



TOP GLOVE CORPORATION BHD.

(Company No. 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 2019

	Current Quarter Ended	Corresponding Quarter Ended (Restated)	Current Year To Date	Corresponding Year To Date (Restated)
	31-Aug-2019	31-Aug-2018	31-Aug-2019	31-Aug-2018
	RM'000	RM'000	RM'000	RM'000
Revenue	1,189,594	1,223,612	4,801,759	4,220,742
Operating expenses	(1,098,644)	(1,081,407)	(4,338,200)	(3,715,259)
Other operating income	11,505	15,871	48,167	47,948
Profit from operations	102,455	158,076	511,726	553,431
Finance costs	(20,721)	(19,785)	(79,281)	(36,772)
Share of result of associate	(574)	(658)	(1,697)	1,697
Profit before tax	81,160	137,633	430,748	518,356
Taxation	(1,084)	(44,219)	(57,136)	(89,621)
Profit net of tax	80,076	93,414	373,612	428,735
Profit attributable to:				
Owners of the parent	80,052	92,333	370,564	424,359
Non-controlling interests	24	1,081	3,048	4,376
	80,076	93,414	373,612	428,735
Earnings per share attributable to owners of the parent (sen) :				
Basic	3.13	3.61*	14.47	16.59*
Diluted	3.12	3.61*	14.46	16.59*

* For comparative purpose, the earnings per share for the quarter and year to date ended 31 August 2018 had been adjusted to reflect the bonus issue of 1 bonus share for every 1 existing ordinary share which was completed on 29 October 2018.

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 2018.

TOP GLOVE CORPORATION BHD.

(Company No. 474423-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2019**

	Current Quarter Ended	Corresponding Quarter Ended (Restated)	Current Year To Date	Corresponding Year To Date (Restated)
	31-Aug-2019	31-Aug-2018	31-Aug-2019	31-Aug-2018
	RM'000	RM'000	RM'000	RM'000
Profit net of tax	80,076	93,414	373,612	428,735
Other comprehensive income/(loss):				
Net movement on debt instrument at fair value through other comprehensive income	1,856	(1,804)	3,247	(2,465)
Foreign currency translation differences of foreign operations	1,736	4,067	16,130	(18,353)
Net movement on cash flow hedge	(8,866)	(44,351)	(38,949)	(41,504)
Other comprehensive loss	(5,274)	(42,088)	(19,572)	(62,322)
Total comprehensive income	74,802	51,326	354,040	366,413
Total comprehensive income attributable to:				
Owners of the parent	74,475	49,946	349,871	362,030
Non-controlling interest	327	1,380	4,169	4,383
	74,802	51,326	354,040	366,413

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 August 2018.

TOP GLOVE CORPORATION BHD.(Company No. 474423-X)
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2019**

	Unaudited as at 31-Aug-2019 RM'000	Audited as at 31-Aug-2018 (Restated) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	2,463,502	2,104,751
Land use rights	178,654	127,029
Investment properties	163,900	163,900
Investment in associate	-	1,697
Deferred tax assets	52,441	19,271
Intangible asset	35,447	38,977
Investment	392	392
Goodwill	1,220,912	1,221,097
	4,115,248	3,677,114
Current assets		
Inventories	615,136	505,861
Trade and other receivables	596,525	637,287
Other current assets	76,573	105,166
Investment securities	86,426	193,714
Cash and bank balances	158,841	165,197
	1,533,501	1,607,225
Total assets	5,648,749	5,284,339
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	470,614	499,971
Other current liabilities	48,115	59,248
Loans and borrowings	1,041,840	882,575
Tax payable	5,928	8,740
Derivative financial instruments	1,632	856
Dividend payable	102,393	-
	1,670,522	1,451,390
Net current (liabilities) / assets	(137,021)	155,835
Non-current liabilities		
Loans and borrowings	1,378,839	1,330,359
Deferred tax liabilities	152,967	116,304
Provisions	3,190	719
	1,534,996	1,447,382
Total liabilities	3,205,518	2,898,772
Net assets	2,443,231	2,385,567
Equity attributable to equity holders of the company		
Share capital	788,326	787,709
Treasury shares	(1,781)	(9,325)
Retained earnings	1,644,497	1,586,917
Other reserves	(4,884)	4,916
	2,426,158	2,370,217
Non-controlling interest	17,073	15,350
Total equity	2,443,231	2,385,567
Total equity and liabilities	5,648,749	5,284,339
Net assets per share (RM)	0.95	0.93*

* For comparative purpose, the net assets per share for 31 August 2018 had been adjusted to reflect the bonus issue of 1 bonus share for every 1 existing ordinary share which was completed on 29 October 2018.

TOP GLOVE CORPORATION BHD

 (Company No. 474423-X)
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 AS AT 31 AUGUST 2019**

	← Attributable to owners of the parent →											Non-controlling interest
	Equity attributable to owners of the parent, total	← Non distributable →					Distributable					
	Equity, total	Share capital	Treasury shares	Foreign exchange reserve	Legal reserve	Share option reserve	Cash flow hedge reserve	Other reserve	Fair value adjustment reserve	Retained earnings (Restated)		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
12 months ended 31 August 2019												
Opening balance at 1 September 2018 (restated)	2,385,567	2,370,217	787,709	(9,325)	35,340	10,314	1,929	(41,504)	-	(1,163)	1,586,917	15,350
Total comprehensive income	354,040	349,871	-	-	15,009	-	-	(38,949)	-	3,247	370,564	4,169
Transactions with owners												
Issuance of ordinary shares pursuant to ESOS	576	576	576	-	-	-	-	-	-	-	-	-
Issuance of shares to non-controlling interest ("NCI")	250	-	-	-	-	-	-	-	-	-	-	250
Share options granted under ESOS	7,197	7,197	-	-	-	-	7,197	-	-	-	-	-
Equity component of exchangeable bonds	1,433	1,433	-	-	-	-	-	-	1,433	-	-	-
Transfer from share option reserve	-	-	41	-	-	-	(131)	-	-	-	90	-
Transfer to legal reserve	-	-	-	-	-	2,394	-	-	-	-	(2,394)	-
Transfer to employee share grant scheme	2,716	2,716	-	1,327	-	-	-	-	-	-	1,389	-
Resale of treasury share	13,936	13,936	-	6,217	-	-	-	-	-	-	7,719	-
Dividend on ordinary shares	(322,484)	(319,788)	-	-	-	-	-	-	-	-	(319,788)	(2,696)
Total transactions with owners	(296,376)	(293,930)	617	7,544	-	2,394	7,066	-	1,433	-	(312,984)	(2,446)
Closing balance at 31 August 2019	2,443,231	2,426,158	788,326	(1,781)	50,349	12,708	8,995	(80,453)	1,433	2,084	1,644,497	17,073
12 months ended 31 August 2018												
Opening balance at 1 September 2017	2,064,432	2,055,231	636,644	(9,739)	53,700	4,929	2,568	-	-	1,302	1,365,827	9,201
Total comprehensive income (restated)	366,413	362,030	-	-	(18,360)	-	-	(41,504)	-	(2,465)	424,359	4,383
Transactions with owners												
Issuance of ordinary shares pursuant to ESOS	11,972	11,972	11,972	-	-	-	-	-	-	-	-	-
Issuance of ordinary shares	137,000	137,000	137,000	-	-	-	-	-	-	-	-	-
Issuance of shares to non-controlling interest ("NCI")	1,500	-	-	-	-	-	-	-	-	-	-	1,500
Share options granted under ESOS	1,932	1,932	-	-	-	-	1,932	-	-	-	-	-
Acquisition of subsidiary	6,519	-	-	-	-	-	-	-	-	-	-	6,519
Acquisition of equity interest of NCI	(3,376)	(2,778)	-	-	-	-	-	-	-	-	(2,778)	(598)
Transfer from share option reserve	-	-	2,093	-	-	-	(2,093)	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	(478)	-	-	-	478	-
Transfer to legal reserve	-	-	-	-	-	5,385	-	-	-	-	(5,385)	-
Transfer to employee share grant scheme	975	975	-	414	-	-	-	-	-	-	561	-
Dividend on NCI	(5,655)	-	-	-	-	-	-	-	-	-	-	(5,655)
Dividend on ordinary shares	(196,145)	(196,145)	-	-	-	-	-	-	-	-	(196,145)	-
Total transactions with owners	(45,278)	(47,044)	151,065	414	-	5,385	(639)	-	-	-	(203,269)	1,766
Closing balance at 31 August 2018 (restated)	2,385,567	2,370,217	787,709	(9,325)	35,340	10,314	1,929	(41,504)	-	(1,163)	1,586,917	15,350

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
AS AT 31 AUGUST 2019**

	Current Year To Date Ended 31-Aug-2019	Corresponding Year To Date Ended 31-Aug-2018 (Restated)
	RM'000	RM'000
Operating activities		
Profit before taxation	430,748	518,356
Depreciation and amortisation	195,048	145,660
Other adjustments	92,610	41,765
Operating cash flows before changes in working capital	<u>718,406</u>	<u>705,781</u>
Changes in working capital		
Net change in current assets	(38,305)	(245,025)
Net change in current liabilities	(35,013)	(34,660)
Cash flows from operating activities	<u>645,088</u>	<u>426,096</u>
Interest paid	(79,281)	(36,772)
Tax paid	(56,769)	(52,134)
Net cash flows generated from operating activities	<u>509,038</u>	<u>337,190</u>
Investing activities		
Disposal of investment securities	109,045	9,545
Purchase of property, plant and equipment	(632,168)	(461,774)
Proceeds from disposal of property, plant and equipment	10,638	18,916
Net cash outflow on acquisition of subsidiaries	-	(1,270,542)
Acquisition of equity interest of non-controlling interest	-	(3,376)
Interest received	10,086	12,256
Increase in bank balances pledged with banks	-	1,549
Net cash flows used in investing activities	<u>(502,399)</u>	<u>(1,693,426)</u>
Financing activities		
Dividend paid on ordinary shares	(217,395)	(196,145)
Dividend paid on non-controlling interest	(2,696)	(5,655)
Issuance of shares to non-controlling interest	250	1,500
Proceeds from issuance of shares	576	11,972
Proceeds from sale of treasury shares	13,936	-
Drawdown of loans and borrowings	192,334	1,471,242
Net cash flows (used in) / generated from financing activities	<u>(12,995)</u>	<u>1,282,914</u>
Net decrease in cash and cash equivalents	<u>(6,356)</u>	<u>(73,322)</u>
Cash and cash equivalents at 1 September 2018 / 2017	<u>165,197</u>	<u>238,519</u>
Cash and cash equivalents at 31 Aug 2019 / 2018	<u>158,841</u>	<u>165,197</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 August 2018.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2019**

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 2018. 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 2018.

The audited financial statements of the Group for the year ended 31 August 2018 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 2018 except for the adoption of the following new MFRS and Issue Committee Interpretations ("IC Interpretations"):

Description

MFRS 9 Financial Instruments

MFRS 15 Revenue from Contracts with Customers

Clarifications to MFRS 15 Revenue from Contracts with Customers

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Amendments to MFRS 140: Transfers of Investment Property

IC Interpretation 22: Foreign Currency Transactions and Advance Consideration

Annual Improvements to MFRS Standards 2014 – 2016 Cycle

The adoption of the above mentioned standards did 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 2018 was not subject to any qualification.

3. Seasonal or cyclical factors

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

4. Extraordinary and exceptional items

There were no extraordinary and exceptional items of unusual nature affecting assets, liabilities, equity, net income, or cash flows in the interim financial period ended 31 August 2019.

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 FOURTH QUARTER ENDED 31 AUGUST 2019 (CONTINUED)

6. Changes in debts and equity securities

- a) As at the quarter ended 31 August 2019, a total of 1,700 new ordinary shares were issued pursuant to the exercise of the ESOS. Details of the issued and paid up capital of the Company as at 31 August 2019 are as follows:

	No. of shares	RM'000
As at 31 May 2019	2,560,587,648	788,249
Ordinary shares issued pursuant to the ESOS	1,700	77
As at 31 August 2019	2,560,589,348	788,326

- b) During the year, a total of 584,100 treasury shares were transferred to eligible employees under employee share grant scheme for RM2.7million; the gain had been recorded in the retained earnings account of the Company.
- c) During the year, a total of 2,781,700 treasury shares were resold to the open market for a total net consideration of RM11.2million; the gain in these sales have been recorded in the retained earnings account of the Company.

Other than the above, there were no issuance and repayment of debt and equity securities, as well as share cancellations 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)
2019	3.50 (interim)	89,566
2018	8.50	217,282
2017	7.25	181,936
2016	7.25	181,655
2015	5.75	143,143
2014	4.00	99,009
2013	4.00	99,252
2012	4.00	99,038
2011	2.75	68,035
2010	4.00	98,877
2009	2.75	65,873
2008	1.38	32,389
2007	1.15	27,435
2006	0.92	21,173
2005	0.67	14,110
2004	0.59	12,295
2003	0.46	9,550
2002	0.14	2,808
2001	0.20	4,000
Total		1,467,426

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 and 100% in October 2018.
- 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 FOURTH QUARTER ENDED 31 AUGUST 2019 (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 2019

	Malaysia RM'000	Thailand RM'000	China RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<u>Revenue</u>						
External sales	4,082,909	397,037	88,734	233,079	-	4,801,759
Intersegment sales	104,059	330,734	1,963	-	(436,756)	-
Total Revenue	<u>4,186,968</u>	<u>727,771</u>	<u>90,697</u>	<u>233,079</u>	<u>(436,756)</u>	<u>4,801,759</u>
<u>Result</u>						
Segment profit	479,837	27,418	(4,118)	8,589	-	511,726
Finance cost						(79,281)
Share of result of associate						(1,697)
Profit before tax						<u>430,748</u>
<u>Assets</u>						
Segment assets	3,637,562	349,205	77,153	311,476	1,273,353	<u>5,648,749</u>
Goodwill						<u>1,220,912</u>
<u>Liabilities</u>						
Segment liabilities	2,891,101	118,715	13,974	22,583	159,145	<u>3,205,518</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 2019 (CONTINUED)

11. Changes in the composition of the Group

There were no other significant changes 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 RM2,322.6 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 RM322.1 million.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2019 (CONTINUED)

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

14. Review of performance

A comparison of Top Glove's performance for the fourth quarter ended 31 August 2019 ("4QFY19") with the corresponding period last financial year is as follows:

	4QFY19	4QFY18 (Restated)	Variance	FY2019	FY2018 (Restated)	Variance
	RM'mil	RM'mil	%	RM'mil	RM'mil	%
Revenue	1,189.6	1,223.6	(2.8%)	4,801.8	4,220.7	13.8%
Operating profit	102.5	158.1	(35.2%)	511.7	553.4	(7.5%)
Profit before interest and tax	99.1	154.8	(36.0%)	499.9	543.1	(8.0%)
Profit before tax	81.2	137.6	(41.0%)	430.7	518.4	(16.9%)
Profit after tax	80.1	93.4	(14.2%)	373.6	428.7	(12.9%)
Profit attributable to ordinary equity holders of the parent	80.1	92.3	(13.2%)	370.6	424.4	(12.7%)

For FY2019, the Group posted Sales Revenue of RM4.8 billion, an increase of 13.8% over FY2018, while Sales Volume also rose 10% compared with the previous year. The strong Sales Volume growth resulted mainly from the nitrile glove segment which saw a surge of about 30% and surgical glove segment which grew by 46%. Sales Volume growth for natural rubber gloves was flattish, while declining by 29% for vinyl gloves. Profit After Tax came in at RM373.6 million, easing 12.9% against FY2018.

For 4QFY19, the Group delivered Sales Revenue of RM1.19 billion, 2.8% lower than 4QFY18, and Sales Volume eased 2% versus the corresponding period in the previous financial year. Meanwhile, Profit After Tax was RM80.1million, reduced by 14.2% year-on-year.

Top Glove's FY2019 performance was softer against FY2018, as FY2018 was an exceptionally good financial year, in which record-breaking results had been charted. The Group recognises this will not occur every year. The relatively slower growth in FY2019 also came on the back of increased competition in the natural rubber glove segment, coupled with a spike in natural rubber latex prices, in relation to which the benefits of the cost-pass through mechanism only kicked in during 4QFY19. Moreover, while demand in emerging markets continues to trend upward, the percentage of increase in demand recorded was lower compared with FY2018, during which the Group had experienced its strongest growth in many years. In addition, losses from the vinyl glove segment and an increase in interest expense also contributed to the decline in profit for FY2019. However, the nitrile glove segment has delivered a markedly better performance with strong Sales Volume growth of about 30% and improved profit margins recorded. This was largely attributed to improved product quality and higher efficiency levels from newer and more technologically advanced nitrile glove factories, with increased automation. Towards strengthening our focus on the nitrile glove segment, the Group has increased its nitrile capacity by 54% over the past 2 years, with plans to grow further.

Raw material prices for FY2019 remained mixed in comparison with FY2018. While the average natural rubber latex price fell 8.6% from RM4.51/kg in FY2018 to RM4.12/kg in FY2019, it had increased exponentially over the course of several months within the financial year, peaking at RM5.11/kg on 9 April 2019. However, it is on a downward trend and currently at RM4.38/kg (as at 26/09/2019), with prices expected to be lower by 1QFY20. Meanwhile, the average nitrile latex price decreased slightly 1.8% from USD 1.13/kg in FY2018 to USD 1.11/kg in FY2019.

In keeping with its commitment to deliver shareholder value, the Board declared a final dividend of 4 sen per ordinary share, payable on 23 December 2019. This would bring the total FY2019 dividend payout to 7.5 sen per ordinary share and the payout ratio of 52%.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2019 (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 (restated)	FY2019 (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	4,220.7	4,801.8
EBITDA	197.8	287.5	364.7	196.7	297.7	310.6	301.8	441.7	524.7	480.9	688.8	694.9
EBITDA margin	14.4%	18.8%	17.5%	9.6%	12.9%	13.4%	13.3%	17.6%	18.2%	14.1%	16.3%	14.5%
PBT	134.6	222.0	305.0	145.5	240.7	242.2	216.3	363.5	442.2	385.0	518.3	430.7
PBT margin	9.8%	14.5%	14.7%	7.1%	10.4%	10.5%	9.5%	14.5%	15.3%	11.3%	12.3%	9.0%
Taxation	26.5	53.9	54.6	30.3	33.4	39.4	32.7	82.3	79.8	54.5	89.6	57.1
PAT	108.1	168.1	250.4	115.1	207.3	202.8	183.6	281.2	362.4	330.5	428.7	373.6
PAT margin	7.8%	11.0%	12.0%	5.6%	9.0%	8.8%	8.1%	11.2%	12.5%	9.7%	10.2%	7.8%

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2019 (CONTINUED)****15. Comparison of quarterly financial results with preceding quarter**

	4QFY19	3QFY19	Variance
	RM'mil	RM'mil	%
Revenue	1,189.6	1,190.2	(0.1%)
Operating profit	102.5	104.2	(1.6%)
Profit before interest and tax	99.1	100.1	(1.0%)
Profit before tax	81.2	82.2	(1.2%)
Profit after tax	80.1	75.2	6.5%
Profit attributable to ordinary equity holders of the parents	80.1	74.7	7.2%

On a quarter-on-quarter comparison, Sales Revenue for 4QFY19 decreased slightly by 0.1% compared with 3QFY19. Profit Before Tax eased by 1.2% while Profit After Tax increased by 6.5%. Profit contribution from the nitrile glove segment also increased, but was offset by losses in the vinyl glove segment as well as lower profit contribution from the natural rubber glove segment. An improvement in the profit margin for natural rubber gloves was recorded as a result of the upward revision in selling price in 3QFY19 came into effect, but this was not sufficient to uplift the total profit, owing to a decline in the Sales Volume for natural rubber gloves.

During the period in review, the average natural rubber latex price surged by 5.2% to RM4.65/kg while the average nitrile latex price increased slightly by 1% to USD1.06/kg compared with 3QFY19.

The Group also enjoyed lower taxation in 4QFY19 following the recognition of deferred tax assets from unutilised tax losses and allowances.

16. Commentary on prospects and targets

The Group will continue pursuing expansion in order to meet the increase in global glove demand which is set to grow by 10% yearly. Its expansion plans are detailed as follows:

Manufacturing	Commence production by (Calendar quarter)	Country	Glove type	Number of production lines	Capacity (pieces per annum)
Current: 33 glove factories			All	682 lines	63.9 billion
Expansion in progress: Glove					
F7A Refurbishment	4 th quarter 2019	Thailand	Latex	4 lines	0.8 billion
F32 New factory 2 nd phase	4 th quarter 2019	Malaysia	Nitrile/Latex	12 lines	1.2 billion
Total new capacity in 2019				16 lines	2.0 billion
F2B Refurbishment	1 st quarter 2020	Malaysia	Nitrile	4 lines	0.8 billion
F5A New factory	1 st quarter 2020	Malaysia	Nitrile	20 lines	2.0 billion
F40 New factory 1 st phase	2 nd quarter 2020	Malaysia	Nitrile	22 lines	2.2 billion
F41 New factory 1 st phase	2 nd quarter 2020	Vietnam	PVC	40 lines	4.0 billion
F40 New factory 2 nd phase	3 rd quarter 2020	Malaysia	Nitrile	16 lines	1.6 billion
F8A New factory 1 st phase	4 th quarter 2020	Thailand	Nitrile	28 lines	2.8 billion
F42 New factory 1 st phase	4 th quarter 2020	Malaysia	Nitrile	48 lines	4.8 billion
Total new capacity in 2020				178 lines	18.2 billion
Total expansion				194 lines	20.2 billion
Total by December 2020: 38 glove factories				876 lines	84.1 billion

This will boost the Group's total number of production lines by an additional 194 lines and production capacity by 20.2 billion gloves per annum, represent an increase of 32% in capacity. By December 2020, Top Glove is projected to have 876 production lines and a production capacity of 84.1 billion gloves per annum.

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16. Commentary on prospects and targets (continued)

Underscoring our commitment to sustainability, we established a Board Sustainability Committee comprising 5 of our Non-Executive Directors, to enable us to make meaningful strides in this increasingly important space. We continue to step up our initiatives particularly in the area of labour practices, the highlights of which include the following:

- a) Implementing the Zero Recruitment Fee Policy under which the company bears 100% of its foreign workers' recruitment costs.
- b) Developing a 5-year Diversity & Inclusion Roadmap to further enhance our practices in this area.
- c) Introducing the "Zero Harm Programme" under which factories will have a designated and well-equipped First Aid Corner, which has since been implemented.

We also launched our flagship green product, BioGreen™ Biodegradable Nitrile Gloves (Powder-Free), which are proven to biodegrade at least 10 times faster compared to conventional nitrile examination gloves. In addition, Top Glove was included as an index component of the Dow Jones Sustainability Indices (DJSI) for Emerging Markets in September 2019.

In addition, Top Glove was honoured with several prestigious awards over the course of the financial year, including the Industry Excellence Award (Healthcare) at the MSWG Asean Corporate Governance Award 2018. The company was also named the Most Outstanding Company in Malaysia (Industrials Sector) in 2019 Asiamoney Asia's Outstanding Companies Poll.

Going forward, Top Glove remains upbeat about prospects for both company as well as industry, observing that the demand for gloves is still strong as demonstrated by the sales and volume growth. With the on-going quality, automation and process improvement initiatives in place, Top Glove remains optimistic of a better showing in the financial year ahead.

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 2019	31 Aug 2018 (Restated)	31 Aug 2019	31 Aug 2018 (Restated)
	RM'000	RM'000	RM'000	RM'000
Income tax				
Current quarter/year	8,828	23,487	65,530	66,601
Under / (over) provision	99	3,929	(11,873)	3,931
Real property gain tax	57	(111)	301	177
Deferred taxation	(7,900)	16,914	3,178	18,912
	<u>1,084</u>	<u>44,219</u>	<u>57,136</u>	<u>89,621</u>

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

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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

	Quarter Ended 31 Aug 2019 RM'000	Year To Date Ended 31 Aug 2019 RM'000
Purchase of quoted securities	9,787	138,525
Disposal of quoted securities	38,307	247,570

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 31 Aug 2019	
	Contract/Notional Amount RM'000	Fair value Liabilities RM'000
Forward currency contracts	552,193	(1,632)

As at 31 Aug 2019, the Group held forward contracts designated as hedges of expected future sales to customers and repayment of loan 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 January 2020.

During the year to date ended 31 Aug 2019, the Group recognised a loss of RM790,000 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 Aug 2019, 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:			
Debt instrument at fair value through other comprehensive income			
• Debt securities (quoted outside Malaysia)	82,362	-	82,362
Financial assets at fair value through profit or loss			
• Money market funds (quoted in Malaysia)	4,064	-	4,064
Derivative financial instruments	-	(1,632)	(1,632)

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2019 (CONTINUED)****24. Group loans and borrowings**

The Group loans and borrowings as at 31 Aug 2019 were as follows:

	As at 31 Aug 2019		As at 31 Aug 2018	
	Foreign Currency Denominated '000	RM'000	Foreign Currency Denominated '000	RM'000
Current				
Secured				
Bank overdraft	-	-	-	1,511
Bankers' acceptance	-	-	-	42,714
Hire purchase	-	432	-	725
Revolving credit	USD 2,703	11,413	USD 23,894	98,146
Revolving loan	-	-	USD 5,220	21,441
Term loan	-	-	USD 22,045	90,746
Term loan	-	-	-	2,637
Trade loan financing	-	-	USD 3,517	14,446
Trade loan financing	-	-	-	33,465
		<u>11,845</u>		<u>305,831</u>
Unsecured				
Syndicated loan	USD 31,000	130,882	-	-
Less: Transaction Costs	-	(1,168)	-	-
		129,714	-	-
Bankers' acceptance	-	14,307	-	-
Promissory notes	THB 515,802	71,075	THB 409,102	51,357
Revolving credit	USD 118,410	499,785	USD 114,852	471,754
Revolving credit	EUR 34,324	160,047	-	-
Revolving credit	JPY 2,340,770	92,812	-	-
Revolving credit	-	49,800	-	50,508
Term loan	-	6,370	-	3,125
Trade loan financing	-	6,085	-	-
		<u>1,029,995</u>		<u>576,744</u>
Total current borrowings		<u>1,041,840</u>		<u>882,575</u>
Non-current				
Secured				
Hire purchase	-	205	-	1,038
Revolving loan	-	-	USD 8,685	35,674
Term loan	-	-	-	13,735
		<u>205</u>		<u>50,447</u>
Unsecured				
Syndicated loan	USD 124,000	523,528	USD 310,000	1,273,325
Less: Transaction Costs	-	(2,833)	-	(5,288)
		520,695		1,268,037
Term loan	-	18,083	-	11,875
Exchangeable bond	USD 194,426	839,856	-	-
		<u>1,378,634</u>		<u>1,279,912</u>
Total non-current borrowings		<u>1,378,839</u>		<u>1,330,359</u>

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 AUGUST 2019 (CONTINUED)****24. Group loans and borrowings (continued)**

Summary	As at 31 Aug 2019		As at 31 Aug 2018		
		RM'000		RM'000	
	USD	470,539	2,001,463	USD 488,213	2,000,244
	RM	95,282	95,282	RM 164,825	161,333
	THB	515,802	71,075	THB 409,102	51,357
	EUR	34,324	160,047		-
	JPY	2,340,770	92,812		-
Total loans and borrowings			<u>2,420,679</u>		<u>2,212,934</u>
Exchange rate RM to USD1.00			4.2220		4,1075
Exchange rate RM to THB1.00			0.1378		0.1255
Exchange rate RM to EUR1.00			4.6628		-
Exchange rate RM to JPY1.00			0.0396		-

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 2019 RM'000	Year To Date Ended 31 Aug 2019 RM'000
Interest income	2,826	10,086
Other income including investment income	8,679	38,081
Interest expenses	(20,721)	(79,281)
Depreciation and amortization	(49,337)	(195,048)
Foreign exchange gain/(loss)	386	(11,005)
Fair value loss on foreign exchange contracts	(3,067)	(790)

26. Material litigation

Save as disclosed below, the Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has a material effect on the financial position or business of the Group.

The Board is not aware of any proceedings, pending or threatened against the Group, or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group.

In reference to all the announcements made in relation to the below mentioned legal proceedings, the Board wishes to provide the latest update on the legal proceedings as follows:

(Unless otherwise defined, the terms used herein shall have the same meaning as those defined in the Announcements in relation to the following legal proceedings.)

1. Fresh Mareva Injunction against Low Chin Guan, Wong Chin Toh and ACPL in the Writ Action and Adventa Capital Pte Ltd the KL OS2 ("the Applications") at the Kuala Lumpur High Court.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 AUGUST 2019 (CONTINUED)

26. Material litigation (Continued)

The Company and Top Care have an obtained:

- (i) In the Fresh Mareva Injunction, an Erinford injunction pending the disposal of their appeal at the Court of Appeal. Pursuant to the Erinford injunction, Low Chin Guan and Wong Chin Toh are restrained up to RM219.7 million and ACPL Sdn Bhd up to the amount of RM72.3 million;
- (ii) In KL OS2, an Erinford injunction pending disposal of their appeal at the Court of Appeal. Pursuant to the Erinford injunction, Adventa Capital Pte Ltd is restrained up to RM219.7 million pending disposal of their appeal at the Court of Appeal.

The appeals at the Court of Appeal were partially heard on 1 August 2019 and adjourned to 24 October 2019. For the Writ Action, the High Court has vacated all trial dates previously fixed and fixed new trial dates in March 2020 to October 2020.

2. Mareva Injunction at the High Court of the Republic of Singapore

On 10 June 2019, the Singapore High Court has set aside the Mareva Order but granted an Erinford injunction up to RM714.9 million on the same terms as the Mareva Order. The Erinford injunction will subsist until the Company and Top Care file an application for a Mareva injunction to the arbitration tribunal by 24 June 2019, and if the Company and Top Care file such application, the Erinford injunction will remain in force until further determination or order by the arbitration tribunal. The Company and Top Care have on 23 June 2019 filed the aforesaid application at arbitration tribunal. The application at the arbitration tribunal will be heard from 21 to 23 November 2019.

3. Arbitration proceedings at the Singapore International Arbitration Centre involving our Company and Top Care against Adventa Capital ("Singapore Arbitration").

The date of Arbitration proceedings has not been fixed.

Based on available information and on legal advice, there is a strong chance of succeeding in this claim.

27. Dividends

The Board of Directors is pleased to declare a final single tier dividend of 4 sen per ordinary share amounting to approximately RM102.4 million for the financial year ended 31 August 2019, payable on 23 December 2019.

The Board of Directors had on 18 June 2019, declared a first single tier interim dividend of 3.5 sen per ordinary share and paid on 16 July 2019, amounting to RM89.6 million for the quarter ended 31 May 2019.

The total dividend paid and proposed by the Company in respect of the financial year ended 31 August 2019 is 7.5 sen per ordinary share represented by a payment of approximately RM192 million, and a dividend payout ratio of 52%.

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28. Earnings per share

	Quarter Ended		Year To Date Ended	
	31 Aug 2019	31 Aug 2018	31 Aug 2019	31 Aug 2018
Net profit attributable to owners of the Company shareholders (RM'000)	80,052	92,333	370,564	424,359
Basic				
Weighted average number of ordinary shares in issue ('000)	2,560,589	2,558,190	2,560,556	2,558,190
Basic earnings per share (sen)	3.13	3.61*	14.47	16.59*
Diluted				
Weighted average number of ordinary shares in issue ('000)	2,560,589	2,558,190	2,560,556	2,558,190
Effect of dilution: share options ('000)	1,481	6	1,481	6
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	2,562,070	2,558,196	2,562,037	2,558,196
Diluted earnings per share (sen)	3.12	3.61*	14.46	16.59*

*For comparative purpose, the number of ordinary shares issued as at 31 August 2018 had been adjusted to reflect the bonus issue of 1 bonus share for every 1 existing ordinary share which was completed on 29 October 2018.

29. Comparative figures

The comparative figures have been restated to reflect the effects of:

- Revenue, operating expenses and finance costs, mainly from a newly acquire foreign subsidiary for financial period ended 31 August 2018 which was not taken up in the correct accounting period.
- Finalisation of purchase price allocation for acquisition Eastern Press Sdn. Bhd., Aspion Sdn. Bhd. and Duramedical Sdn. Bhd.

	As previously stated RM'000	Note (a) RM'000	Note (b) RM'000	As restated RM'000
Group				
Statement of profit or loss				
For the financial year ended 31 August 2018				
Revenue	4,214,482	6,260	-	4,220,742
Operating expenses	(3,700,211)	(11,202)	(3,846)	(3,715,259)
Finance costs	(35,321)	(1,451)	-	(36,772)
Taxation	(90,689)	-	1,068	(89,621)
Statement of financial position				
As at 31 August 2018				
Non-current assets	3,651,265	4,527	21,322	3,677,114
Current assets	1,619,295	(12,070)	-	1,607,225
Current liabilities	1,451,044	346	-	1,451,390
Non-current liabilities	1,425,748	(3,493)	25,127	1,447,382
Retained earnings	1,595,546	(6,393)	(2,236)	1,586,917
Other reserves	4,551	1,861	(1,496)	4,916
Non-controlling interest	15,287	135	(72)	15,350