



TOP GLOVE CORPORATION BHD.

Company No.199801018294 [474423-X]

The World's Largest Manufacturer of Gloves

Website : www.topglove.com

E-mail : invest@topglove.com.my

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2020

	Current Quarter Ended	Corresponding Quarter Ended	Current Year To Date	Corresponding Year To Date
	30/Nov/2020 RM'000	30/Nov/2019 RM'000	30/Nov/2020 RM'000	30/Nov/2019 RM'000
Revenue	4,759,253	1,209,100	4,759,253	1,209,100
Operating expenses	(1,686,164)	(1,076,861)	(1,686,164)	(1,076,861)
Other operating income	23,217	9,345	23,217	9,345
Profit from operations	3,096,306	141,584	3,096,306	141,584
Finance costs	(1,543)	(18,718)	(1,543)	(18,718)
Share of result of associate	762	2,586	762	2,586
Profit before tax	3,095,525	125,452	3,095,525	125,452
Taxation	(690,336)	(13,695)	(690,336)	(13,695)
Profit net of tax	2,405,189	111,757	2,405,189	111,757
Profit attributable to:				
Owners of the parent	2,375,775	111,426	2,375,775	111,426
Holders of Perpetual Sukuk	12,873	0	12,873	0
Non controlling interests	16,541	331	16,541	331
	2,405,189	111,757	2,405,189	111,757
Earnings per share attributable to owners of the parent, sen:				
Basic	29.64	1.50*	29.64	1.50*
Diluted	29.59	1.42*	29.59	1.42*

* For comparative purpose, the earnings per share for the quarter and year to date ended 30 November 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 2020.

TOP GLOVE CORPORATION BHD.

Company No.199801018294 [474423-X]

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2020**

	Current Quarter Ended	Corresponding Quarter Ended	Current Year To Date	Corresponding Year To Date
	30/Nov/2020	30/Nov/2019	30/Nov/2020	30/Nov/2019
	RM'000	RM'000	RM'000	RM'000
Profit net of tax	2,405,189	111,757	2,405,189	111,757
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	182	322	182	322
Foreign currency translation differences of foreign operations	2,950	(167)	2,950	(167)
Cash flow hedge	2,690	18,485	2,690	18,485
Other comprehensive income, net of tax	5,822	18,640	5,822	18,640
Total comprehensive income	2,411,011	130,397	2,411,011	130,397
Total comprehensive income attributable to:				
Owners of the parent	2,381,421	130,051	2,381,421	130,051
Holder of Perpetual Sukuk	12,873	0	12,873	0
Non controlling interests	16,717	346	16,717	346
	2,411,011	130,397	2,411,011	130,397

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 August 2020.

TOP GLOVE CORPORATION BHD.

Company No.199801018294 [474423-X]

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2020**

	Unaudited as at 30/Nov/2020 RM'000	Audited as at 31/Aug/2020 RM'000
ASSETS		
Non current assets		
Property, plant and equipment	3,279,228	3,010,233
Right of use assets	200,352	201,425
Investment property	163,900	163,900
Investment in an associate	11,188	10,425
Deferred tax assets	3,654	19,589
Biological assets	51	28
Investment securities	392	392
Intangible assets	1,011,399	1,012,319
	4,670,164	4,418,311
Current assets		
Inventories	651,969	530,729
Trade and other receivables	993,368	798,805
Other current assets	50,530	74,884
Derivative financial instruments	1,148	45
Investment securities	2,678,510	1,674,631
Cash and bank balances	1,209,912	1,208,559
	5,585,437	4,287,653
Total assets	10,255,601	8,705,964
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	1,058,495	810,824
Contract liabilities	1,089,404	879,386
Loans and borrowings	285,449	314,199
Lease liabilities	1,475	1,442
Income tax payables	649,568	126,673
	3,084,391	2,132,524
Net current assets	2,501,046	2,155,129
Non current liabilities		
Loans and borrowings	148,427	226,340
Lease liabilities	9,365	9,672
Deferred tax liabilities	134,549	141,988
Provisions	4,687	4,557
	297,028	382,557
Total liabilities	3,381,419	2,515,081
Net assets	6,874,182	6,190,883
Equity attributable to owners of the parent		
Share capital	1,815,954	1,675,704
Treasury shares	(1,158,804)	(1,519)
Retained earnings	4,813,473	3,131,530
Other reserves	69,881	65,040
	5,540,504	4,870,755
Perpetual Sukuk	1,295,262	1,295,262
Non controlling interests	38,416	24,866
Total equity	6,874,182	6,190,883
Total equity and liabilities	10,255,601	8,705,964
Net assets per share attributable to ordinary equity holders of the parent, RM	0.69	0.60*

* For comparative purpose, the net assets per share attributable to ordinary equity holders of the parent as at 31 August 2020 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 30 NOVEMBER 2020

	Attributable to owners of the parent												
	Total equity RM'000	Total equity attributable to owners of the parent 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	Non controlling interests RM'000
3 months ended 30 November 2020													
Opening balance at 1 September 2020	6,190,883	4,870,755	1,675,704	(1,519)	44,549	10,088	5,319	(2,690)	7,774	0	3,131,530	1,295,262	24,866
Profit net of tax	2,405,189	2,375,775	0	0	0	0	0	0	0	0	2,375,775	12,873	16,541
Other comprehensive income	5,822	5,646	0	0	2,774	0	0	2,690	0	182	0	0	176
Total comprehensive income	2,411,011	2,381,421	0	0	2,774	0	0	2,690	0	182	2,375,775	12,873	16,717
Transactions with owners													
Issuance of ordinary shares pursuant to ESOS	34,042	34,042	34,042	0	0	0	0	0	0	0	0	0	0
Issuance of ordinary shares pursuant to conversion of exchangeable bonds	104,387	104,387	104,387	0	0	0	0	0	0	0	0	0	0
Transfer from share option reserve	0	0	2,316	0	0	0	(2,316)	0	0	0	0	0	0
Transaction cost	(495)	(495)	(495)	0	0	0	0	0	0	0	0	0	0
Transfer to tax incentive reserve	0	0	0	0	0	0	0	0	1,511	0	(1,511)	0	0
Purchase of treasury shares	(1,157,285)	(1,157,285)	0	(1,157,285)	0	0	0	0	0	0	0	0	0
Distribution to holders of Perpetual Sukuk	(12,873)	0	0	0	0	0	0	0	0	0	0	(12,873)	0
Dividends on non controlling interests	(3,167)	0	0	0	0	0	0	0	0	0	0	0	(3,167)
Dividends on ordinary shares	(692,321)	(692,321)	0	0	0	0	0	0	0	0	(692,321)	0	0
Total transactions with owners	(1,727,712)	(1,711,672)	140,250	(1,157,285)	0	0	(2,316)	0	1,511	0	(693,832)	(12,873)	(3,167)
Closing balance at 30 November 2020	6,874,182	5,540,504	1,815,954	(1,158,804)	47,323	10,088	3,003	0	9,285	182	4,813,473	1,295,262	38,416
3 months ended 30 November 2019													
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
Effect of adoption of MRFS 16	(54)	(54)	0	0	0	0	0	0	0	0	(54)	0	0
Adjusted balance at 1 September 2019	2,554,087	2,536,901	788,326	(1,781)	51,645	10,088	8,995	(80,291)	5,926	2,084	1,751,909	0	17,186
Profit net of tax	111,757	111,426	0	0	0	0	0	0	0	0	111,426	0	331
Other comprehensive income/(loss)	18,640	18,625	0	0	(182)	0	0	18,485	0	322	0	0	15
Total comprehensive income	130,397	130,051	0	0	(182)	0	0	18,485	0	322	111,426	0	346
Transactions with owners													
Transfer to tax incentive reserve	0	0	0	0	0	0	0	0	271	0	(271)	0	0
Transaction cost	(4)	(4)	(4)	0	0	0	0	0	0	0	0	0	0
Dividends on ordinary shares	(102,393)	(102,393)	0	0	0	0	0	0	0	0	(102,393)	0	0
Total transactions with owners	(102,397)	(102,397)	(4)	0	0	0	0	0	271	0	(102,664)	0	0
Closing balance at 30 November 2019	2,582,087	2,564,555	788,322	(1,781)	51,463	10,088	8,995	(61,806)	6,197	2,406	1,760,671	0	17,532

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 2020.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
AS AT 30 NOVEMBER 2020**

	Current Year To Date Ended 30/Nov/2020 RM'000	Corresponding Year To Date Ended 30/Nov/2019 RM'000
Operating activities		
Profit before tax	3,095,525	125,452
Depreciation and amortisation	70,689	54,393
Other adjustments	(10,763)	13,718
Operating cash flows before changes in working capital	3,155,451	193,563
Changes in working capital		
Net changes in current assets	(281,875)	(29,633)
Net changes in current liabilities	443,365	(29,766)
Cash flows from operating activities	3,316,941	134,164
Interest paid	(1,429)	(18,661)
Income taxes paid	(158,916)	(17,879)
Net cash flows generated from operating activities	3,156,596	97,624
Investing activities		
Placement of investment securities	(1,003,695)	(32,712)
Purchase of property, plant and equipment	(342,244)	(185,040)
Proceeds from disposal of property, plant and equipment	75	177
Interest received	11,928	1,725
Net cash flows used in investing activities	(1,333,936)	(215,850)
Financing activities		
Dividends paid on ordinary shares	(692,321)	0
Dividends paid on non controlling interests	(3,167)	0
Proceeds from issuance of ordinary shares pursuant to ESOS	34,042	0
Transaction cost	(495)	(4)
Purchase of treasury shares	(1,157,285)	0
Payment of principal portion of lease liabilities	(534)	(524)
(Repayment)/drawdown of loans and borrowings	(1,547)	107,182
Net cash flows (used in)/generated from financing activities	(1,821,307)	106,654
Net increase/(decrease) in cash and cash equivalents	1,353	(11,572)
Cash and cash equivalents at 1 September 2020 / 2019	1,208,559	165,782
Cash and cash equivalents at 30 November 2020 / 2019	1,209,912	154,210

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 August 2020.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 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 2020. 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 2020.

The audited financial statements of the Group for the year ended 31 August 2020 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 2020 except for the adoption of the following amendments to MFRSs:

Description

Amendments to MFRS 3: Definition of a Business

Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform

Amendments to MFRS 108 and MFRS 101: Definition of Material

Amendment to MFRS 16 Leases: Covid-19-Related Rent Concessions

The adoption of the above amendments to MRFSS do not have a material impact on the financial statements of the Group.

2. Auditors' report

The audited financial statements for the financial year ended 31 August 2020 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 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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2020 (CONTINUED)

6. Changes in debts and equity securities

- a) As at the quarter ended 30 November 2020, a total of 5,418,718,116 new ordinary shares were issued pursuant to the Company's Bonus Issue exercise, a total of 18,604,300 and 50,351,869 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 30 November 2020 are as follows:

	No. of shares	RM'000
As at 31 August 2020	2,708,825,249	1,675,704
Ordinary shares issued pursuant to Bonus Issue	5,418,718,116	0
Ordinary shares issued pursuant to the ESOS	18,604,300	36,358
Ordinary shares issued pursuant to the conversion of exchangeable bonds	50,351,869	104,387
Transaction cost	0	(495)
As at 30 November 2020	8,196,499,534	1,815,954

- b) During the current quarter, the Company repurchased 158,036,900 ordinary shares from the open market at an average price of RM 7.32 per share. The total consideration paid including transaction costs was RM1.16 billion, which was financed by internally generated funds. Of the total 8,196,499,534 issued and fully paid ordinary shares as at 30 November 2020, 160,021,700 ordinary shares are held as treasury shares by the Company.

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 30 November 2020.

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	11.83	961,732
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		2,531,552

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

- a) 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.
- b) 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 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.

3 months ended 30 November 2020

	Malaysia RM'000	Thailand RM'000	China RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<u>Revenue</u>						
External sales	4,003,059	357,202	137,490	261,502	0	4,759,253
Intersegment sales	159,167	108,092	0	0	(267,259)	0
Total Revenue	<u>4,162,226</u>	<u>465,294</u>	<u>137,490</u>	<u>261,502</u>	<u>(267,259)</u>	<u>4,759,253</u>
<u>Result</u>						
Segment profit	2,702,861	242,166	77,061	74,218	0	3,096,306
Finance cost	(1,117)	(159)	0	(267)	0	(1,543)
Share of result of associate	762	0	0	0	0	<u>762</u>
Profit before tax						<u><u>3,095,525</u></u>
<u>Assets</u>						
Segment assets	7,669,536	743,410	290,806	556,316	995,533	<u>10,255,601</u>
Intangible assets	1,011,399	0	0	0	0	<u>1,011,399</u>
<u>Liabilities</u>						
Segment liabilities	2,123,810	143,828	148,587	181,077	784,117	<u>3,381,419</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.

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.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2020 (CONTINUED)**

12. Contingent liabilities

A nominal amount of RM434 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 RM639.7 million.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2020 (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 2020 ("1QFY2021") with the corresponding period last financial year is as follows:

	1QFY2021 RM'mil	1QFY2020 RM'mil	Variance %
Revenue	4,759	1,209	294
Operating profit	3,096	142	2,080
Profit before interest and tax	3,085	142	2,073
Profit before tax	3,096	125	2,377
Profit after tax	2,405	112	2,047
Profit after tax attributable to owners of the parent	2,376	111	2,041

For the quarter ended 1QFY2021, Top Glove attained the highest ever quarterly Sales Revenue of RM4.76 billion, representing an increase of 294% compared with 1QFY2020. Profit after tax attributable to owners of the parent surged by 20 times to RM2.38 billion, exceeding the Group's profit for the full FY2020. Meanwhile, Sales Volume grew by 34% versus 1QFY2020.

The Group's robust Sales figures were attributed to the strong demand for gloves in both developing and emerging markets, owing to the ongoing global pandemic. The improved Profit came on the back of higher sales output, high utilisation levels which amplified production efficiency, as well as higher average selling prices (ASPs) in line with market pricing. Moreover, ongoing technological advancements towards automation and digitalisation initiatives, effective talent development, as well as continuous innovation, quality and productivity enhancements which the Group continued to embark on, also contributed to the improved bottomline.

The uptrend in raw material prices continued, as natural latex concentrate increased by 18% to an average of RM5.14/kg and nitrile latex up 24% to an average of USD1.31/kg compare to 1QFY2020, driven by less favourable weather conditions and supply constraints, against a backdrop of increased glove demand.

Keeping to its firm commitment to reward its approximately 100,000 public shareholders, Top Glove has commenced quarterly dividend payments for FY2021, with a higher dividend payment incorporating a special dividend of 6%, where the total dividend per share of 16.5 sen for this quarter 1QFY2021 far exceeds the full year dividend for FY2020. The dividend ex-date is 24 December 2020 and it is payable on 11 January 2021. The total dividend payout ratio of 56% of the Profit after tax attributable to owners of the parent, which exceeds its established dividend payout policy of 50%, includes the 6% special dividend in light of the Group's extra good performance and in appreciation of its shareholders' support.

As at 30 November 2020, the Group was in a net cash position of RM3.45 billion.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2020 (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	2018	2019	2020	3MFY2021 (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	7,237	4,759
EBITDA	198	288	365	197	298	311	302	442	525	489	694	687	2,421	3,156
EBITDA margin	14%	19%	18%	10%	13%	13%	13%	18%	18%	14%	16%	14%	33%	66%
PBT	135	222	305	146	241	242	216	364	442	393	523	424	2,166	3,096
PBT margin	10%	15%	15%	7%	10%	11%	10%	15%	15%	12%	12%	9%	30%	65%
Taxation	27	54	55	30	33	39	33	82	80	55	90	56	377	691
PAT	108	168	250	115	207	203	184	281	362	339	433	368	1,789	2,405
PAT margin	8%	11%	12%	6%	9%	9%	8%	11%	13%	10%	10%	8%	25%	51%

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2020 (CONTINUED)

15. Comparison of quarterly financial results with preceding quarter

	1QFY2021 RM'mil	4QFY2020 RM'mil	Variance %
Revenue	4,759	3,111	53
Operating profit	3,096	1,492	108
Profit before interest and tax	3,085	1,480	108
Profit before tax	3,096	1,488	108
Profit after tax	2,405	1,211	99
Profit after tax attributable to owners of the parent	2,376	1,178	102

For the 1QFY2021, the Group's Sales Revenue was RM4.76 billion, up by 53%. Meanwhile, Profit after tax attributable to the owners of the parent doubled to RM2.38 billion.

Raw material 1QFY2021 in increasing trend compare 4QFY2020, average natural latex concentrate price increased 13% from RM4.56/kg to RM5.14/kg. Nitrile latex price also increased 39% from USD0.94/kg to USD1.31/kg.

16. Commentary on prospects and targets

In line with strong global glove demand which is estimated to grow from a pre-pandemic level of about 10% per annum, to about 15% per annum post-pandemic following increase in usage coupled with heightened hygiene awareness, the Group will continue to pursue organic expansion, inorganic expansion and strategic investments. The Group has earmarked RM10 billion for CAPEX over the next 5 years from FY2021 to FY2025, which will increase capacity by an additional 100 billion pieces of gloves and its organic expansion plans are as below:

Factories	To commence production by (Calendar Quarter)	Country	Glove type	Number of production lines	Capacity (pcs per annum)
				1 Double Former (DF) Line = 2 Single Former (SF) Lines	
Current: 36 glove factories				750 Equivalent SF lines	90.0 bn
F40 2 nd Phase	1 st qtr CY21	Klang, Malaysia	Nitrile	8 DF lines	2.4 bn
F8A 1 st Phase NEW FACTORY	1 st qtr CY21	Sadao, Thailand	Nitrile	14 DF lines	4.2 bn
F35 Block A NEW FACTORY	1 st qtr CY21	Klang, Malaysia	Surgical/ Nitrile	6 DF lines	1.8 bn
F36 Lines Refurbishment	1 st qtr CY21	Kota Bharu, Malaysia	Surgical / Latex	3 SF lines	0.5 bn
F15 New Lines	2 nd qtr CY21	Xing Hua, China	PVC	2 DF lines	0.6 bn
F38 Block A2 1 st Phase NEW FACTORY	2 nd qtr CY21	Kulim, Malaysia	Nitrile	8 DF lines	2.4 bn
F31 Block C New Lines	2 nd qtr CY21	Klang, Malaysia	Nitrile	7 DF lines	2.1 bn
F37 Block A New Lines	3 rd qtr CY21	Kluang, Malaysia	Nitrile	4 DF lines	1.2 bn
F41 1 st Phase Block 2	3 rd qtr CY21	Binh Duong, Vietnam	PVC	10 DF lines	2.8 bn
Total new capacity in CY2021				59 DF lines + 3 SF lines	18 bn (+20%)
Grand total by December 2021 : 39 glove factories				871 Equivalent SF lines	108 bn
F38 Block A2 2 nd Phase	1 st qtr CY22	Kulim, Malaysia	Nitrile	4 DF lines	1.2 bn
F42 1 st Phase Block 1 NEW FACTORY	1 st qtr CY22	Banting, Malaysia	Nitrile	12 DF lines	3.6 bn
F45 1 st Phase NEW FACTORY	1 st qtr CY22	Ipoh, Malaysia	Nitrile	16 DF lines	4.8 bn
F37 Block D New Lines	2 nd qtr CY22	Kluang, Malaysia	Nitrile	3 DF lines	0.9 bn
F46 NEW FACTORY	2 nd qtr CY22	Klang, Malaysia	Nitrile	13 DF lines	3.9 bn
F8A 2 nd Phase	2 nd qtr CY22	Sadao, Thailand	Nitrile/ Latex	14 DF lines	4.0 bn
F41 2 nd Phase Block 3	3 rd qtr CY22	Binh Duong, Vietnam	PVC	10 DF lines	2.6 bn
Total new capacity in CY2022				72 DF lines	21 bn (+19.4%)
Grand total by December 2022 : 42 glove factories				1,015 Equivalent SF lines	129 bn

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2020 (CONTINUED)

16. Commentary on prospects and targets (continued)

The Company has implemented COVID-19 preventive SOPs since the start of the pandemic and these continue to be adhered to on a stringent basis and strengthened as required, towards ensuring the safety, health and well-being of its employees.

Efforts to source for more worker accommodation and to improve existing accommodation have been ongoing in consideration of the large number of workers, for which the Group has already invested RM70 million. In addition, the Group has spent some RM20 million on purchasing 100 units of apartments over the past two months and is also renting more houses for its workers. In the mid-term, the Group has earmarked approximately RM100 million to be invested in workers' facilities and accommodation, which includes building mega hostels in Selangor (Klang and Banting) with a combined capacity of 7,300 pax and are fully equipped with a suite of amenities and facilities. The CAPEX for the new mega hostels is around RM70 million and the hostels are expected to be ready by 2022. The Group is also building and acquiring additional houses, apartments and hostels in other states where it has operations.

A glowing testament to the Company's good practices in the Economic, Environmental, Social and Governance (EESG) space, Top Glove has been listed on the Dow Jones Sustainability Indices (DJSI) under the Emerging Markets category for the 2nd year running. This year, it is the only Malaysian company to be listed on the 2020 DJSI, ranking 13th out of a total of 73 healthcare companies across all DJSI indices, outperforming 83% of its industry peers. Top Glove was also honoured at the prestigious The Edge Billion Ringgit Club Awards Malaysia, where we received an award for *Highest Return to Shareholders Over Three (3) Years* under the category of *Super Big Cap Companies* (above RM40 billion).

Top Glove remains hopeful of an effective vaccine to address the dire situation and is encouraged by reports of developments and progress made in recent days. However, even with a vaccine, gloves will still be needed for testing and administering the vaccine. Pre-pandemic, global glove demand was already growing about 10% and is expected to continue to grow steadily driven by strong market fundamentals across all geographies. While demand will stabilise post-pandemic, it will not revert to pre-pandemic levels owing to increased hygiene awareness.

The challenging and competitive landscape notwithstanding, the Company maintains an optimistic outlook on prospects. With the pandemic, Top Glove estimates that glove demand will keep growing, by 20% per annum in 2020, 25% per annum in 2021 and 15% per annum post-pandemic. The steady increase in sales orders from its loyal customers in 195 countries across the world, alongside capacity building plans and technology-driven quality, productivity and efficiency improvements, bode well for the Group's performance going forward.

17. Variance of actual profits from forecast profits

Not applicable as no profit forecast was issued.

18. Taxation

	Quarter Ended and Year To Date Ended	
	30 Nov 2020	30 Nov 2019
	RM'000	RM'000
Income tax		
Current quarter/year	681,811	18,515
Under provision in respect of previous year	0	132
Deferred income tax	8,525	(4,963)
Real property gain tax	0	11
	<u>690,336</u>	<u>13,695</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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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
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20. Purchase and disposal of quoted securities

**Quarter Ended and
Year To Date Ended
30 Nov 2020
RM'000**

Placement of quoted securities

1,003,695

Other than the above, there was no other 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 30 November 2020

Contract/Notional Amount RM'000	Fair value Assets RM'000
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Forward currency contracts

274,835

1,148

As at 30 November 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 February 2021.

During the year to date ended 30 November 2020, the Group recognised a gain of RM1.1 million 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 30 November 2020, the Group held the following financial assets 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 other Other comprehensive income			
• Debt securities (quoted outside Malaysia)	52,127	0	52,127
Financial assets at fair value through profit or loss			
• Money market funds (quoted in Malaysia)	2,626,383	0	2,626,383
Derivative financial instruments			
• Fair value liabilities	0	1,148	1,148

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 30 NOVEMBER 2020 (CONTINUED)****24. Group loans and borrowings**

The Group loans and borrowings as at 30 November 2020 were as follows:

	As at 30 Nov 2020		As at 30 Nov 2019			
		RM'000		RM'000		
Current						
Secured						
Bank borrowings		0		6,973		
Term Loan		2,033		1,939		
		<u>2,033</u>		<u>8,912</u>		
Unsecured						
Syndicated loan		0		129,310		
Less: Transaction costs		0		(1,138)		
		<u>0</u>		<u>128,172</u>		
Bank borrowings		279,481		1,050,856		
Term loan		3,935		3,177		
		<u>283,416</u>		<u>1,182,205</u>		
Total current borrowings		<u>285,449</u>		<u>1,191,117</u>		
Non-current						
Secured						
Bank borrowings		0		147		
Term Loan		3,658		6,031		
		<u>3,658</u>		<u>6,178</u>		
Unsecured						
Syndicated loan		0		452,586		
Less: Transaction costs		0		(2,559)		
		<u>0</u>		<u>450,027</u>		
Term loan		144,769		11,006		
Exchangeable bonds		0		838,524		
		<u>144,769</u>		<u>1,299,557</u>		
Total non-current borrowings		<u>148,427</u>		<u>1,305,735</u>		
Summary of all loans and borrowings						
		Foreign Currency Denominated '000	RM'000	Foreign Currency Denominated '000	RM'000	
	USD	12,400	50,456	USD	495,807	2,066,072
	RM	18,477	18,477	RM	71,430	71,430
	THB	91,060	12,238	THB	670,702	92,546
	EUR	53,729	261,064	EUR	38,670	177,621
	JPY	2,340,770	91,641	JPY	2,340,770	89,183
Total loans and borrowings			<u>433,876</u>			<u>2,496,852</u>
Exchange rate RM to USD1.00			4.0690			4.1713
Exchange rate RM to THB1.00			0.1344			0.1380
Exchange rate RM to EUR1.00			4.8698			4.5932
Exchange rate RM to JPY1.00			0.0392			0.0381

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
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25. 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 2020 RM'000
Interest income	11,928
Other income including investment income	11,289
Interest expenses	(1,543)
Depreciation and amortization	(70,689)
Foreign exchange gain	830
Fair value gain on foreign exchange contracts	1,100

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 first single tier dividend of 16.5 sen per ordinary share amounting to approximately RM 1.33 billion for the first quarter ended 30 November 2020, payable on 11 January 2021.

28. Earnings per share

	Quarter Ended and Year To Date Ended	
	30 Nov 2020	30 Nov 2019
Basic		
Profit net of tax attributable to owners of the parent (RM'000)	2,375,775	111,426
Net interest savings from assumed exchange of Guaranteed Exchangeable Bonds at inception (RM'000)	0	8,545
Adjusted profit net of tax attributable to owners of the parent (RM'000)	<u>2,375,775</u>	<u>119,971</u>
Weighted average number of ordinary shares in issue ('000)	8,015,659	7,976,981
Basic earnings per share (sen)	<u>29.64</u>	<u>1.50*</u>
Diluted		
Weighted average number of ordinary shares in issue ('000)	8,015,659	7,976,981
Effect of dilution from:		
Share options ('000)	12,109	94,421
Exchangeable bonds ('000)	0	400,357
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>8,027,768</u>	<u>8,471,759</u>
Diluted earnings per share (sen)	<u>29.59</u>	<u>1.42*</u>

* For comparative purpose, the earnings per share for the quarter and year to date ended 30 November 2019 had been adjusted to reflect the bonus issue of 2 for every 1 existing ordinary share which was completed on 7 September 2020.