	26%

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15. Comparison of quarterly financial results with preceding quarter

	4QFY2020 RM'mil	3QFY2020 RM'mil	Variance %
Revenue	3,109	1,688	84
Operating profit	1,628	437	273
Profit before interest and tax	1,616	425	280
Profit before tax	1,624	422	285
Profit after tax	1,326	350	279
Profit attributable to owners of the parent	1,292	348	271

For the 4QFY2020, the Group's Sales Revenue was RM3.11 billion, up by 84%, with growth in Sales Volume (Quantity Sold) of 5% versus 3QFY2020. Meanwhile, Profit Before Tax and Profit After Tax surged by 285% to RM1.62 billion and 279% to RM1.33 billion respectively.

Raw material 4QFY2020 in increasing trend compare 3QFY2020, average natural latex concentrate price increased 3.9% from RM4.39/kg to RM4.56/kg. Nitrile latex price also increased 3.3% from USD0.91/kg to USD0.94/kg.

16. Commentary on prospects and targets

Top Glove will continue to expand its capacity to ensure it is well-positioned to fulfil global glove demand, which is expected to grow from a pre-COVID level of about 10% per annum, to about 15% per annum post-COVID, on the back of increased usage in both the medical and non-medical sectors, as well as heightened hygiene awareness. Notably, Factory F41 which is the Group's first factory in Vietnam, is expected to come onstream in October 2020, the initial production capacity for which is approximately 2.4 billion pieces of gloves from its 10 production lines. The Group has earmarked RM8 billion for CAPEX over the next 6 years from FY2021 to 2026, which will provide us with additional capacity of 100 billion pieces of gloves. The RM8 billion CAPEX will be invested in new capacity, enhancement of existing manufacturing facilities, a gamma sterilisation plant, land bank for future expansion, Industry 4.0 digitalisation and improvements to our workers' facilities.

The Group's blueprints for expansion up to CY2022 are illustrated in the table below.

Factories	To commence production by (Calendar Quarter)	Location	Glove type	Number of production lines	Capacity (pcs per annum)
				1 Double Former (DF) Line = 2 Single Former (SF) Lines	
Current: 35 glove factories				724 Equivalent SF lines	85.5 bn
F37 Block A Lines Refurbishment	3 rd qtr CY20	Kluang, Malaysia	Latex	1 DF lines	0.2 bn
F36 Lines Refurbishment	4 th qtr CY20	Kota Bharu, Malaysia	Nitrile	2 DF lines + 3 SF lines	1.0 bn
F41 1 st Phase Block 1 NEW FACTORY	4 th qtr CY20	Binh Duong, Vietnam	PVC	10 DF lines	2.4 bn
Total new capacity in CY2020				13 DF lines + 3 SF lines	3.6 bn (+4.2%)
Grand total by December 2020 : 36 glove factories				753 Equivalent SF lines	89.1 bn
F40 2 nd Phase	1 st qtr CY21	Klang, Malaysia	Nitrile	8 DF lines	2.3 bn
F8A 1 st Phase NEW FACTORY	1 st qtr CY21	Sadao, Thailand	Nitrile	14 DF lines	4.0 bn
F35 Block A NEW FACTORY	1 st qtr CY21	Klang, Malaysia	Surgical/ Nitrile	6 DF lines	1.7 bn
F38 Block A2 1 st Phase NEW FACTORY	2 nd qtr CY21	Kulim, Malaysia	Nitrile	8 DF lines	2.3 bn
F31 Block C New Lines	2 nd qtr CY21	Klang, Malaysia	Nitrile	7 DF lines	1.9 bn
F37 Block D New Lines	2 nd qtr CY21	Kluang, Malaysia	Nitrile	3 DF lines	0.8 bn
F41 1 st Phase Block 2	3 rd qtr CY21	Binh Duong, Vietnam	PVC	10 DF lines	2.4 bn
Total new capacity in CY2021				56 DF lines	15.4 bn (+17.3%)
Grand total by December 2021 : 39 glove factories				865 Equivalent SF lines	104.5 bn
F38 Block A2 2 nd Phase	1 st qtr CY22	Kulim, Malaysia	Nitrile	4 DF lines	1.1 bn
F42 1 st Phase Block 1 NEW FACTORY	1 st qtr CY22	Banting, Malaysia	Nitrile	12 DF lines	3.4 bn
F45 1 st Phase NEW FACTORY	1 st qtr CY22	Ipoh, Malaysia	Nitrile	16 DF lines	4.5 bn
F37 Block A New Lines	2 nd qtr CY22	Kluang, Malaysia	Nitrile	4 DF lines	1.1 bn
F46 NEW FACTORY	2 nd qtr CY22	Klang, Malaysia	Nitrile	13 DF lines	3.6 bn
F41 2 nd Phase Block 3	3 rd qtr CY22	Binh Duong, Vietnam	PVC	10 DF lines	2.4 bn
Total new capacity in CY2022				59 DF lines	16.1 bn (+15.4%)
Grand total by December 2022 : 42 glove factories				983 Equivalent SF lines	120.6 bn

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16. Commentary on prospects and targets (continued)

Given the present business climate, increased M&A opportunities are also likely to present themselves, thus enabling the Group to expand faster via the inorganic route, in addition to the organic expansion being pursued.

Top Glove noted that the pandemic had adversely impacted several businesses in the country, causing a rise in unemployment. However, the strong global glove demand has bolstered the Malaysian economy during this difficult period, with Top Glove intensifying its hiring and providing business to supporting industries. In the past year, the Group has employed a total of 4,000 local employees, comprising 1,500 local staff and 2,500 local workers to enable it to meet the growing glove demand.

In term of market capitalisation, Top Glove secured its position as the 2nd largest company on Bursa Malaysia and the 9th largest company on SGX, with a market capitalisation of RM68.6 billion and SGD22.6 billion as at 15 September 2020. It also remains a member of the MSCI Global Standard Index, FTSE Bursa Malaysia KLCI Index and Dow Jones Sustainability Indices (DJSI) for Emerging Markets.

The company continues to actively engage with the U.S. Customs Border and Protection towards the expeditious upliftment of the Withhold Release Order (WRO), for which it is making good progress.

The outlook for the company and glove industry remains very promising. With COVID-19, Top Glove estimates that glove demand will grow by 20% per annum in 2020, 25% in 2021 and 15% post-COVID. The continuous increase in sales orders from 195 developed and developing countries across the world, coupled with rapid growth in capacity and significant improvements in productivity through technology augurs well for the Group's results going forward. Notwithstanding news of several promising vaccines in the pipeline, glove demand remains at a supernormal level, as gloves will still be required even when a vaccine becomes available.

The Group's monthly order book has seen a significant rise of about 150% from pre-COVID days while lead time (delivery) has gone up from about 40 days to as much as about 400 days presently. The exceptionally strong demand coupled with higher ASPs bodes well for the Group's results in the coming quarters.

The Group unprecedented performance underlines the effectiveness of ongoing technology-driven improvement initiatives, which focus on quality and cost efficiency, which have enabled the Group to meet the increase in glove demand.

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 Aug 2020 RM'000	31 Aug 2019 RM'000	31 Aug 2020 RM'000	31 Aug 2019 RM'000
Income tax				
Current quarter/year	247,897	6,699	352,725	63,400
(Over) / Under provision	(5,681)	105	(5,585)	(11,867)
Deferred income tax	55,315	(6,871)	50,391	4,208
Real property gain tax	10	57	54	301
	<u>297,541</u>	<u>(10)</u>	<u>397,585</u>	<u>56,042</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.

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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

There were no corporate proposals announced which remain uncompleted during the quarter under review as at the date of this report.

22. Derivative financial instruments

	As at 31 Aug 2020	
	Contract/Notional Amount RM'000	Fair value Liabilities RM'000
Forward currency contracts	289,996	871

As at 31 August 2020, 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 and EURO for which firm commitments existed at the reporting date, extending to November 2020.

During the year to date ended 31 August 2020, the Group recognised a gain of RM786,000 arising from changes in fair value of the forward currency contracts.

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 August 2020, 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: Financial assets at fair value through profit or loss			
• Money market funds (quoted in Malaysia)	1,674,545	0	1,674,545
Liabilities measured at fair value: Derivative financial instruments			
• Fair value liabilities	0	871	871

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The Group loans and borrowings as at 31 August 2020 were as follows:

	As at 31 August 2020		As at 31 August 2019			
	RM'000		RM'000			
Current						
Secured						
Bank borrowings		170		11,860		
		<u>170</u>		<u>11,860</u>		
Unsecured						
Syndicated loan		0		130,882		
Less: Transaction costs		0		(1,168)		
		<u>0</u>		<u>129,714</u>		
Bank borrowings		317,208		893,911		
Term loan		5,941		5,840		
		<u>323,149</u>		<u>1,029,465</u>		
Total current borrowings		<u>323,319</u>		<u>1,041,325</u>		
Non-current						
Secured						
Bank borrowings		33		205		
		<u>33</u>		<u>205</u>		
Unsecured						
Syndicated loan		0		523,528		
Less: Transaction costs		0		(2,833)		
		<u>0</u>		<u>520,695</u>		
Term loan		107,817		18,613		
Exchangeable bonds		109,581		839,856		
		<u>217,398</u>		<u>1,379,164</u>		
Total non-current borrowings		<u>217,431</u>		<u>1,379,369</u>		
Summary of all loans and borrowings						
		Foreign Currency Denominated '000	RM'000		Foreign Currency Denominated '000	RM'000
	USD	33,650	140,473	USD	475,041	2,005,479
	RM	20,363	20,363	RM	91,281	91,281
	THB	351,500	47,000	THB	515,802	71,075
	EUR	48,829	241,484	EUR	34,324	160,047
	JPY	2,340,770	91,430	JPY	2,340,770	92,812
Total loans and borrowings			<u>540,750</u>			<u>2,420,694</u>
Exchange rate RM to USD1.00			4.1745			4.2220
Exchange rate RM to THB1.00			0.1337			0.1378
Exchange rate RM to EUR1.00			4.9505			4.6628
Exchange rate RM to JPY1.00			0.0391			0.0396

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2020 (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 31 Aug 2020 RM'000	Year To Date Ended 31 Aug 2020 RM'000
Interest income	10,881	23,628
Other income including investment income	7,753	28,381
Interest expenses	(2,990)	(53,058)
Depreciation and amortization	(65,412)	(235,264)
Foreign exchange loss	(63,252)	(85,397)
Fair value (loss) / gain on foreign exchange contracts	(51)	786

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

The Board of Directors is pleased to declare a final single tier dividend of 8.5 sen per ordinary share amounting to approximately RM691.8 million for the financial year ended 31 August 2020, payable on 1 December 2020.

The Board of Directors has on 11 June 2020, declared a first single tier interim dividend of 3.33 sen per ordinary share paid on 9 July 2020, amounting to RM269.4 million for the quarter ended 31 May 2020.

The total dividend paid and proposed by the Company in respect of the financial year ended 31 August 2020 is 11.83 sen per ordinary share represented by a payment of approximately RM961.2 million, and a dividend payout ratio of 51%.

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28. Earnings per share

	Quarter Ended		Year To Date Ended	
	31 Aug 2020	31 Aug 2019	31 Aug 2020	31 Aug 2019
Profit net of tax attributable to owners of the parent (RM'000)	1,291,995	74,166	1,866,999	364,678
Net interest savings from assumed exchange of Guaranteed Exchangeable Bonds at inception (RM'000)	1,742	2,832	6,970	16,992
Adjusted profit net of tax attributable to owners of the parent (RM'000)	1,293,737	76,998	1,873,969	381,670
Basic				
Weighted average number of ordinary shares in issue ('000)	8,098,832	7,679,440	8,008,698	7,665,026
Basic earnings per share (sen)	15.95	0.97*	23.31	4.76*
Diluted				
Weighted average number of ordinary shares in issue ('000)	8,098,832	7,679,440	8,008,698	7,665,026
Effect of dilution from:				
Share options ('000)	25,135	1,157	25,135	1,157
Exchangeable bonds ('000)	51,338	393,645	51,338	393,645
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	8,175,305	8,074,242	8,085,171	8,059,828
Diluted earnings per share (sen)	15.82	0.95*	23.18	4.74*

* For comparative purpose, the earnings per share for the quarter and year to date ended 31 August 2019 had been adjusted to reflect the bonus issue of 2 for every 1 existing ordinary share which was completed on 7 September 2020.

29. Comparative figures

The comparative figures in respect of financial year ended 31 August 2019 have been adjusted retrospectively to reflect the effect of the settlement pertaining to the legal proceedings of the Company and its subsidiaries, Top Care Sdn. Bhd. and Aspion Sdn. Bhd. with Adventa Capital Pte. Ltd., ACPL Sdn. Bhd., Low Chin Guan, Wong Chin Toh and Kwek Siew Leng. The net settlement amounted approximately RM240.4 million has been offset against the cost of investment in the Top Care Sdn. Bhd. accounts, and consequently reduced the corresponding goodwill of the Company.

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Condensed Consolidated Statement of Financial Position			
As at 31 August 2019			
Intangibles assets	1,256,376	(240,406)	1,015,970
Other current assets	63,511	240,406	303,917