

Top Glove Corporation Bhd.

199801018294 (474423-X)

(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements

31 August 2019

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**Top Glove Corporation Bhd.
(Incorporated in Malaysia)**

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Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 August 2019.

Principal activities

The principal activities of the Company are investment holding and provision of management services.

The principal activities and other information of the subsidiaries are described in Note 19 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit net of tax	<u>367,546</u>	<u>209,218</u>
Profit attributable to:		
Owners of the parent	364,678	209,218
Non-controlling interests	<u>2,868</u>	<u>-</u>
	<u>367,546</u>	<u>209,218</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

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Dividends

The amount of dividends paid by the Company since 31 August 2018 were as follows:

RM'000

In respect of the financial year ended 31 August 2019:

First tax exempt interim single tier dividend of 3.5 sen per share on
2,559,230,000 ordinary shares, declared on
18 June 2019 and paid on 16 July 2019

89,566

In respect of the financial year ended 31 August 2018:

Final tax exempt single tier dividend of 5 sen per share on
2,556,440,000 ordinary shares, declared on
12 November 2018 and paid on 25 January 2019

127,827

217,393

Further details on dividends recognised during the financial year are disclosed in Note 44.

A single tier final dividend in respect of the financial year ended 31 August 2019, of 4 sen per share on 2,559,814,000 ordinary shares amounting to RM102,393,000 had been declared on 26 September 2019. The final dividend will be paid on 23 December 2019. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 August 2020.

Directors

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Tan Sri Dr Lim Wee Chai*
Tan Sri Rainer Althoff
Dato' Lee Kim Meow*
Puan Sri Tong Siew Bee*
Lim Hooi Sin*
Lim Cheong Guan*
Dato' Lim Han Boon
Datuk Noripah Binti Kamso
Sharmila Sekarajasekaran
Tay Seong Chee, Simon
Datuk Dr. Norma Mansor

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Directors (cont'd.)

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are (cont'd.):

Azrina Binti Arshad (Appointed on 8 January 2019)

Tan Sri Dato' Seri Utama Arshad bin Ayub (Retired on 8 January 2019)

*These directors are also directors of the Company's subsidiaries.

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report, not including those directors listed above are:

Dato' IR Haji Ahmad Bin Hassan

Dr. Navindra A/L Nageswaran

Dr. Pongsak Kerdvonbundit

Choh Ai Ying

Chookiad Usaha

Ho Chee Meng Edmund

Ho Kim Nam

Lam Yat Hing

Leong Chew Mun

Lew Sin Chiang

Liew Say Keong

Lim Jin Feng

Masato Katayama

Max Som Chai A/L Putian

Ng Wee Chong

Ng Yong Lin

Oh Teik Chye

Phattaraporn Fueangthong

Puon Tuck Seng

Ravi A/L Supramaniam

Saw Eng Kooi

Seah Chong Shew

See So Kim Huat

Siow Chun Min

Svami Utama Batang Taris

Tan Chee Hoong

Tan Puay Choo

Thomas Petermoeller

Wilawan Sakulsongboonsiri

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Directors (cont'd.)

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report, not including those directors listed above are (cont'd.):

Wong Chong Ban

Marcelo Nastromagario (Appointed on 7 January 2019)

Tio Thiam Boon (Appointed on 25 January 2019)

Lee Shin Hwai (Appointed on 28 March 2019)

Lim Hwa Chuan (Appointed on 6 May 2019)

Faisal Bin Abd Rahman (Appointed on 16 May 2019)

Galuh Faradisa (Appointed on 2 July 2019)

Law Eng Lim (Appointed on 2 July 2019)

Hue Kon Fah (Resigned on 1 March 2019)

Hoong Hsueh Ling (Resigned on 2 April 2019)

Victor Daniel Angenscheidt Baridon (Resigned on 5 June 2019)

Zhu Bai He (Deregistration of Beijing Adventa Health Supplies Co. Ltd. on 16 January 2019)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the employee share options scheme ("ESOS") and the employee share grant plan ("ESGP").

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with a director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in the Note 37 to the financial statements.

The directors' benefits are as follows:

	Group RM'000	Company RM'000
Salaries and other emoluments	9,492	3,488
Fees	1,287	1,238
Defined contribution plan	769	332
Social security contributions	10	1
Share option granted under ESOS	964	589
Share option granted under ESGP	145	98
Benefits-in-kind	197	60
	<u>12,864</u>	<u>5,806</u>

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Directors' benefits (cont'd.)

- * The Company maintains a liability insurance for directors of the Group. The total amount of sum insured for the directors of the Group for the financial year amounted to RM5,000,000 whilst the total amount of premium paid was RM9,700.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company during the financial year were as follows:

	<----- Number of ordinary shares ----->				
	At				At
	1.9.2018	Adjustment #	Acquired	Sold	31.8.2019
Tan Sri Dr <u>Lim</u> Wee Chai					
- direct	369,914,776	369,914,776	1,221,000	55,000,000	686,050,552
- indirect	87,221,608	87,221,608	55,600,000	-	230,043,216
Puan Sri Tong Siew Bee					
- direct	3,615,196	3,615,196	-	-	7,230,392
- indirect	453,521,188	453,521,188	56,821,000	55,000,000	908,863,376
Dato' Lee Kim Meow					
- direct	486,800	486,800	8,600	-	982,200
- indirect	20,000	20,000	-	-	40,000
Lim Hooi Sin					
- direct	19,281,824	19,281,824	600,000	-	39,163,648
- indirect	437,837,560	437,837,560	56,221,000	55,000,000	876,896,120
Lim Cheong Guan					
- direct	148,800	148,800	-	-	297,600
Tan Sri Rainer Althoff					
- direct	-	-	1,500	-	1,500
Dato' Lim Han Boon					
- direct	-	-	50,000	-	50,000
Sharmila Sekarajasekaran					
- direct	5,000,000	5,000,000	10,000	-	10,010,000
- indirect	-	-	200,000	-	200,000
Datuk Dr. Norma Mansor					
- direct	-	-	-	-	-
- indirect	-	-	4,000	-	4,000

- # The number of ordinary shares has been adjusted to reflect the bonus issue of 1 for 1 existing ordinary shares which was completed on 26 October 2018. Further details are disclosed in Note 32 of the financial statements.

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Directors' interests (cont'd.)

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company during the financial year were as follows (cont'd.):

	<----- Number of options over ordinary shares ----->				
	At				At
	1.9.2018	Adjustment #	Granted	Exercised	31.8.2019
Tan Sri Dr <u>Lim</u> Wee Chai	185,000	185,000	1,023,400	-	1,393,400
Puan Sri Tong Siew Bee	9,100	9,100	55,400	-	73,600
Dato' Lee Kim Meow	61,000	61,000	315,000	-	437,000
Lim Hooi Sin	24,600	24,600	606,500	-	655,700
Lim Cheong Guan	54,400	54,400	413,100	-	521,900

	<----- Number of ordinary shares granted through ESGP ----->				
	during the financial year				
	At				At
	1.9.2018	Adjustment #	Granted	Exercised	31.8.2019
Tan Sri Dr <u>Lim</u> Wee Chai	-	-	21,000	-	21,000
Dato' Lee Kim Meow	-	-	8,600	-	8,600

Tan Sri Dr Lim Wee Chai, Puan Sri Tong Siew Bee and Lim Hooi Sin by virtue of their interest in shares of the Company are also deemed interested in shares of all the subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

- # The number of ordinary shares has been adjusted to reflect the bonus issue of 1 for 1 existing ordinary shares which was completed on 26 October 2018. Further details are disclosed in Note 32 of the financial statements.

Issue of shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM787,709,000 to RM788,326,000 by way of:

- (i) issuance of 131,100 ordinary shares pursuant to the Company's ESOS at an option price between RM4.90 to RM5.06 per ordinary share; and

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Issue of shares (cont'd.)

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM787,709,000 to RM788,326,000 by way of (cont'd.):

- (ii) the issuance of 1,280,229,124 ordinary shares through a bonus issue on the basis of one new ordinary share for every one existing ordinary share held in the Company, by way of nil consideration.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

Employee share options scheme ("ESOS")

At an Extraordinary General Meeting held on 9 January 2018, shareholders approved the ESOS for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, to the eligible employees and executive directors respectively of the Company and its subsidiaries.

The committee administering the ESOS comprise two executive directors, Tan Sri Dr Lim Wee Chai and Lim Cheong Guan; four independent non-executive directors, Dato' Lim Han Boon, Datuk Noripah Binti Kamsu, Sharmila Sekarajasekaran and Datuk Dr. Norma Mansor and one management staff Lim Jin Feng.

The salient features and other terms of the ESOS are disclosed in Note 36(i) to the financial statements.

During the financial year, the Company granted 25,570,000 share options under ESOS. These options will expire on 31 May 2028 and are exercisable if the employee has not served a notice of resignation or receive a notice of termination from the date of grant and certain conditions as detailed in Note 36(i) to the financial statements are met.

Details of the options exercised to subscribe for ordinary shares of the Company pursuant to the ESOS as at 31 August 2019 are as follows:

Expiry date	Exercise price RM	Number of options '000
31 May 2028	5.06	125.1
31 May 2028	4.90	6.0
		<u>131.1</u>

Details of share options granted to directors are disclosed in the section on Directors' interests in this report.

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Employee share grant plan ("ESGP")

At an Extraordinary General Meeting held on 6 January 2016, shareholders approved ESGP for the eligible employees and executive directors of the Company and its subsidiaries.

The committee administering the ESGP comprise two executive directors, Tan Sri Dr Lim Wee Chai and Lim Cheong Guan; four independent non-executive directors, Dato' Lim Han Boon, Datuk Noripah Binti Kamso, Sharmila Sekarajasekaran and Datuk Dr. Norma Mansor and one management staff Lim Jin Feng.

The salient features and other terms of the ESGP are disclosed in Note 36(ii) to the financial statements.

During the financial year, the Company granted 584,000 share grant under ESGP amounted to RM2,716,000 to eligible employees and executive directors.

Details of shares granted to directors are disclosed in the section on Directors' interests in this report.

Treasury shares

During the financial year :

- (i) the Company resold 2,781,700 of its treasury shares to the open market at the average price of RM5.03 per share. The total proceeds from the sale of treasury shares net off transaction costs was RM13,936,000. The excess of the proceeds and the cost of the treasury shares which amounted to RM7,719,000 was recognised in equity.
- (ii) the Company transferred 584,000 treasury shares to eligible employees under employee share grant plan at average market price of RM4.65 per share. The total transferred treasury shares were RM2,716,000. The difference between the transferred treasury shares and the cost of the treasury shares amounted to RM1,389,000 was recognised in equity.

As at 31 August 2019, the Company held as treasury shares a total of 775,600 of its 2,560,589,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM1,781,000 and further relevant details are disclosed in Note 33 to the financial statements.

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Other statutory information

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

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Other statutory information (cont'd.)

(f) In the opinion of the directors (cont'd.):

- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Significant events

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 19 to the financial statements.

Subsequent events

Details of subsequent events are disclosed in Note 47 to the financial statements.

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Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Ernst & Young	317	80
Other auditors	708	-
	<u>1,025</u>	<u>80</u>

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit for an unspecified amount. No payment has been made to indemnify Ernst & Young for the financial year ended 31 August 2019.

Signed on behalf of the Board in accordance with a resolution of the directors dated 31 October 2019.

Dato' Lee Kim Meow

Dato' Lim Han Boon

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**Statement by directors
Pursuant to Section 251(2) of the Companies Act 2016**

We, Dato' Lee Kim Meow and Dato' Lim Han Boon, being two of the directors of Top Glove Corporation Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 20 to 157 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 August 2019 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 31 October 2019.

Dato' Lee Kim Meow

Dato' Lim Han Boon

**Statutory declaration
Pursuant to Section 251(1)(b) of the Companies Act 2016**

I, Dato' Lee Kim Meow, being the director primarily responsible for the financial management of Top Glove Corporation Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 20 to 157 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed, Dato' Lee Kim Meow
at Shah Alam
on 31 October 2019

Dato' Lee Kim Meow

Before me,

Sirendar Singh
Commissioner for Oaths

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**Independent auditors' report to the members of
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Report on the audit of the financial statements

Opinion

We have audited the financial statements of Top Glove Corporation Bhd., which comprise the statements of financial position as at 31 August 2019 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 20 to 157.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 August 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the [International Code of Ethics for Professional Accountants \(including International Independence Standards\)](#) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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**Independent auditors' report to the members of
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Key audit matters (cont'd.)

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Review of costing of inventories

(Refer to Note 4.16, 7.2(a) and Note 24 to the financial statements)

As at 31 August 2019, the Group held RM630 million of inventories which represented 11% of total assets of the Group. Total cost of inventories charged to the consolidated income statement for the year ended 31 August 2019 amounted to RM3,917 million, accounting for 90% of total expenditure of the Group.

Inventories are carried at the lower of cost and net realisable value. The cost of production comprises the cost of purchase of raw materials, labour costs, plus conversion costs such as variable and fixed overhead costs. Significant estimates are involved in determining the basis of allocating the costs of production to the products produced by the Group. The Group relies heavily on the SAP system to ensure that the costs of raw materials, labour costs and overhead costs are correctly allocated to the respective products. Due to the significant estimation involved in the valuation of inventories, we considered this a key area of audit focus.

Our audit procedures included, amongst others, the following:

- a) Obtained an understanding of the Group's current inventories valuation policy, production processes and the types of costs included in the valuation of inventories.
- b) Evaluated the general and logical access controls surrounding the data input process to the SAP system by involving our IT audit professionals.
- c) Obtained an understanding of and tested the internal controls over the SAP system in respect of the materials consumed and the allocation of costs of raw materials, labour costs, and overhead costs to the respective products.
- d) Obtained an understanding of management's process for computing standard costing and reviewed the computation of standard costing of inventory. We also observed management's procedures for updating the standard costing into the SAP system.

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**Independent auditors' report to the members of
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Key audit matters (cont'd.)

**Annual impairment test of goodwill arising from the acquisition of Aspion Sdn. Bhd.
("Aspion")**

(Refer to Note 4.1, 7.2(b) and Note 23 to the financial statements)

As at 31 August 2019, the Group recorded a goodwill of RM1,174 million arising from the acquisition of Aspion, which represented 21% of the Group's total assets. The goodwill amount has been allocated to cash generating unit ("CGU") for impairment testing purposes. The Group estimated the recoverable amount of the CGU to which the goodwill is allocated based on value-in-use ("VIU").

Given its magnitude and the significant judgement involved in the annual impairment test, we consider this impairment test to be an area of audit focus. Specifically, we focus on the evaluation of the assumptions on the amount and timing of cash flows which are based on internal (e.g. budgets) and external market data (e.g. country specific interest rates and inflation percentages), and determination of an appropriate discount rate for Aspion.

Our audit procedures performed, amongst others are as follows:

- a) Evaluated management's key assumptions used in the cash flows projection, focusing on projected revenue, profit margins and growth rates, taking into consideration the current and expected future economic conditions. We compared the projected revenue to the past trends and compared expected growth rates to relevant market expectations.
- b) Together with EY valuation specialists, we evaluated the discount rate used to determine the present value of the cash flows and assessed whether the rate used reflect the current market assessment of the time value of money and the risk specific to the asset is the return that the investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the asset.
- c) Assessed the sensitivity of the cash flows to changes in the key inputs to understand the impact that reasonable alternative assumptions would have on the overall carrying value.
- d) Evaluated the adequacy of the Group's disclosures in the financial statements concerning those key assumptions to which the outcome of the impairment test is most sensitive.

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**Independent auditors' report to the members of
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Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

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**Independent auditors' report to the members of
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Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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**Independent auditors' report to the members of
Top Glove Corporation Bhd. (cont'd.)
(Incorporated in Malaysia)**

Auditors' responsibilities for the audit of the financial statements (cont'd.)

We also: (cont'd.)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 19 to the financial statements.

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Independent auditors' report to the members of
Top Glove Corporation Bhd. (cont'd.)
(Incorporated in Malaysia)

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
31 October 2019

Ng Kim Ling
No. 03236/04/2020 J
Chartered Accountant

199801018294 (474423-X)

Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of profit or loss
For the financial year ended 31 August 2019

		Group		Company	
	Note	2019	2018	2019	2018
		RM'000	(Restated) RM'000	RM'000	RM'000
Revenue	8	4,801,139	4,220,742	220,964	243,942
Cost of sales		(3,917,144)	(3,378,374)	-	-
Gross profit		<u>883,995</u>	<u>842,368</u>	<u>220,964</u>	<u>243,942</u>
Other items of income					
Interest income	9	10,611	12,235	41	217
Other income	10	38,552	39,998	2,064	-
Other items of expense					
Distribution and selling costs		(133,357)	(111,472)	-	-
Administrative and general expenses		(293,938)	(229,725)	(13,847)	(10,400)
Finance costs		(79,601)	(36,772)	-	-
Share of results of an associate		(2,674)	6,168	-	-
Profit before tax	11	<u>423,588</u>	<u>522,800</u>	<u>209,222</u>	<u>233,759</u>
Income tax expense	14	(56,042)	(89,594)	(4)	-
Profit net of tax		<u>367,546</u>	<u>433,206</u>	<u>209,218</u>	<u>233,759</u>
Profit attributable to:					
Owners of the parent		364,678	428,830	209,218	233,759
Non-controlling interests		2,868	4,376	-	-
		<u>367,546</u>	<u>433,206</u>	<u>209,218</u>	<u>233,759</u>
Earnings per share attributable to owners of the parent (sen):					
- Basic	15	14.27	16.89		
- Diluted	15	<u>14.21</u>	<u>16.89</u>		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of comprehensive income
For the financial year ended 31 August 2019

	Group		Company	
	2019	2018	2019	2018
	RM'000	(Restated) RM'000	RM'000	RM'000
Profit net of tax	367,546	433,206	209,218	233,759
Other comprehensive loss:				
<i>To be reclassified to profit or loss in subsequent periods:</i>				
Net movement on debt instrument at fair value through other comprehensive income	3,247	(2,465)	-	-
Cash flow hedge (Note 34)	(38,787)	(41,504)	-	-
Foreign currency translation differences of foreign operations	17,423	(18,700)	-	-
Other comprehensive loss for the year, net of tax	(18,117)	(62,669)	-	-
Total comprehensive income for the year	349,429	370,537	209,218	233,759
Total comprehensive income attributable to:				
Owners of the parent	345,444	366,500	209,218	233,759
Non-controlling interests	3,985	4,037	-	-
	349,429	370,537	209,218	233,759

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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**Top Glove Corporation Bhd.
(Incorporated in Malaysia)**

**Statements of financial position (Group)
As at 31 August 2019**

	Note	2019 RM'000	2018 (Restated) RM'000	As at 1.9.2017 (Restated) RM'000
Assets				
Non-current assets				
Property, plant and equipment	16	2,480,026	2,104,762	1,498,486
Land use rights	17	178,495	127,029	40,457
Investment property	18	163,900	163,900	162,000
Investment in an associate	20	11,853	14,527	8,359
Deferred tax assets	21	58,472	19,271	14,681
Investment securities	22	392	392	392
Intangible assets	23	1,256,376	1,260,041	22,805
		<u>4,149,514</u>	<u>3,689,922</u>	<u>1,747,180</u>
Current assets				
Inventories	24	629,896	505,862	315,775
Trade and other receivables	25	592,217	637,309	419,349
Other current assets	26	63,511	105,346	51,258
Tax recoverable		-	-	17,351
Investment securities	22	87,285	193,714	206,910
Derivative financial instruments	27	-	-	645
Cash and bank balances	28	165,782	165,197	240,068
		<u>1,538,691</u>	<u>1,607,428</u>	<u>1,251,356</u>
Total assets		<u>5,688,205</u>	<u>5,297,350</u>	<u>2,998,536</u>
Equity and liabilities				
Current liabilities				
Loans and borrowings	29	1,041,325	882,575	314,644
Trade and other payables	30	492,414	500,151	418,802
Contract liabilities	31	55,610	59,248	62,292
Income tax payable		789	8,741	-
Derivative financial instruments	27	1,653	856	-
		<u>1,591,791</u>	<u>1,451,571</u>	<u>795,738</u>
Net current (liabilities)/assets		<u>(53,100)</u>	<u>155,857</u>	<u>455,618</u>

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Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of financial position (Group)
As at 31 August 2019 (cont'd.)

	Note	2019 RM'000	2018 (Restated) RM'000	As at 1.9.2017 (Restated) RM'000
Non-current liabilities				
Loans and borrowings	29	1,379,369	1,330,359	61,750
Deferred tax liabilities	21	159,714	116,305	68,257
Provisions		3,190	719	-
		<u>1,542,273</u>	<u>1,447,383</u>	<u>130,007</u>
Total liabilities		<u>3,134,064</u>	<u>2,898,954</u>	<u>925,745</u>
Net assets		<u>2,554,141</u>	<u>2,398,396</u>	<u>2,072,791</u>
Equity attributable to owners of the parent				
Share capital	32	788,326	787,709	636,644
Treasury shares	33	(1,781)	(9,325)	(9,739)
Other reserves	34	(1,553)	6,663	62,499
Retained earnings		1,751,963	1,597,999	1,374,186
		<u>2,536,955</u>	<u>2,383,046</u>	<u>2,063,590</u>
Non-controlling interests		17,186	15,350	9,201
Total equity		<u>2,554,141</u>	<u>2,398,396</u>	<u>2,072,791</u>
Total equity and liabilities		<u>5,688,205</u>	<u>5,297,350</u>	<u>2,998,536</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of financial position (Company)
As at 31 August 2019

	Note	2019 RM'000	2018 RM'000
Assets			
Non-current asset			
Investment in subsidiaries	19	<u>1,031,056</u>	<u>1,018,960</u>
Current assets			
Trade and other receivables	25	4,724	2,000
Other current assets	26	2,614	1,071
Tax recoverable		10	12
Investment securities	22	1	2
Cash and bank balances	28	<u>74</u>	<u>151</u>
		<u>7,423</u>	<u>3,236</u>
Total assets		<u>1,038,479</u>	<u>1,022,196</u>
Equity and liabilities			
Current liabilities			
Trade and other payables	30	<u>1,542</u>	<u>1,509</u>
Total liabilities		<u>1,542</u>	<u>1,509</u>
Net current assets		<u>5,881</u>	<u>1,727</u>
Net assets		<u>1,036,937</u>	<u>1,020,687</u>
Equity attributable to owners of the Company			
Share capital	32	788,326	787,709
Treasury shares	33	(1,781)	(9,325)
Other reserves	34	8,995	1,929
Retained earnings	35	<u>241,397</u>	<u>240,374</u>
Total equity		<u>1,036,937</u>	<u>1,020,687</u>
Total equity and liabilities		<u>1,038,479</u>	<u>1,022,196</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 31 August 2019

2019 Group	<div style="display: flex; justify-content: space-between; align-items: center;"> <----- Attributable to owners of the parent -----> </div>											
	Total equity attributable to owners of the parent		<div style="display: flex; justify-content: space-between; align-items: center;"> <----- Non-distributable -----> </div>								Distributable	
	Total equity RM'000	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	Fair value adjustment reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Non- controlling interests ("NCI") RM'000
Opening balance at												
1 September 2018	2,393,768	2,378,481	787,709	(9,325)	36,125	9,164	1,929	(41,504)	(1,163)	-	1,595,546	15,287
Prior year adjustment (Note 48)	4,628	4,565	-	-	(786)	-	-	-	-	2,898	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)	(1,163)	2,898	1,597,999	15,350
Profit net of tax	367,546	364,678	-	-	-	-	-	-	-	-	364,678	2,868
Other comprehensive loss	(18,117)	(19,234)	-	-	16,306	-	-	(38,787)	3,247	-	-	1,117
Total comprehensive income	349,429	345,444	-	-	16,306	-	-	(38,787)	3,247	-	364,678	3,985
Transactions with owners												
Issuance of ordinary shares pursuant to employee share options scheme ("ESOS") (Note 36)	662	662	662	-	-	-	-	-	-	-	-	-
Share options granted under ESOS (Note 34)	7,197	7,197	-	-	-	-	7,197	-	-	-	-	-
Issuance of shares to NCI	548	-	-	-	-	-	-	-	-	-	-	548
Transfer from share option reserve (Note 32 and Note 34)	-	-	41	-	-	-	(131)	-	-	-	90	-
Transfer to retained earnings (Note 34)	-	-	-	-	-	-	-	-	-	1,595	(1,595)	-
Transfer to legal reserve (Note 34)	-	-	-	-	-	924	-	-	-	-	(924)	-
Transfer to employee share grant plan ("ESGP") (Note 33)	2,716	2,716	-	1,327	-	-	-	-	-	-	1,389	-
Transaction cost	(86)	(86)	(86)	-	-	-	-	-	-	-	-	-
Equity component of exchangeable bonds	1,433	1,433	-	-	-	-	-	-	-	1,433	-	-
Sale of treasury shares (Note 33)	13,936	13,936	-	6,217	-	-	-	-	-	-	7,719	-
Dividends on NCI	(2,697)	-	-	-	-	-	-	-	-	-	-	(2,697)
Dividends on ordinary shares (Note 44)	(217,393)	(217,393)	-	-	-	-	-	-	-	-	(217,393)	-
Total transactions with owners	(193,684)	(191,535)	617	7,544	-	924	7,066	-	-	3,028	(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)	2,084	5,926	1,751,963	17,186

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Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 31 August 2019 (cont'd.)

2018 Group	<div> <div>Attributable to owners of the parent</div> <div> <div>Total equity attributable to owners of the parent</div> <div> <div>Non-distributable</div> <div>Distributable</div> </div> </div> </div>											
	Total equity RM'000	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	Fair value adjustment reserve RM'000	Other reserve RM'000	Retained earnings (Restated) RM'000	Non-controlling interests ("NCI") RM'000
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
Prior year adjustment (Note 48)	8,359	8,359	-	-	-	-	-	-	-	-	8,359	-
1 September 2017 (Restated)	2,072,791	2,063,590	636,644	(9,739)	53,700	4,929	2,568	-	1,302	-	1,374,186	9,201
Profit net of tax, as previously stated	437,906	434,215	-	-	-	-	-	-	-	-	434,215	3,691
Prior year adjustment (Note 48)	(4,700)	(5,385)	-	-	-	-	-	-	-	-	(5,385)	685
As restated	433,206	428,830	-	-	-	-	-	-	-	-	428,830	4,376
Other comprehensive loss, as previously stated	(61,710)	(61,544)	-	-	(17,575)	-	-	(41,504)	(2,465)	-	-	(166)
Prior year adjustment (Note 48)	(959)	(786)	-	-	(786)	-	-	-	-	-	-	(173)
Total comprehensive income	370,537	366,500	-	-	(18,361)	-	-	(41,504)	(2,465)	-	428,830	4,037
Transactions with owners												
Issuance of ordinary shares pursuant to ESOS (Note 36)	11,972	11,972	11,972	-	-	-	-	-	-	-	-	-
Shares issued for acquisition of a subsidiary (Note 32)	137,000	137,000	137,000	-	-	-	-	-	-	-	-	-
Share options granted under ESOS (Note 34)	1,932	1,932	-	-	-	-	1,932	-	-	-	-	-
Issuance of shares to NCI	1,500	-	-	-	-	-	-	-	-	-	-	1,500
Transfer from share option reserve (Note 32 and Note 34)	-	-	2,093	-	-	-	(2,093)	-	-	-	-	-
Acquisition of subsidiary companies (Note 19)	6,448	-	-	-	-	-	-	-	-	-	-	6,448
Acquisition of equity interest of NCI	(2,959)	(2,778)	-	-	-	-	-	-	-	-	(2,778)	(181)
Transfer to retained earnings (Note 34)	-	-	-	-	-	-	(478)	-	-	-	478	-
Transfer to legal reserve (Note 34)	-	-	-	-	-	4,235	-	-	-	-	(4,235)	-
Transfer to ESGP	975	975	-	414	-	-	-	-	-	-	561	-

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Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 31 August 2019 (cont'd.)

Group	Attributable to owners of the parent											
	Total equity attributable to owners		Non-distributable								Distributable	
	Total equity RM'000	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	Fair value adjustment reserve RM'000	Other reserve RM'000	Retained earnings (Restated) RM'000	Non- controlling interests ("NCI") RM'000
Transfer to other reserve	-	-	-	-	-	-	-	-	-	2,898	(2,898)	-
Dividends on NCI	(5,655)	-	-	-	-	-	-	-	-	-	-	(5,655)
Dividends on ordinary shares (Note 44)	(196,145)	(196,145)	-	-	-	-	-	-	-	-	(196,145)	-
Total transactions with owners	(44,932)	(47,044)	151,065	414	-	4,235	(639)	-	-	2,898	(205,017)	2,112
Closing balance at 31 August 2018	2,398,396	2,383,046	787,709	(9,325)	35,339	9,164	1,929	(41,504)	(1,163)	2,898	1,597,999	15,350

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 31 August 2019

	<----- Non-distributable ----->				Distributable
	Total equity RM'000	Share capital RM'000	Treasury shares RM'000	Share option reserve RM'000	Retained earnings RM'000
2019 Company					
Opening balance at 1 September 2018	1,020,687	787,709	(9,325)	1,929	240,374
Total comprehensive income	209,218	-	-	-	209,218
Transactions with owners					
Issuance of ordinary shares pursuant to ESOS (Note 36)	662	662	-	-	-
Share options granted under ESOS (Note 34)	7,197	-	-	7,197	-
Transfer from share option reserve (Note 32 and Note 34)	-	41	-	(131)	90
Sale of treasury shares (Note 33)	13,936	-	6,217	-	7,719
Transaction cost	(86)	(86)	-	-	-
Transfer to ESGP (Note 33)	2,716	-	1,327	-	1,389
Dividends on ordinary shares (Note 44)	(217,393)	-	-	-	(217,393)
Total transactions with owners	(192,968)	617	7,544	7,066	(208,195)
Closing balance at 31 August 2019	1,036,937	788,326	(1,781)	8,995	241,397

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Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 31 August 2019 (cont'd.)

	<----- Non-distributable ----->				Distributable
	Total equity RM'000	Share capital RM'000	Treasury shares RM'000	Share option reserve RM'000	Retained earnings RM'000
2018					
Company					
Opening balance at 1 September 2017	831,194	636,644	(9,739)	2,568	201,721
Total comprehensive income	233,759	-	-	-	233,759
Transactions with owners					
Issuance of ordinary shares pursuant to ESOS (Note 36)	11,972	11,972	-	-	-
Issuance of ordinary shares (Note 32)	137,000	137,000	-	-	-
Share options granted under ESOS (Note 34)	1,932	-	-	1,932	-
Transfer from share option reserve (Note 32 and Note 34)	-	2,093	-	(2,093)	-
Transfer to retained earnings (Note 34)	-	-	-	(478)	478
Transfer to ESGP (Note 33)	975	-	414	-	561
Dividends on ordinary shares (Note 44)	(196,145)	-	-	-	(196,145)
Total transactions with owners	(44,266)	151,065	414	(639)	(195,106)
Closing balance at 31 August 2018	1,020,687	787,709	(9,325)	1,929	240,374

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of cash flows
For the financial year ended 31 August 2019

	Group		Company	
	2019	2018	2019	2018
	RM'000	(Restated) RM'000	RM'000	RM'000
Operating activities				
Profit before tax	423,588	522,800	209,222	233,759
<u>Adjustments for :</u>				
Gross dividends	-	-	(215,590)	(239,030)
Depreciation on property plant and equipment (Note 16)	188,817	143,613	-	-
Amortisation of land use rights (Note 17)	2,417	1,519	-	-
Amortisation of intangible assets (Note 23)	3,681	1,533	-	-
Loss on disposal of property, plant and equipment	1,965	904	-	-
Gain on disposal of land use rights	(1,704)	(4,664)	-	-
Net (gain)/loss from fair value remeasurement on investment property (Note 18)	(619)	721	-	-
Loss/(gain) on disposal of debt securities	349	(273)	-	-
Property, plant and equipment written off	8,795	7,455	-	-
Shares granted under ESGP	2,716	975	156	-
Share options granted under ESOS	7,197	1,932	778	167
Unrealised foreign exchange (gain)/loss	(2,552)	22,158	-	-
Share of results of an associate	2,674	(6,168)	-	-
Net fair value loss on derivatives	811	2,262	-	-
Finance costs	79,601	36,772	-	-
Interest income	(10,611)	(12,235)	(41)	(217)
Total adjustments	283,537	196,504	(214,697)	(239,080)
Operating cash flows before changes in working capital	707,125	719,304	(5,475)	(5,321)
<u>Changes in working capital</u>				
Inventories	(124,034)	(107,620)	-	-
Receivables	46,676	(93,013)	(1,554)	(1,071)
Other current assets	41,835	(54,088)	-	-
Payables	(6,024)	(34,663)	33	(1,057)
Total changes in working capital	(41,547)	(289,384)	(1,521)	(2,128)
Cash flows from/(used in) operations	665,578	429,920	(6,996)	(7,449)
Interest paid	(79,601)	(36,772)	-	-
Income taxes (paid)/refunded	(59,786)	(51,924)	(2)	4
Net cash flows generated from/(used in) operating activities	526,191	341,224	(6,998)	(7,445)

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Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of cash flows

For the financial year ended 31 August 2019 (cont'd.)

	Group		Company	
	2019	2018	2019	2018
		(Restated)		
	RM'000	RM'000	RM'000	RM'000
Investing activities				
Purchase of property, plant and equipment	(568,143)	(458,977)	-	-
Purchase of land use rights	(55,553)	(341)	-	-
Purchase of intangible assets	(16)	-	-	-
Additions to investment property	(393)	(2,619)	-	-
Purchase of investment securities	(138,438)	(170,408)	(13,701)	(95,296)
Proceeds from disposal of investment securities	247,569	179,953	13,702	97,877
Proceeds from disposal of land use rights	3,440	9,306	-	-
Increase in bank balances				
pledged with banks	(1,105)	(3,413)	-	-
Interest received	10,611	12,235	41	217
Dividends from subsidiaries	-	-	215,590	239,030
Proceeds from disposal of property, plant and equipment	8,565	9,610	-	-
Additional investment in subsidiaries	-	-	(12,096)	(51,457)
Acquisition of equity interest of NCI	-	(2,959)	-	-
Net cash outflow on acquisition of subsidiaries	-	(1,270,622)	-	-
Repayment from subsidiaries	-	-	6,266	914
Net cash flows (used in)/generated from investing activities	(493,463)	(1,698,235)	209,802	191,285
Financing activities				
Proceeds from issuance of ordinary shares pursuant to ESOS	662	11,972	662	11,972
Proceeds from sale of treasury shares	13,936	-	13,936	-
Transaction cost	(86)	-	(86)	-
Dividends paid on ordinary shares (Note 44)	(217,393)	(196,145)	(217,393)	(196,145)
Dividends paid on non-controlling interests	(2,697)	(5,655)	-	-
Issuance of shares to non-controlling interests	548	1,500	-	-
Repayment of loans and borrowings	(1,162,688)	(292,402)	-	-
Drawdown of loans and borrowings	518,753	1,763,664	-	-
Proceeds from issuance of exchangeable bonds	814,400	-	-	-
Net cash flows (used in)/generated from financing activities	(34,565)	1,282,934	(202,881)	(184,173)

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Top Glove Corporation Bhd.
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Statements of cash flows

For the financial year ended 31 August 2019 (cont'd.)

	Group		Company	
	2019	2018	2019	2018
		(Restated)		
	RM'000	RM'000	RM'000	RM'000
Net decrease in cash and cash equivalents	(1,837)	(74,077)	(77)	(333)
Effect of changes in foreign exchange rate	2,828	(5,718)	-	-
Cash and cash equivalents at 1 September 2018/2017	<u>158,724</u>	<u>238,519</u>	<u>151</u>	<u>484</u>
Cash and cash equivalents at 31 August 2019/2018 (Note 28)	<u>159,715</u>	<u>158,724</u>	<u>74</u>	<u>151</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Top Glove Corporation Bhd.
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Statements of cash flows
For the financial year ended 31 August 2019 (cont'd.)

(a) Reconciliation of liabilities arising from financing activities

		Movements								
		Cash flows			Non-cash changes					
	1 September 2018 RM'000	Principal movement RM'000	Interest paid RM'000	Interest cost RM'000	Acquisition of subsidiary companies RM'000	Hire purchase RM'000	Equity component of exchangeable bond RM'000	Foreign exchange movement RM'000	31 August 2019 RM'000	
2019										
Group										
Loans and borrowings, excluding bank overdraft	2,211,423	170,465	(79,601)	79,601	-	-	(1,433)	40,239	2,420,694	
	1 September 2017 RM'000	Principal movement RM'000	Interest paid RM'000	Interest cost RM'000	Acquisition of subsidiary companies RM'000	Hire purchase RM'000	Equity component of exchangeable bond RM'000	Foreign exchange movement RM'000	31 August 2018 RM'000	
2018										
Group										
Loans and borrowings, excluding bank overdraft	376,394	1,471,262	(36,772)	36,772	310,038	287	-	53,442	2,211,423	

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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**Top Glove Corporation Bhd.
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**Notes to the financial statements
For the financial year ended 31 August 2019**

1. Corporate information

Top Glove Corporation Bhd. ("the Company") is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad and Singapore Exchange Securities Trading Limited. The principal place of business of the Company is located at Level 21, Top Glove Tower, 16, Persiaran Setia Dagang, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 19. There have been no significant changes in the nature of the principal activities during the financial year.

2. Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") as issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have also been prepared on a historical basis, unless otherwise indicated in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

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3. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and of its subsidiaries as at 31 August 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, unrealised gains and losses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

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4. Summary of significant accounting policies

4.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interests in the acquiree are re-measured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss.

Any excess of the cost of business combination, as the case may be, over the net amount of the fair value of identifiable assets acquired and liabilities assumed is recognised as goodwill. For business combinations, provisions are made for the acquiree's contingent liabilities existing at the date of acquisition as the Group deems that it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations.

Any excess in the Group's interest in the net fair value of the identifiable assets acquired and liabilities assumed over the cost of business combination is recognised immediately in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statements of profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

**Top Glove Corporation Bhd.
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4. Summary of significant accounting policies (cont'd.)

4.1 Business combinations and goodwill (cont'd.)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the entity acquired is reflected within equity as merger reserve. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

Top Glove Corporation Bhd.
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4. Summary of significant accounting policies (cont'd.)

4.2 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statements of profit or loss, consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

4.3 Investment in subsidiaries

A subsidiary is an entity over which the Group has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investment in subsidiaries is accounted for at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and the carrying amount is included in profit or loss.

4.4 Investment in an associate

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

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4. Summary of significant accounting policies (cont'd.)

4.4 Investment in an associate (cont'd.)

The Group's investment in an associate is accounted for using the equity method of accounting. Under the equity method, the investment in an associate is measured in the consolidated statements of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to associate is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Group unless it is impracticable to do so. When the financial statements of associates used in applying the equity method are prepared as of a different reporting date from that of the Group, adjustments are made for the effects of significant transactions or events that occur between that date and the reporting date of the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Group's separate financial statements, investment in associate is stated at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and the carrying amount is included in profit or loss.

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4. Summary of significant accounting policies (cont'd.)

4.5 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statements of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

**Top Glove Corporation Bhd.
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4. Summary of significant accounting policies (cont'd.)

4.5 Intangible assets (cont'd.)

(a) Customer relationships

The cost of customer relationships acquired in a business combination is at their fair value at the date of acquisition. Following the initial recognition, they are carried at cost less accumulated amortisation and any accumulated impairment losses.

The customer relationships are amortised on a straight line basis over its estimated useful lives of eleven years and assessed for impairment whenever there is an indication that the customer relationships may be impaired.

(b) Patents

The Group does not recognise internally generated brands, licenses and other similar intellectual property which cannot be distinguished from the cost of developing the Group's business as a whole. The patents were purchased by the Group through upfront payments made.

Acquired patents are recognised as an asset and initially measured at cost, which is the fair value of the consideration paid. After initial recognition, patents are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight line basis over its estimated useful lives of eight years.

4.6 Current versus non-current classification

Assets and liabilities in the statements of financial position are presented based on a current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

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4. Summary of significant accounting policies (cont'd.)

4.6 Current versus non-current classification (cont'd.)

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

4.7 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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4. Summary of significant accounting policies (cont'd.)

4.7 Fair value measurement (cont'd.)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the senior management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed according to the accounting policies of the Group. For this analysis, the senior management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

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4. Summary of significant accounting policies (cont'd.)

4.7 Fair value measurement (cont'd.)

The senior management, in conjunction with the external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4.8 Foreign currencies

(a) Functional and presentation currency

The Group's financial statements are presented in RM which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at the functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in foreign exchange reserve OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

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4. Summary of significant accounting policies (cont'd.)

4.8 Foreign currencies (cont'd.)

(c) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

4.9 Revenue and other income recognition

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Sale of goods

The Group is involved in manufacturing and trading of gloves.

Revenue is recognised at point in time upon transfer of control of the goods to the customers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price, net of the estimated volume rebates. Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is a highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

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4. Summary of significant accounting policies (cont'd.)

4.9 Revenue and other income recognition (cont'd.)

(b) Dividend income

Dividend income is recognised when the Group's and the Company's right to receive payment is established.

(c) Management fees

Management fees are recognised when services are rendered.

(d) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(e) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

4.10 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

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4. Summary of significant accounting policies (cont'd.)

4.10 Employee benefits (cont'd.)

(c) Employee share options scheme

Employees of the Group and of the Company receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's and the Company's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued.

The employee share option reserve is transferred to retained earnings upon forfeiture or expiry of the share options.

(d) Employee share grant plan ("ESGP")

Employees of the Group and of the Company are entitled to performance based shares as consideration for services rendered. The ESGP may be settled by way of issuance or transfer of shares of the Group and of the Company or by cash at the discretion of the ESGP Committee. Trusts have been set up and are administered by an appointed trustee ("ESGP Trusts"). The trustee will be entitled from time to time, to accept advances from the Group and the Company, upon such terms and conditions as the Group and the Company and the trustee may agree to purchase the ordinary shares of the Group and of the Company ("Trust Shares") from the open market for the ESGP Trusts. The value of the ESGP Awards granted to Eligible Employees is recognised as an employee cost.

The ESGP Trusts' asset is consolidated into the Group's consolidated financial statements. Dividends received by the ESGP Trusts are eliminated against the Company's dividend payment.

Top Glove Corporation Bhd.
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4. Summary of significant accounting policies (cont'd.)

4.11 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group and the Company operate and generate taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- (i) where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (ii) in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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4. Summary of significant accounting policies (cont'd.)

4.11 Taxes (cont'd.)

(b) Deferred tax (cont'd.)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- (i) where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (ii) in respect of deductible temporary differences associated with investments in subsidiaries and associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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4. Summary of significant accounting policies (cont'd.)

4.11 Taxes (cont'd.)

(c) Good and services tax ("GST") and sales and services tax ("SST")

Revenue, expenses and assets are recognised net of the amount of GST and SST, except:

- (i) when the GST and SST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the GST and SST are recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and
- (ii) when receivables and payables are stated with the amount of GST and SST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables and payables respectively in the statements of financial position.

The payable amount of SST to the taxation authority is included as part of payables in the statements of financial position.

4.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.13 Property, plant and equipment

Capital work-in-progress, property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

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4. Summary of significant accounting policies (cont'd.)

4.13 Property, plant and equipment (cont'd.)

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress are not depreciated as these assets are not available for use. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	20 to 50 years
Plant and equipment	10 to 20 years
Other assets	5 to 10 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

4.14 Investment property

Investment property is property which is held either to earn rental income or for capital appreciation or for both. Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at using the investment method that makes reference to estimated market rental values and equivalent yields. Valuation is performed by accredited independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment property is included in profit or loss in the year in which they arise.

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4. Summary of significant accounting policies (cont'd.)

4.14 Investment property (cont'd.)

Investment property is derecognised either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 4.13 up to the date of change in use.

4.15 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(a) Group as lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the profit or loss on a straight-line basis over the lease term.

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

Leasehold lands

50 to 100 years

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4. Summary of significant accounting policies (cont'd.)

4.15 Leases (cont'd.)

(b) Group as lessor

Leases in which the Group do not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

4.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials, packing materials and consumables: purchase costs on a weighted average basis.
- Former: purchase costs on a first in, first out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity, excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

4.17 Impairment of non-financial assets

At each reporting date, an assessment is made as to whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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4. Summary of significant accounting policies (cont'd.)

4.17 Impairment of non-financial assets (cont'd.)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment calculation is based on detailed budgets and forecast calculations, which are prepared separately for each CGU to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss in expense categories consistent with the function of the impaired asset.

Goodwill is tested for impairment annually at reporting date and when circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

For assets other than goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the recoverable amount of the asset or CGU is estimated. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

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4. Summary of significant accounting policies (cont'd.)

4.18 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how they manage their financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

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4. Summary of significant accounting policies (cont'd.)

4.18 Financial instruments (cont'd.)

(a) Financial assets (cont'd.)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

The Group and the Company have no financial assets carried at fair value through OCI for equity instruments.

(i) Financial assets at amortised cost (debt instruments)

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost include cash and bank balances, trade and other receivables and other non-current financial assets.

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4. Summary of significant accounting policies (cont'd.)

4.18 Financial instruments (cont'd.)

(a) Financial assets (cont'd.)

Subsequent measurement (cont'd.)

(ii) Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statements of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

(iii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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4. Summary of significant accounting policies (cont'd.)

4.18 Financial instruments (cont'd.)

(a) Financial assets (cont'd.)

Subsequent measurement (cont'd.)

(iii) Financial assets at fair value through profit or loss (cont'd.)

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the statements of profit or loss.

This category includes derivative instruments which the Group had not irrevocably elected to classify at fair value through OCI.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

The Group has designated derivatives that do not qualify for hedge accounting and money market funds at fair value through profit or loss.

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4. Summary of significant accounting policies (cont'd.)

4.18 Financial instruments (cont'd.)

(a) Financial assets (cont'd.)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's and the Company's statements of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred their rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debts instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sales of collateral held or other credit enhancements that are integral to the contractual terms.

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4. Summary of significant accounting policies (cont'd.)

4.18 Financial instruments (cont'd.)

(a) Financial assets (cont'd.)

Impairment of financial assets (cont'd.)

ECLs are recognise in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within next 12 months ("a 12 months ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, the Group applies simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognise a loss allowance base on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on historical credit experience. The Group considers forward looking factors do not have significant impact to credit risk given the nature of its industry and the amount ECLs is insensitive to changes to forecast economic conditions.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the Good Credit Rating Agency and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the Good Credit Rating Agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group and the Company consider a financial assets to be default when internal and external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. Financial assets is written off when there is no reasonable expectation of recovering the contractual cash flows.

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4. Summary of significant accounting policies (cont'd.)

4.18 Financial instruments (cont'd.)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group and the Company's financial liabilities include trade and other payables, other current liabilities, derivative financial instruments, and loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(i) Trade and other payables

These are subsequently measured at amortised cost using the EIR method.

(ii) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statements of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group has designated derivative financial instruments as financial liability at fair value through profit or loss.

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4. Summary of significant accounting policies (cont'd.)

4.18 Financial instruments (cont'd.)

(b) Financial liabilities (cont'd.)

Subsequent measurement (cont'd.)

The measurement of financial liabilities depends on their classification, as described below (cont'd.):

(iii) Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statements of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 29.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statements of profit or loss.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated and separate statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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4. Summary of significant accounting policies (cont'd.)

4.19 Derivative financial instruments and hedging activities

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; and
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

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4. Summary of significant accounting policies (cont'd.)

4.19 Derivative financial instruments and hedging activities (cont'd.)

Initial recognition and subsequent measurement (cont'd.)

Cash flow hedge

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statements of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

4.20 Cash and bank balances

Cash and bank balances in the statements of financial position comprise cash at banks and on hand and short-term deposits.

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash and short-term deposits with a maturity of three months or less excluding deposits pledged with banks that are not available for use.

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4. Summary of significant accounting policies (cont'd.)

4.21 Share capital and share issue expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments and are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

4.22 Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the retained earnings.

4.23 Cash dividend and non-cash distribution to equity holders of the Company

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the Board of Directors and a corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in profit or loss.

4.24 Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When it is expected that some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statements net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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4. Summary of significant accounting policies (cont'd.)

4.25 Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

4.26 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

4.27 Segment reporting

For management purposes, the Group is organised into operating segments based on their geographical location which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 43, including the factors used to identify the reportable segments and the measurement basis of segment information.

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5. New and amended standards

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new/revised MFRSs and Amendments to MFRSs:

Description	Effective for annual periods beginning on or after
MFRS 9 Financial Instruments	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
Clarifications to MFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 140: Transfers of Investment Property	1 January 2018
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycle	1 January 2018

The adoption of the above standards and amendments had no material impact on the financial statements except as discussed below:

MFRS 9 Financial Instruments

MFRS 9 brings together all three aspects of accounting for financial instruments project: classification and measurement, impairment and hedge accounting.

The Group and the Company adopted this new standard on the required effective date and did not restate the comparative information. The Group and the Company performed assessment on these three aspects of the standard. Overall, the adoption of this standard has no significant impact to the statements of financial position and retained earnings of the Group and of the Company as at 1 September 2018.

(a) Classification and measurement

Under MFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Group's and the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

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5. New and amended standards (cont'd.)

The adoption of the above standards and amendments had no material impact on the financial statements except as discussed below (cont'd.):

MFRS 9 Financial Instruments (cont'd.)

(a) Classification and measurement (cont'd.)

Trade and other receivables previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as debt instruments at amortised cost.

Debt securities previously held as available-for-sale with gains and losses recorded in OCI will satisfy the conditions for classification as fair value through other comprehensive income ("FVOCI"). Fair value changes on debt securities at FVOCI are presented in OCI and are subsequently transferred to profit or loss. Upon sale of debt securities at FVOCI, the cumulative gain or loss in OCI is reclassified to retained earnings. Money market funds previously measured at FVTPL will continue to be measured on the same basis under MFRS 9. Debt instruments previously measured at amortised cost meet the conditions for classification as amortised cost under MFRS 9.

There is no impact on the Group's and the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at FVTPL and modified financial liabilities, and the Group and the Company do not have any such financial liabilities.

(b) Impairment

The adoption of MFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing MFRS 139's incurred loss approach with a forward looking expected credit loss ("ECL") approach. MFRS 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss. This impairment requirement does not have a significant impact on the Group's allowance of loss.

(c) Hedging

The Group determined that all existing hedge relationships that are currently designated in effective hedging relationships will continue to qualify for hedge accounting under MFRS 9. The Group has chosen not to retrospectively apply MFRS 9 on transition to the hedges where the Group excluded the forward points from the hedge designation under MFRS 139. As MFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of MFRS 9 does not have a significant impact on the Group's financial statements.

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5. New and amended standards (cont'd.)

The adoption of the above standards and amendments had no material impact on the financial statements except as discussed below (cont'd.):

MFRS 15 Revenue from Contracts with Customer

MFRS 15 establishes a five-step model that will apply to revenue from a contract with a customer. MFRS 15 supersedes MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and the related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers.

The Group and the Company adopted MFRS 15 using the modified retrospective method of adoption with the initial application of 1 August 2018.

(a) Sales of goods

The core principle of MFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods. The overall revenue recognition requirement are captured in the steps of the five-step method.

The Group has assessed its sales of goods transactions to identify the performance obligation. The Group regards most of the sales transactions consist of a single performance obligation to transfer promised goods to customers as the Group views these sales transactions as having the same characteristic of bundled sales. As the sales transactions are expected to be the only performance obligation, the Group is not required to determine the allocation of the transaction price.

The Group expects the revenue recognition to occur at the point in time when customers take control of the goods, generally on delivery of the goods to customers. As such, the Group concludes that there is no impact on the timing of revenue recognition for these sales.

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6. New and amended standards and interpretations issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are discussed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Descriptions	Effective for annual periods beginning on or after
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
MFRS 16 Leases	1 January 2019
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRSs 2015 - 2017 Cycle	1 January 2019
IC Interpretation 23: Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2: Share-based Payment	1 January 2020
Amendments to MFRS 3: Business Combinations	1 January 2020
Amendments to MFRS 6: Exploration for and Evaluation of Mineral Resources	1 January 2020
Amendments to MFRS 14: Regulatory Deferral Accounts	1 January 2020
Amendments to MFRS 101: Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 134: Interim Financial Reporting	1 January 2020
Amendments to MFRS 137: Provision, Contingent Liabilities and Contingent Asset	1 January 2020
Amendments to MFRS 138: Intangible Assets	1 January 2020
Amendments to IC Interpretation 12: Service Concession Agreements	1 January 2020
Amendments to IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
Amendments to IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
Amendments to IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2020
Amendments to IC Interpretation 132: Intangible Assets-Website Costs	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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6. New and amended standards and interpretations issued but not yet effective (cont'd.)

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 16 Leases

MFRS 16 will replace MFRS 117 *Leases*, IC Interpretation 4 *Determining whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Lease-Incentives* and IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

Based on readily available information as at date of this report, the Group and the Company do not expect the application of MFRS 16 to have significant impact on the financial statements.

The Group and the Company are in the midst of assessing the impact of application of this standard on the financial statements. However, this is not expected to have a significant impact on the overall results and financial positions of the Group and of the Company.

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Under MFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to MFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments should be applied retrospectively and are effective from 1 September 2019, with earlier application permitted. These amendments are not expected to have significant impact on the Group's and on the Company's financial statements.

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6. New and amended standards and interpretations issued but not yet effective (cont'd.)

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below (cont'd.):

IC Interpretation 23: Uncertainty over Income Tax Treatments

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of MFRS 112 Income Taxes. It does not apply to taxes or levies outside the scope of MFRS 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- (i) Whether an entity considers uncertain tax treatments separately;
- (ii) The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- (iii) How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits; and
- (iv) How an entity considers changes in facts and circumstances.

The Group determines whether to consider each uncertain tax treatment separately or together with one or Group operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's and the subsidiaries' tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. These amendments are not expected to have significant impact on the Group's and on the Company's financial statements.

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7. Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

7.1 Judgements made in applying accounting policies

In the process of applying the Group's and the Company's accounting policies, management has not made any critical judgements, apart from those involving estimations, which could have a significant effect on the amounts recognised in the financial statements except as discussed below:

Classification between investment property and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property. The Group has determined that its property held to earn rental income or capital appreciation is investment property as only an insignificant portion of the property is used in the production or supply of goods or services or for administrative purposes and ancillary services are not significant to the property.

7.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

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7. Significant accounting judgements, estimates and assumptions (cont'd.)

7.2 Estimates and assumptions (cont'd.)

(a) Inventories costing

In determining the costing of inventories, management's judgement is required in determining the basis of valuation for finished goods and work-in-progress which comprise costs of raw materials, direct labour, other direct costs, and the appropriate allocation of overheads based on normal operating capacity.

(b) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the cash-generating units to which goodwill is allocated.

When value in use calculations are undertaken, management must estimate future cash flows from the cash-generating unit and choose a suitable discount rate in order to calculate the present values of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment and sensitivity analysis to changes in the assumptions are disclosed in Note 23.

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8. Revenue

	Group		Company	
	2019	2018	2019	2018
		(Restated)		
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers				
Geographical markets				
Malaysia	4,086,042	3,521,154	-	-
Thailand	391,385	390,050	-	-
The People's Republic of China	88,568	176,745	-	-
Others	235,144	132,793	-	-
	<u>4,801,139</u>	<u>4,220,742</u>	<u>-</u>	<u>-</u>
Revenue from other sources				
Management fees from subsidiaries	-	-	5,374	4,912
Dividend income from subsidiaries	-	-	215,590	239,030
	<u>-</u>	<u>-</u>	<u>220,964</u>	<u>243,942</u>
Total revenue	<u>4,801,139</u>	<u>4,220,742</u>	<u>220,964</u>	<u>243,942</u>
Timing of revenue recognition				
Goods transferred at a point in time	<u>4,801,139</u>	<u>4,220,742</u>	<u>-</u>	<u>-</u>

Performance obligation

The Group is in the business of selling of gloves and other healthcare products.

The performance obligation is satisfied upon shipment of the goods and payment is generally due within 30 to 90 (2018: 30 to 90) days.

The transaction price allocated to the remaining performance obligations (unsatisfied) as at 31 August 2019 are, as follows:

	Group		Company	
	2019	2018	2019	2018
		(Restated)		
	RM'000	RM'000	RM'000	RM'000
Within one year	<u>55,610</u>	<u>59,248</u>	<u>-</u>	<u>-</u>

All remaining performance obligations are expected to be recognised within one year.

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9. Interest income

	Group		Company	
	2019	2018	2019	2018
		(Restated)		
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
Financial assets at fair value through other comprehensive income	3,970	4,285	-	-
Loans and receivables	3,996	3,926	21	217
Financial assets at fair value through profit or loss	2,616	4,011	20	-
Others	29	13	-	-
	10,611	12,235	41	217

10. Other income

	Group		Company	
	2019	2018	2019	2018
		(Restated)		
	RM'000	RM'000	RM'000	RM'000
Realised gain on foreign exchange				
- realised	-	4,039	-	-
- unrealised	2,552	-	-	-
Net gain from fair value remeasurement on investment property (Note 18)	619	-	-	-
Rental income	10,461	9,557	-	-
Gain on disposal of debt securities	-	273	-	-
Gain on disposal of land use rights	1,704	4,664	-	-
Sales of scrap items	11,842	8,868	-	-
Insurance claims	899	4,996	-	-
Sundry income	10,475	7,601	2,064	-
	38,552	39,998	2,064	-

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11. Profit before tax

The following items have been charged in arriving at profit before tax:

	Group		Company	
	2019	2018	2019	2018
	RM'000	(Restated) RM'000	RM'000	RM'000
Auditors' remuneration:				
Company's auditors				
- Statutory audit				
- Current year	317	316	80	85
- (Over)/under provision in prior years	(23)	14	(5)	(7)
- Other services	572	1,065	142	941
Other auditors				
- Statutory audit				
- Current year	708	773	-	-
- Over provision in prior years	(7)	(2)	-	-
Depreciation on property, plant and equipment (Note 16)	188,817	143,613	-	-
Amortisation of land use rights (Note 17)	2,417	1,519	-	-
Amortisation of intangible assets (Note 23)	3,681	1,533	-	-
Direct operating expenses arising from investment property				
- Rental generating property	894	890	-	-
Net loss on foreign exchange				
- realised	13,186	-	2	6
- unrealised	-	22,158	-	-
Net fair value loss on derivatives	811	2,262	-	-
Employee benefits expense (Note 12)	589,769	495,585	5,150	4,085
Non-executive directors' remuneration (Note 13)	1,326	839	1,071	837
Operating lease - Minimum lease payment for land, building and machinery	5,966	2,600	88	88
Net loss from fair value remeasurement on investment property (Note 18)	-	721	-	-
Loss on disposal of property, plant and equipment	1,965	904	-	-
Loss on disposal of debt securities	349	-	-	-
Property, plant and equipment written off	8,795	7,455	-	-

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12. Employee benefits expenses

	Group		Company	
	2019	2018	2019	2018
		(Restated)		
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	517,460	442,507	3,264	3,050
Social security costs	6,087	5,366	2	2
Pension costs - defined contribution plan	24,961	17,233	350	319
Share options granted under ESOS	7,197	1,932	778	167
Shares granted under ESGP	2,716	975	156	-
Other staff related expenses	30,935	27,071	234	98
Executive directors' fees	413	501	366	449
	589,769	495,585	5,150	4,085

Included in employee benefits expenses of the Group and of the Company are executive directors' remuneration amounting to RM11,341,000 (2018: RM11,102,000) and RM4,675,000 (2018: RM4,121,000) respectively as further disclosed in Note 13.

13. Directors' remuneration

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	4,785	5,240	3,289	3,208
Pension costs - defined contribution plan	397	488	332	302
Social security contributions	1	2	1	1
Share options granted under ESOS	689	204	589	161
Shares granted under ESGP	138	-	98	-
Fees	366	453	366	449
Benefits-in-kind	82	105	60	50
	6,458	6,492	4,735	4,171
Non-executive:				
Fees	872	753	872	753
Other emoluments	452	84	199	84
	1,324	837	1,071	837

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13. Directors' remuneration (cont'd.)

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Other directors				
Executive:				
Salaries and other emoluments	4,255	4,230	-	-
Pension costs - defined contribution plan	372	311	-	-
Social security contributions	9	10	-	-
Share options granted under ESOS	275	98	-	-
Shares granted under ESGP	7	18	-	-
Fees	47	48	-	-
Benefits-in-kind	115	106	-	-
	<u>5,080</u>	<u>4,821</u>	<u>-</u>	<u>-</u>
Non-executive:				
Fees	<u>2</u>	<u>2</u>	<u>-</u>	<u>-</u>
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration (Note 12)	11,341	11,102	4,675	4,121
Total non-executive directors' remuneration (Note 11)	<u>1,326</u>	<u>839</u>	<u>1,071</u>	<u>837</u>
Total directors' remuneration (excluding benefits-in-kind)	12,667	11,941	5,746	4,958
Benefits-in-kind	<u>197</u>	<u>211</u>	<u>60</u>	<u>50</u>
Total directors' remuneration (including benefits-in-kind)	<u>12,864</u>	<u>12,152</u>	<u>5,806</u>	<u>5,008</u>

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14. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 August 2019 and 2018 are as follows:

	Group		Company	
	2019	2018	2019	2018
		(Restated)		
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	57,329	56,257	-	-
- Foreign tax	6,071	14,707	-	-
- Real property gain tax ("RPGT")	301	177	-	-
- (Over)/under provision in respect of previous years	(11,867)	3,931	4	-
	<u>51,834</u>	<u>75,072</u>	<u>4</u>	<u>-</u>
Deferred income tax (Note 21):				
- Relating to origination and reversal of temporary differences	11,422	10,091	-	-
- (Over)/under provision in respect of previous years	(7,214)	4,431	-	-
	<u>4,208</u>	<u>14,522</u>	<u>-</u>	<u>-</u>
Income tax expense recognised in profit or loss	<u>56,042</u>	<u>89,594</u>	<u>4</u>	<u>-</u>

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 August 2019 and 2018 are as follows:

	Group		Company	
	2019	2018	2019	2018
		(Restated)		
	RM'000	RM'000	RM'000	RM'000
Profit before tax	<u>423,588</u>	<u>522,800</u>	<u>209,222</u>	<u>233,759</u>
Tax at Malaysian statutory tax rate of 24% (2018: 24%)	101,661	125,472	50,213	56,102
<u>Adjustments:</u>				
Different tax rates in other countries	(656)	(2,637)	-	-
Effects of tax incentives claimed by foreign subsidiaries	(4,241)	(7,886)	-	-
Income not subject to tax	(5,369)	(15,162)	(52,247)	(57,418)

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14. Income tax expense (cont'd.)

Reconciliation between tax expense and accounting profit (cont'd.)

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 August 2019 and 2018 are as follows (cont'd.):

	Group		Company	
	2019	2018	2019	2018
		(Restated)		
	RM'000	RM'000	RM'000	RM'000
<u>Adjustments (cont'd.):</u>				
Effect of change in RPGT	1,998	-	-	-
Non-deductible expenses	34,477	30,196	2,061	1,314
Effect of income subject to RPGT	301	177	-	-
Expenses entitled for double deduction	(74)	(27)	-	-
Utilisation of tax incentives	(23,178)	(44,457)	-	-
Utilisation of previously unrecognised tax losses and unabsorbed capital allowance	(446)	(386)	(27)	-
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowance	2,218	327	-	2
Deferred tax assets recognised in respect of previously unutilised tax losses, unrecognised export allowance, reinvestment allowance and capital allowance	-	(2,905)	-	-
Deferred tax assets recognised in respect of reinvestment allowance	(32,210)	-	-	-
Share of results of associate	642	(1,480)	-	-
(Over)/under provision of deferred tax in respect of previous years	(7,214)	4,431	-	-
(Over)/under provision of income tax in respect of previous years	(11,867)	3,931	4	-
Income tax expense recognised in profit or loss	<u>56,042</u>	<u>89,594</u>	<u>4</u>	<u>-</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

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15. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares held by the Company.

	2019	2018 (Restated)
Profit net of tax attributable to owners of the parent (RM'000)	364,678	428,830
Weighted average number of ordinary shares in issue ('000)	2,555,009	2,539,260
Basic earnings per share (sen)	<u>14.27</u>	<u>16.89</u>

(b) Diluted

Diluted earnings per share is calculated by dividing profit for the year, net of tax, attributable to owners of the parent (after adjusting for interest on the exchangeable bonds) by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	2019	2018 (Restated)
Profit net of tax attributable to owners of the parent (RM'000)	364,678	428,830
Net interest savings from assumed exchange of Guaranteed Exchangeable Bonds at inception (RM'000)	<u>16,992</u>	<u>-</u>
Adjusted profit net of tax attributable to owners of the parent (RM'000)	<u>381,670</u>	<u>428,830</u>
Weighted average number of ordinary shares in issue ('000)	2,555,009	2,539,260
Effect of dilution from:		
Share options ('000)	386	6
Exchangeable bonds ('000)	<u>131,215</u>	<u>-</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>2,686,610</u>	<u>2,539,266</u>
Diluted earnings per share (sen)	<u>14.21</u>	<u>16.89</u>

The weighted average number of ordinary shares issued as at 31 August 2019 and 2018 have been adjusted to reflect the bonus issue of 1 for 1 existing ordinary shares which was completed on 29 October 2018. Further details are disclosed in Note 32.

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16. Property, plant and equipment

Group	Land and buildings RM'000	Plant and equipment RM'000	* Other assets RM'000	Capital work-in- progress RM'000	Total RM'000
Cost					
At 1 September 2017	743,258	1,228,991	140,199	243,436	2,355,884
Additions	26,215	166,599	28,426	238,024	459,264
Transfer to investment property (Note 18)	-	-	-	(2)	(2)
Acquisition of subsidiary companies	79,520	226,149	8,314	1,906	315,889
Reclassification	43,083	108,175	3,626	(154,884)	-
Written off	(1,784)	(18,930)	(1,361)	(12)	(22,087)
Disposals	(6,946)	(24,183)	(2,525)	(348)	(34,002)
Exchange differences	(4,513)	(8,976)	(504)	(207)	(14,200)
At 31 August 2018/ 1 September 2018 (Restated)	878,833	1,677,825	176,175	327,913	3,060,746
Additions	30,634	220,546	47,370	269,593	568,143
Reclassification	137,422	121,583	29,678	(288,683)	-
Written off	(2,344)	(38,514)	(1,684)	(1)	(42,543)
Disposals	(7,181)	(58,265)	(2,891)	(2)	(68,339)
Exchange differences	8,207	21,476	1,358	668	31,709
At 31 August 2019	1,045,571	1,944,651	250,006	309,488	3,549,716

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16. Property, plant and equipment (cont'd.)

Group	Land and buildings RM'000	Plant and equipment RM'000	* Other assets RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation					
At 1 September 2017	76,660	699,965	80,773	-	857,398
Depreciation charge for the year (Note 11)	11,506	113,354	18,753	-	143,613
Reclassification	(2)	(11)	13	-	-
Written off	(312)	(13,159)	(1,161)	-	(14,632)
Disposals	(323)	(21,606)	(1,559)	-	(23,488)
Exchange differences	(849)	(5,745)	(313)	-	(6,907)
At 31 August 2018/ 1 September 2018 (Restated)	86,680	772,798	96,506	-	955,984
Depreciation charge for the year (Note 11)	12,485	152,482	23,850	-	188,817
Reclassification	(5,709)	-	5,709	-	-
Written off	(738)	(31,805)	(1,205)	-	(33,748)
Disposals	(636)	(54,632)	(2,541)	-	(57,809)
Exchange differences	1,395	14,082	969	-	16,446
At 31 August 2019	93,477	852,925	123,288	-	1,069,690
Net carrying amount					
At 31 August 2018 (Restated)	792,153	905,027	79,669	327,913	2,104,762
At 31 August 2019	952,094	1,091,726	126,718	309,488	2,480,026

* Other assets comprise motor vehicles, computer and software system, office equipment, signage, small value of assets, fire extinguisher, furniture and equipment.

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16. Property, plant and equipment (cont'd.)

Land and buildings

	Freehold land	Buildings	Total
	RM'000	RM'000	RM'000
Group			
Cost			
At 1 September 2017	356,111	387,147	743,258
Additions	1,667	24,548	26,215
Acquisition of subsidiary companies	1,443	78,077	79,520
Reclassification	68	43,015	43,083
Written off	-	(1,784)	(1,784)
Disposals	-	(6,946)	(6,946)
Exchange differences	(848)	(3,665)	(4,513)
At 31 August 2018/1 September 2018 (Restated)	358,441	520,392	878,833
Additions	1,461	29,173	30,634
Reclassification	74,429	62,993	137,422
Written off	(27)	(2,317)	(2,344)
Disposals	(1,080)	(6,101)	(7,181)
Exchange differences	2,242	5,965	8,207
At 31 August 2019	435,466	610,105	1,045,571
Accumulated depreciation			
At 1 September 2017	-	76,660	76,660
Depreciation charge for the year	-	11,506	11,506
Reclassification	-	(2)	(2)
Written off	-	(312)	(312)
Disposals	-	(323)	(323)
Exchange differences	-	(849)	(849)
At 31 August 2018/1 September 2018 (Restated)	-	86,680	86,680
Depreciation charge for the year	-	12,485	12,485
Reclassification	-	(5,709)	(5,709)
Written off	-	(738)	(738)
Disposals	-	(636)	(636)
Exchange differences	-	1,395	1,395
At 31 August 2019	-	93,477	93,477
Net carrying amount			
At 31 August 2018 (Restated)	358,441	433,712	792,153
At 31 August 2019	435,466	516,628	952,094

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16. Property, plant and equipment (cont'd.)

- (a) During the financial year, the Group acquired property, plant and equipment at aggregate cost of RM568,143,000 (2018: RM459,264,000) of which nil (2018: RM287,000) was acquired by means of finance lease.
- (b) Property, plant and equipment of a subsidiary with the following net carrying amount is pledged to a bank for banking facility granted to the subsidiary as disclosed in Note 29.

	2019	2018
	RM'000	(Restated) RM'000
Freehold land	-	1,080
Buildings	-	76,003
Plant and equipment	-	70,726
Motor vehicles	-	122
Capital work-in-progress	-	1,980
	<u>-</u>	<u>149,911</u>

- (c) Property, plant and equipment of subsidiaries with the following net carrying amount is under finance lease arrangements as disclosed in Note 29.

	2019	2018
	RM'000	(Restated) RM'000
Plant and equipment	504	755
Motor vehicles	279	1,225
	<u>783</u>	<u>1,980</u>

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17. Land use rights

	Group	
	2019	2018
	RM'000	(Restated) RM'000
Cost		
At 1 September 2018/2017	132,855	45,092
Additions	55,553	341
Acquisition of subsidiary companies	-	92,693
Disposals	(1,762)	(4,923)
Exchange differences	68	(348)
At 31 August 2019/2018	186,714	132,855
Accumulated amortisation		
At 1 September 2018/2017	5,826	4,635
Amortisation for the year (Note 11)	2,417	1,519
Disposals	(26)	(281)
Exchange differences	2	(47)
At 31 August 2019/2018	8,219	5,826
Net carrying amount	178,495	127,029
Amount to be amortised:		
- Not later than one year	3,430	2,522
- Later than one year but not later than five years	10,869	10,088
- Later than five years	164,196	114,419
	178,495	127,029

The net carrying amounts of land use rights pledged as securities for loans and borrowings as disclosed in Note 29 amounted to nil (2018: RM58,079,000).

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18. Investment property

	Group	
	2019	2018
	RM'000	RM'000
Fair value of investment property (Note 39)	163,900	163,900
	Freehold land and building	
	2019	2018
	RM'000	RM'000
Group		
Fair value		
At 1 September 2018/2017	163,900	162,000
Additions from subsequent expenditure	393	2,619
Transfer from property, plant and equipment (Note 16)	-	2
Adjustment on overaccrual of cost in prior year	(1,012)	-
Net gain/(loss) from fair value remeasurement (Note 10 and Note 11)	619	(721)
At 31 August 2019/2018	163,900	163,900

The fair value of the investment property was based on a valuation by an accredited independent qualified valuer. Valuation was based on current prices in an active market for certain properties and where appropriate, the investment method reflecting receipt of contractual rentals, expected future market rentals, current market yields, void periods, maintenance requirements and approximate capitalisation rates were used.

The following table shows the valuation technique used in the determination of fair value within Level 3, as well as the significant unobservable inputs used in the valuation model.

	Valuation technique	Significant unobservable inputs	Range	
			2019	2018
Land and building	Investment method	Estimated rental value per square feet per month	RM4.50 to RM5.50	RM4.70 to RM5.50
		Term yield rate	6.5%	6.5%
		Occupancy rate	87.0%	85.0%
		Long term vacancy rate	10.0%	10.0%
		Reversionary yield rate	7.0%	7.0%

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18. Investment property (cont'd.)

Using the discounted cash flows method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Significant increase/(decrease) in estimated rental value in isolation would result in a significantly higher/(lower) fair value of the property. Significant increases/(decreases) in the long term vacancy rate and yield rates in isolation would result in a significantly lower/(higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long term vacancy rate.

19. Investment in subsidiaries

	Company	
	2019	2018
	RM'000	RM'000
Unquoted shares, at cost:		
- In Malaysia	1,032,173	1,020,077
Less: Accumulated impairment losses	(4,845)	(4,845)
	<u>1,027,328</u>	<u>1,015,232</u>
- Outside Malaysia	3,728	3,728
	<u>1,031,056</u>	<u>1,018,960</u>

(a) Acquisition of additional equity interest in subsidiaries

(i) Top Care Sdn. Bhd.

On 30 August 2019, Top Care Sdn. Bhd., a wholly-owned subsidiary of the Company had increased its share capital from RM142,207,000 to RM151,653,000.

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19. Investment in subsidiaries (cont'd.)

(a) Acquisition of additional equity interest in subsidiaries (cont'd)

(ii) Top Feel Sdn. Bhd.

On 30 August 2019, Top Feel Sdn. Bhd., a wholly-owned subsidiary of the Company had increased its share capital from RM1 to RM2,650,000.

Details of the subsidiaries are as follows:

Name	Country of incorporation/ principal place of business	Proportion of ownership interest (%)		Principal activities
		2019	2018	
Held by the Company:				
Top Glove Sdn. Bhd.*	Malaysia	100	100	Manufacturing and trading of gloves
TG Medical Sdn. Bhd.#	Malaysia	100	100	Manufacturing and trading of gloves
Great Glove (Malaysia) Sdn. Bhd. (Formerly known as Great Glove Sdn. Bhd.)#	Malaysia	100	100	Provision of management services
Top Glove Engineering Sdn. Bhd.#	Malaysia	100	100	Property investment
TG Medical (U.S.A.), Inc.#	United States of America	100	100	Trading of gloves
Top Quality Glove Sdn. Bhd.*	Malaysia	100	100	Manufacturing and trading of gloves
Top Care Sdn. Bhd.*	Malaysia	100	100	Investment holding
GMP Medicare Sdn. Bhd.*	Malaysia	100	100	Manufacturing and trading of gloves
Eastern Press Sdn. Bhd.#	Malaysia	100	100	Printer and stationery

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19. Investment in subsidiaries (cont'd.)

Name	Country of incorporation/ principal place of business	Proportion of ownership interest (%)		Principal activities
		2019	2018	
Held by the Company (cont'd.):				
Top Feel Sdn. Bhd.#	Malaysia	100	100	Manufacture and sale of condoms and rubber related products
Top Glove Labuan Ltd.#	Malaysia	100	100	Investment holding
Top Glove Global Sdn. Bhd.#	Malaysia	100	100	Provision of management services
Held through Top Glove Sdn. Bhd.:				
Great Glove (Thailand) Co. Ltd.#	Thailand	74	74	Manufacturing and trading of gloves
Top Glove Medical (Thailand) Co. Ltd.#	Thailand	100	100	Manufacturing and trading of gloves
Top Glove Technology (Thailand) Co. Ltd.#	Thailand	100	100	Producing and selling concentrate latex
B Tech Industry Co. Ltd.#	Thailand	100	100	Producing and selling concentrate latex
Top Quality Gloves (Thailand) Co. Ltd.#	Thailand	100	100	Dormant
Top Glove Europe GmbH #	Germany	97.5	97.5	Trading of gloves
Great Glove (Xinghua) Co. Ltd.#	The People's Republic of China	100	100	Manufacturing and trading of gloves
TG Medical Suzhou Co. Ltd.#	The People's Republic of China	100	100	Trading of gloves

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19. Investment in subsidiaries (cont'd.)

Name	Country of incorporation/ principal place of business	Proportion of ownership interest (%)		Principal activities
		2019	2018	
Held through Top Glove Sdn. Bhd. (cont'd.):				
Top Glove International Sdn. Bhd.#	Malaysia	100	100	Research and development on gloves and rubber goods
Top Glove Properties Sdn. Bhd.#	Malaysia	100	100	Property investment
Medi-Flex Pte. Ltd. ("Medi-Flex")#	Singapore/ Malaysia	100	100	Investment holding
BestStar Enterprise Ltd.*	The British Virgin Islands/ Malaysia	100	100	Investment holding
Flexitech Sdn. Bhd.*	Malaysia	100	100	Manufacturing and trading of gloves
TG Porcelain Sdn. Bhd.#	Malaysia	100	100	Manufacturing of formers
TGGD Medical Clinic Sdn. Bhd.#	Malaysia	75	75	Providing of clinical and specialist medical services
TG FMT Sdn. Bhd.*	Malaysia	70	70	Manufacturing and trading of chemicals
Top Glove Chemicals Sdn. Bhd.#	Malaysia	100	100	Manufacturing of chemicals and chemical compounds
Top Glove Vietnam Company Limited#	Vietnam	100	-	Manufacturing of vinyl gloves and other product

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19. Investment in subsidiaries (cont'd.)

Name	Country of incorporation/ principal place of business	Proportion of ownership interest (%)		Principal activities
		2019	2018	
Held through Top Glove Sdn. Bhd. (cont'd.):				
Top Catheter Sdn. Bhd. (Formerly known as Champion March Sdn. Bhd.)#	Malaysia	100	-	Manufacturing and trading of healthcare products
Top Synthetic Rubber Sdn. Bhd.#	Malaysia	100	-	Manufacturing and trading of chemical products
Held through TG Medical Sdn. Bhd.:				
Top Healthy Fitness Sdn. Bhd.#	Malaysia	100	100	Fitness centre
TG Raytech Sdn. Bhd.#	Malaysia	95	-	Providing innovative healthcare related products and service solutions
Held through Great Glove (Xinghua) Co. Ltd:				
TG Medical (Xinghua) Co. Ltd.#	The People's Republic of China	100	100	Trading of gloves
TG Medical (Putian) Co. Ltd.#	The People's Republic of China	100	100	Trading of gloves
Held through Top Care Sdn. Bhd.:				
Best Advance Resources Limited#	Malaysia	100	100	Investment holding
Green Resources Limited#	Malaysia	100	100	Investment holding

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19. Investment in subsidiaries (cont'd.)

Name	Country of incorporation/ principal place of business	Proportion of ownership interest (%)		Principal activities
		2019	2018	
Held through Top Care Sdn. Bhd. (cont'd.):				
Aspion Sdn. Bhd.#	Malaysia	100	100	Investment holding
Held through Top Feel Sdn. Bhd.:				
Duramedical Sdn. Bhd.#	Malaysia	85	85	Manufacturing of rubber dental dams and exercise bands
Held through Best Advance:				
PT. Topglove Indonesia#^	Indonesia	100	100	Investment holding
Held through PT Top Glove:				
PT. Agro Pratama Sejahtera#	Indonesia	95	95	Plantation of rubber trees
Held through PT Agro Pratama Sejahtera:				
PT. Top Green Forestry#Ω	Indonesia	57	-	Plantation
Held through Aspion:				
Adventa Health Sdn. Bhd.#	Malaysia	100	100	Distribution of medical gloves and other hospital related products
Terang Nusa (Malaysia) Sdn. Bhd.#	Malaysia	100	100	Manufacturing and distribution of surgical and medical examination gloves

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19. Investment in subsidiaries (cont'd.)

Name	Country of incorporation/ principal place of business	Proportion of ownership interest (%)		Principal activities
		2019	2018	
Held through Aspion (cont'd.):				
Cytotec (M) Sdn. Bhd.#	Malaysia	100	100	Generation and supply of energy and electricity using biomass technology
Purnabina Sdn. Bhd.#^^	Malaysia	97.2	97.2	Manufacturing and distribution of medical gloves
Sentienx Sdn. Bhd.#	Malaysia	100	100	Manufacturing and distribution of medical and protection gloves
Terang Nusa Sdn. Bhd.#	Malaysia	100	100	Dormant
Ulma International GmbH#	Germany	100	100	Distribution of medical gloves and other hospital related products
Suizze Health Ltd#	Hong Kong/ Malaysia	100	100	Investment holding
Held through Adventa Health Sdn. Bhd.:				
Beijing Adventa Health Supplies Co. Ltd.#	The People's Republic of China	-	100	Distribution of medical products and medical devices
Held through Suizze Health Limited:				
Kevenoll Do Brasil Produtos Medicos Hospitalares LTDA**^^^	Brazil	100	100	Distribution of medical products and medical devices

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19. Investment in subsidiaries (cont'd.)

* Audited by Ernst & Young, Malaysia

** Audited by member firms of Ernst & Young Global in the respective countries

Audited by firms other than Ernst & Young

^ The total equity interests held by the Group is 100% and it is held by the following subsidiaries:

	2019	2018
(i) Best Advance Resources Limited	99.9%	99.9%
(ii) Green Resources Limited	0.1%	0.1%

^^ The total equity interests held by the Group is 97.2% and it is held by the following subsidiaries:

	2019	2018
(i) Aspion Sdn Bhd	95.2%	95.2%
(ii) Terang Nusa (Malaysia) Sdn. Bhd.	2.0%	2.0%

^^^ The total equity interests held by the Group is 100% and it is held by the following subsidiaries:

	2019	2018
(i) Aspion Sdn Bhd	0.1%	-
(ii) Suizze Health Ltd	99.9%	100.0%

Ω The total equity interests held by the Group is 57% and it is held by the following subsidiaries:

	2019	2018
PT. Agro Pratama Sejahtera	60.0%	-

Changes in group structure

(a) Incorporation of Top Glove Vietnam Company Limited. (“Top Glove Vietnam”)

On 19 December 2018, the Company, through its wholly-owned subsidiary, Top Glove Sdn. Bhd., incorporated Top Glove Vietnam under the enterprise registration certificate granted by the Department of Planning and Investment of Binh Duong Province with charter capital of VND136,698 million only.

(b) Incorporation of Top Synthetic Rubber Sdn. Bhd. (“Top SR”)

On 25 January 2019, the Company, through its wholly-owned subsidiary, Top Glove Sdn. Bhd., incorporated Top SR in Malaysia under the Companies Act 2016 with an issued and paid up capital of RM1.00 comprising 1 ordinary share. Top Glove Sdn. Bhd. owns the entire issued and paid-up share capital of Top SR upon which, Top SR becomes 100% subsidiary of the Company.

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19. Investment in subsidiaries (cont'd.)

Changes in group structure (cont'd.)

(c) Incorporation of TG Raytech Sdn. Bhd. ("TG Raytech")

On 16 May 2019, the Company, through its wholly-owned subsidiary, TG Medical Sdn. Bhd., incorporated TG Raytech in Malaysia under the Companies Act 2016 with an issued and paid up capital of RM1,000.00 comprising 1,000 ordinary shares. TG Medical Sdn. Bhd. owns 950 shares in TG Raytech, representing 95% of the issued and paid-up share capital of TG Raytech upon which, TG Raytech becomes a 95% sub-subsiidiary of the Company.

(d) Incorporation of PT. Top Green Forestry ("PT TGF")

On 4 July 2019, the Company, through its 95% owned subsidiary, PT. Agro Pratama Sejahtera ("PT Agro"), had set up a company, namely PT TGF, under the Laws of the Republic of Indonesia. PT Agro holds 60% shares in the issued and paid up capital of PT TGF, which comprising 1,500 shares with total nominal value of Rp.1,500,000,000. Accordingly, PT TGF becomes a 57% sub-subsiidiary of the Company.

(e) Acquisition of the entire issued and paid-up share capital of Top Catheter Sdn. Bhd. (formerly known as Champion March Sdn. Bhd.) ("Top Catheter")

On 15 May 2019, Top Glove Sdn. Bhd., a wholly-owned subsidiary of the Company had acquired the entire issued and paid-up share capital of Top Catheter comprising 1 ordinary share for a cash consideration of RM1.00. Accordingly, Top Catheter has become a wholly-owned subsidiary of Top Glove Sdn. Bhd.. The acquisition is not expected to have material effects on the financial position of the Group.

(f) Deregistration of Beijing Adventa Health Supplies Co. Ltd. ("Beijing Adventa")

On 16 January 2019, the Company through its wholly owned subsidiary, Adventa Health Sdn. Bhd. received approval from State Administration for Industry and Commerce of the People's Republic of China to deregister its wholly-owned subsidiary, Beijing Adventa. Upon deregistration, Beijing Adventa ceased to be subsidiary of the Company at the end of the financial year.

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19. Investment in subsidiaries (cont'd.)

Changes in group structure (cont'd.)

(g) Prior year acquisitions

(i) Acquisition of Eastern Press Sdn. Bhd. ("EP")

On 5 January 2018, the Company had acquired 5,000,000 ordinary shares representing 100% of the equity interest in EP for a cash consideration of RM46,250,000, resulting in the Company became the holding company of EP.

The acquired subsidiary had contributed the following results to the Group from the date of acquisition to 31 August 2018:

	2018 RM'000
Revenue	48,145
Profit for the year	<u>1,262</u>

The fair values of the identifiable assets and liabilities of EP as at the date of acquisition were:

	Fair value RM'000	Carrying amount RM'000
Property, plant and equipment	32,912	33,993
Land use rights	17,100	9,887
Inventories	7,956	7,956
Trade and other receivables	20,201	20,201
Tax recoverable	81	81
Cash and bank balances	79	79
	<u>78,329</u>	<u>72,197</u>
Trade and other payables	18,553	18,553
Loans and borrowings	29,153	29,153
Provision for retirement benefits	656	656
Deferred tax liabilities	5,314	3,842
	<u>53,676</u>	<u>52,204</u>
Net identifiable assets	<u>24,653</u>	<u>19,993</u>
Group's interest in the fair value of net identifiable assets	24,653	
Total cost of acquisition	<u>46,250</u>	
Goodwill on acquisition (Note 23)	<u>21,597</u>	

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19. Investment in subsidiaries (cont'd.)

Changes in group structure (cont'd.)

(g) Prior year acquisitions (cont'd.)

(i) Acquisition of Eastern Press Sdn. Bhd. ("EP") (cont'd.)

In the previous financial year, the purchase price allocation for this acquisition was still incomplete as the Company was finalising its identification and measurement of all intangible assets and its allocated goodwill. The Company has up to 12 months to complete such allocation. Accordingly, on a provisional basis, the Company had recognised goodwill of RM21.6 million relating to the acquisition. The purchase price allocation for this acquisition is completed during the year with no changes to the provisional goodwill and no other intangible assets are recognised.

The effect of the acquisition on cash flows was as follows:

	2018 RM'000
Consideration settled in cash	46,250
Cash and cash equivalents of subsidiary acquired	(79)
Net cash outflow on the acquisition	<u>46,171</u>

(ii) Acquisition of Aspion Sdn. Bhd. ("Aspion")

On 4 April 2018, Top Care Sdn. Bhd. ("TCSB"), a wholly-owned subsidiary of the Company had acquired 270,850,119 ordinary shares representing the entire equity interest in Aspion for a purchase consideration of RM1,370 million. Accordingly, Aspion has become a wholly-owned subsidiary of TCSB.

Part of the purchase consideration amounting to RM1,233 million is settled in cash while the balance of RM137 million is through issuance of 20,505,000 new ordinary shares in the Company at an issue price of about RM6.6813 each ("Consideration Shares"). The Consideration Shares is listed and quoted on the Main Market of Bursa Securities with effect from 9.00 a.m. on 5 April 2018.

The acquired subsidiary had contributed the following results to the Group from the date of acquisition to 31 August 2018:

	2018 (Restated) RM'000
Revenue	240,489
Profit for the year	<u>2,828</u>

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19. Investment in subsidiaries (cont'd.)

Changes in group structure (cont'd.)

(g) Prior year acquisitions (cont'd.)

(ii) Acquisition of Aspion Sdn. Bhd. ("Aspion") (cont'd.)

The fair values of the identifiable assets and liabilities of Aspion as at the date of acquisition were:

	Fair value (Restated) RM'000	Carrying amount (Restated) RM'000
Property, plant and equipment	280,760	238,166
Land use rights	75,281	49,358
Intangible asset	40,477	-
Deferred tax assets	10,134	10,134
Inventories	74,378	74,378
Trade and other receivables	118,443	118,443
Derivative financial instruments	764	764
Cash and bank balances	11,709	11,709
	<u>611,946</u>	<u>502,952</u>
Trade and other payables	94,056	94,056
Loans and borrowings	279,274	279,274
Income tax payable	3,057	3,057
Deferred tax liabilities	33,726	7,568
	<u>410,113</u>	<u>383,955</u>
Net identifiable assets	<u>201,833</u>	<u>118,997</u>
Net identifiable assets	201,833	
Less: Non-controlling interests	(6,193)	
Group's interest in the fair value of net identifiable assets	195,640	
Total purchase consideration	<u>1,370,000</u>	
Goodwill on acquisition (Note 23)	<u>1,174,360</u>	

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19. Investment in subsidiaries (cont'd.)

(g) Prior year acquisitions (cont'd.)

(ii) Acquisition of Aspion Sdn. Bhd. ("Aspion") (cont'd.)

2018
RM'000

The purchase consideration was satisfied by:

a) Cash consideration	1,233,000
b) Issuance of 20,505,000 Consideration Shares	137,000
	<u>1,370,000</u>

In the previous financial year, the purchase price allocation for this acquisition was still incomplete as the Company was finalising its identification and measurement of all intangible assets and its allocated goodwill. The Company has up to 12 months to complete such allocation. Accordingly, on a provisional basis, the Company had recognised goodwill of RM1,258 million relating to the acquisition. The purchase price allocation for this acquisition is completed during the year with corresponding reduction in goodwill of RM84 million, resulting in RM1,174 million of total goodwill arising on the acquisition. Intangible asset relating to customer relationship of RM40 million are recognised.

The effect of the acquisition on cash flows was as follows:

2018
(Restated)
RM'000

Consideration settled in cash	1,233,000
Cash and cash equivalents of subsidiary acquired	(11,709)
Net cash outflow on the acquisition	<u>1,221,291</u>

(iii) Acquisition of Duramedical Sdn. Bhd. ("Duramedical")

On 14 May 2018, Top Feel Sdn. Bhd. ("Top Feel"), a wholly-owned subsidiary of the Company had acquired 212,500 ordinary shares representing 85% of the equity interest in Duramedical for a cash consideration of RM3,778,000. Accordingly, Duramedical has become a subsidiary of Top Feel.

The acquired subsidiary had contributed the following results to the Group from the date of acquisition to 31 August 2018:

2018
RM'000

Revenue	727
Profit for the year	<u>61</u>

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19. Investment in subsidiaries (cont'd.)

(g) Prior year acquisitions (cont'd.)

(iii) Acquisition of Duramedical Sdn. Bhd. ("Duramedical") (cont'd.)

The fair values of the identifiable assets and liabilities of Duramedical as at the date of acquisition were:

	Fair value (Restated) RM'000	Carrying amount RM'000
Property, plant and equipment	2,217	2,217
Land use rights	312	312
Inventories	133	133
Trade and other receivables	90	90
Tax recoverable	32	32
Cash and bank balances	618	618
	<u>3,402</u>	<u>3,402</u>
Trade and other payables	63	63
Loans and borrowings	1,611	1,611
Deferred tax liabilities	30	30
	<u>1,704</u>	<u>1,704</u>
Net identifiable assets	<u>1,698</u>	<u>1,698</u>
Net identifiable assets	1,698	
Less: Non-controlling interests	<u>(255)</u>	
Group's interest in the fair value of net identifiable assets	1,443	
Total purchase consideration	<u>3,778</u>	
Goodwill on acquisition (Note 23)	<u>2,335</u>	

In the previous financial year, the purchase price allocation for this acquisition was still incomplete as the Company was finalising its identification and measurement of all intangible assets and its allocated goodwill. The Company has up to 12 months to complete such allocation. Accordingly, on a provisional basis, the Company had recognised goodwill of RM1.9 million relating to the acquisition. The purchase price allocation for this acquisition is completed during the year with corresponding increase in goodwill of RM0.4 million, resulting in RM2.3 million of total goodwill arising on the acquisition. No other intangible assets are recognised.

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19. Investment in subsidiaries (cont'd.)

(g) Prior year acquisitions (cont'd.)

(iii) Acquisition of Duramedical Sdn. Bhd. ("Duramedical") (cont'd.)

The effect of the acquisition on cash flows was as follows:

	2018
	RM'000
Consideration settled in cash	3,778
Cash and cash equivalents of subsidiary acquired	(618)
Net cash outflow on the acquisition	<u>3,160</u>

(h) Non-controlling interests

Summarised financial information for non-controlling interests has not been disclosed as the carrying amount of the non-controlling interests in the consolidated statements of financial position is immaterial to the Group.

20. Investment in an associate

	Group	
	2019	2018
		(Restated)
	RM'000	RM'000
Unquoted shares at cost	12,204	12,204
Share of post-acquisition reserves	(351)	2,323
	<u>11,853</u>	<u>14,527</u>

Details of the associate are as follows:

Name	Country of incorporation / principal place of business	Proportion of ownership interest (%)		Principal activities
		2019	2018	
Held through Top Glove Sdn. Bhd.				
Value Add Sdn. Bhd.#	Malaysia	27	27	Investment holding

Audited by firms other than Ernst & Young

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20. Investment in an associate (cont'd.)

The financial year end of the above associate is non-coterminous with the Group. For the purpose of applying the equity method of accounting, the latest available financial information has been used and appropriate adjustments have been made for the effects of significant transactions between the dates of the latest available financial information and financial years ended 31 August 2019 and 2018.

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	Group	
	2019	2018
		(Restated)
	RM'000	RM'000
Assets and liabilities		
Non-current assets	260,011	262,714
Current assets	4,067	1,442
Total assets	<u>264,078</u>	<u>264,156</u>
Non-current liabilities	(197,869)	(190,154)
Current liabilities	(22,308)	(20,200)
Total liabilities	<u>(220,177)</u>	<u>(210,354)</u>
Net assets	<u>43,901</u>	<u>53,802</u>
Results		
Revenue	11,658	15,029
(Loss)/profit for the year	<u>(9,901)</u>	<u>22,845</u>

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in an associate:

	Group	
	2019	2018
		(Restated)
	RM'000	RM'000
Net assets of the associate as at 1 September 2018/2017	53,802	30,957
(Loss)/profit for the year	(9,901)	22,845
Net assets of the associate as at 31 August 2019/2018	<u>43,901</u>	<u>53,802</u>
Group's share of net assets	<u>11,853</u>	<u>14,527</u>

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21. Deferred tax (assets)/liabilities

Deferred income tax as at 31 August 2019 and 2018 relates to the following:

	<i>Deferred tax liabilities</i>		<i>Deferred tax assets</i>	Total RM'000
	Property, plant and equipment RM'000	Others RM'000	Unabsorbed export allowance, business losses, capital and reinvestment allowances RM'000	
Group				
At 1 September 2017	67,291	21,657	(35,372)	53,576
Recognised in profit or loss				
As previously stated	19,736	(3,497)	3,391	19,630
Prior year adjustment (Note 48)	3,395	(8,476)	-	(5,081)
As restated	23,131	(11,973)	3,391	14,549
Acquisition of subsidiary companies				
As previously stated	-	7,203	-	7,203
Prior year adjustment (Note 48)	21,733	-	-	21,733
As restated	21,733	7,203	-	28,936
Exchange difference	-	(27)	-	(27)
As restated	44,864	(4,797)	3,391	43,458
At 31 August 2018/1 September 2018	112,155	16,860	(31,981)	97,034
Recognised in profit or loss	38,683	(4,374)	(30,127)	4,182
Exchange difference	-	26	-	26
At 31 August 2019	150,838	12,512	(62,108)	101,242

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21. Deferred tax (assets)/liabilities (cont'd.)

The unabsorbed capital allowances and other deductible temporary differences of the Group are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

On the other hand, effective from year of assessment 2019 as announced in the annual budget 2019, the unutilised tax losses of the Group as at 31 August 2019 and thereafter will only be available for carry forward for a period of 7 consecutive years. Upon expiry of the 7 years, the unutilised losses will be disregarded.

The unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences applicable to foreign incorporated subsidiaries are pre-determined by and subject to the tax legislation of the respective countries.

Presented after appropriate offsetting as follows:

	Group	
	2019	2018
		(Restated)
	RM'000	RM'000
Deferred tax assets	(58,472)	(19,271)
Deferred tax liabilities	159,714	116,305
	<u>101,242</u>	<u>97,034</u>

Deferred tax assets have not been recognised by the Group and the Company in respect of the following items:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses	11,960	3,877	1,560	1,675
Unabsorbed capital allowances	642	1,341	-	-
	<u>12,602</u>	<u>5,218</u>	<u>1,560</u>	<u>1,675</u>

Deferred tax assets have not been recognised by the Group and the Company in respect of these items as it is not probable that taxable profits of the Company and its subsidiaries would be available against which deductible temporary differences could be utilised.

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22. Investment securities

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Current				
<i>Financial assets at fair value through other comprehensive income</i>				
- Debt securities (quoted outside Malaysia)	83,221	106,019	-	-
<i>Financial assets at fair value through profit or loss</i>				
- Money market funds (quoted in Malaysia)	4,064	87,695	1	2
	<u>87,285</u>	<u>193,714</u>	<u>1</u>	<u>2</u>
Non-current				
<i>Financial assets at fair value through profit or loss</i>				
- Unquoted investments - golf club membership	392	392	-	-
Total investment securities	<u>87,677</u>	<u>194,106</u>	<u>1</u>	<u>2</u>

Debt securities of the Group amounting to RM83,221,000 (2018: RM106,019,000) were pledged to banks for credit facilities granted to the Group as disclosed in Note 29.

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23. Intangible assets

Group	Goodwill	Customer Relationship	Patent	Total
	RM'000	RM'000	RM'000	RM'000
Cost				
At 1 September 2017	22,805	-	-	22,805
Arising from acquisition of subsidiaries (Note 19)	1,198,292	40,477	-	1,238,769
At 31 August 2018/ 1 September 2018 (Restated)	1,221,097	40,477	-	1,261,574
Addition	-	-	16	16
At 31 August 2019	1,221,097	40,477	16	1,261,590
Accumulated amortisation				
At 1 September 2017	-	-	-	-
Amortisation during the year (Note 11)	-	1,533	-	1,533
At 31 August 2018/ 1 September 2018 (Restated)	-	1,533	-	1,533
Amortisation during the year (Note 11)	-	3,680	1	3,681
At 31 August 2019	-	5,213	1	5,214
Net carrying amount				
At 31 August 2018 (Restated)	1,221,097	38,944	-	1,260,041
At 31 August 2019	1,221,097	35,264	15	1,256,376

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23. Intangible assets (cont'd.)

Goodwill has been allocated to Cash Generating Units ("CGUs") identified as follows:

	Group	
	2019	2018
	(Restated)	
	RM'000	RM'000
Top Glove Medical (Thailand) Co. Ltd.	2,946	2,946
B Tech Industry Co. Ltd.	14,789	14,789
GMP Medicare Sdn. Bhd.	5,070	5,070
Eastern Press Sdn. Bhd. (Note 19(g)(i))	21,597	21,597
Aspion Sdn. Bhd. (Note 19(g)(ii))	1,174,360	1,174,360
Duramedical Sdn. Bhd. (Note 19(g)(iii))	2,335	2,335
	<u>1,221,097</u>	<u>1,221,097</u>

Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five years period.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill and customer relationship:

- (i) Growth rate for the 5 years projection is determined based on the management's estimate on the industry trends and past performances of the segments, thereafter terminal growth rate is assumed to be from 0% to 2.5% (2018: 0%).
- (ii) A post-tax discount rate of 9.50% (2018: 7.41%) was applied in determining the recoverable amount of the unit. The discount rate was estimated based on a weighted average cost of capital of the Company.

The Group is of the opinion that any reasonably possible change in the above key assumptions would not materially cause the recoverable amount of the CGU's to be lower than its carrying amount, other than the goodwill of Aspion as disclosed below.

Sensitivity to changes in key assumptions

The sensitivity test indicated that changes in the discount rate used in the value-in-use calculation of Aspion Sdn. Bhd. will result in the recoverable amount to equal to the corresponding carrying amounts of the goodwill and related assets, assuming no change in other variables, is as follows:

Increase in discount rate	0.5%
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24. Inventories

	Group	
	2019	2018
		(Restated)
	RM'000	RM'000
Cost		
Raw materials	158,104	126,610
Consumables and hardware	42,557	31,766
Work-in-progress	132,666	76,973
Finished goods	283,130	254,931
	<u>616,457</u>	<u>490,280</u>
Net realisable value		
Raw materials	3,360	2,905
Work-in-progress	4,727	9,805
Finished goods	5,352	2,872
	<u>629,896</u>	<u>505,862</u>

During the year, the amount of inventories recognised as an expense of the Group amounted to RM3,917 million (2018: RM3,378 million).

25. Trade and other receivables

	Group		Company	
	2019	2018	2019	2018
		(Restated)		
	RM'000	RM'000	RM'000	RM'000
Trade receivables				
Third parties	565,579	621,765	-	-
Less: Allowance for expected credit loss	(2,809)	(3,707)	-	-
Trade receivables, net	<u>562,770</u>	<u>618,058</u>	<u>-</u>	<u>-</u>
Other receivables				
Amounts due from subsidiaries	-	-	4,705	1,992
Sundry receivables	15,436	10,289	19	8
Refundable deposits	14,011	8,962	-	-
	<u>29,447</u>	<u>19,251</u>	<u>4,724</u>	<u>2,000</u>
Total trade and other receivables	<u>592,217</u>	<u>637,309</u>	<u>4,724</u>	<u>2,000</u>
Total trade and other receivables	592,217	637,309	4,724	2,000
Add: Cash and bank balances (Note 28)	165,782	165,197	74	151
Financial assets at amortised cost	<u>757,999</u>	<u>802,506</u>	<u>4,798</u>	<u>2,151</u>

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25. Trade and other receivables (cont'd.)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2018: 30 to 90 days) terms. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2019	2018
		(Restated)
	RM'000	RM'000
Neither past due nor impaired	509,593	516,226
1 to 30 days past due not impaired	42,168	72,512
31 to 60 days past due not impaired	3,474	10,913
61 to 90 days past due not impaired	2,237	5,427
91 to 120 days past due not impaired	104	7,868
More than 121 days past due not impaired	5,194	5,112
	53,177	101,832
Impaired	2,809	3,707
	<u>565,579</u>	<u>621,765</u>

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records and are mostly regular customers that have been transacting with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM53,177,000 (2018: RM101,832,000) that are past due at the reporting date but not impaired. These receivables are unsecured in nature.

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25. Trade and other receivables (cont'd.)

(a) Trade receivables (cont'd.)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2019	2018
		(Restated)
	RM'000	RM'000
Trade receivables-nominal amounts	2,809	3,707
Less: Allowance for expected credit loss	(2,809)	(3,707)
	<u>-</u>	<u>-</u>

Movements in the allowance accounts:

	Group	
	2019	2018
		(Restated)
	RM'000	RM'000
At 1 September 2018/2017	3,707	975
Written off	-	(975)
Acquisition of subsidiary company	-	3,707
Allowance for expected credit loss during the year	453	-
Reversal of allowance for expected credit loss during the year	(1,351)	-
At 31 August 2019/2018	<u>2,809</u>	<u>3,707</u>

Trade receivables that are individually determined to be impaired at the reporting date relate to a debtor that is in significant financial difficulty and has defaulted on payment. This receivable is not secured by any collateral or credit enhancements.

(b) Related party balances

Amounts due from subsidiaries are unsecured, non-interest bearing and are repayable on demand except for an amount of RM2,085,209 (2018: nil) which bears interest at 4% per annum (2018: nil).

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26. Other current assets

	Group		Company	
	2019	2018	2019	2018
		(Restated)		
	RM'000	RM'000	RM'000	RM'000
Prepaid operating expenses	35,249	27,664	2,614	1,024
Goods and service tax refundable	18,435	52,613	-	47
Advances to suppliers for raw materials	7,769	1,852	-	-
Advances to suppliers for property, plant and equipment	2,058	23,217	-	-
	63,511	105,346	2,614	1,071

27. Derivative financial instruments

	Group			
	2019		2018	
			(Restated)	
	RM'000		RM'000	
	Contract/		Contract/	
	Notional	Fair value	Notional	Fair value
	Amount	Liabilities	Amount	Liabilities
Forward currency contracts	440,572	(1,653)	366,927	(856)

At 31 August 2019, the Group held forward currency 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 Group's sales are denominated in USD and EUR for which firm commitments existed at the reporting date, extending to January 2020 (2018 : January 2019).

During the financial year, the Group recognised a loss of RM811,000 (2018: loss of RM2,262,000) in the profit or loss arising from changes in the fair value of the forward currency contracts.

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28. Cash and bank balances

	Group		Company	
	2019	2018	2019	2018
		(Restated)		
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at banks	145,412	160,340	74	151
Deposits with licensed banks and other financial institutions	20,370	4,857	-	-
Cash and bank balances	165,782	165,197	74	151
Less: Deposits pledged with banks with maturity of more than 3 months	(6,067)	(4,962)	-	-
Bank overdrafts	-	(1,511)	-	-
Cash and cash equivalents	159,715	158,724	74	151

Cash at banks and deposits with licensed banks and other financial institutions of the Group amounting to RM6,067,000 (2018: RM4,962,000) are pledged to banks for credit facilities granted to the Group as disclosed in Note 29.

The weighted average effective interest rates and maturity days of deposits with licensed banks and other financial institutions at the reporting date were as follows:

	Group	
	2019	2018
Weighted average effective interest rates (%)	0.88	1.48
Maturity days	7 days - 365 days	257 days - 365 days

29. Loans and borrowings

		Group	
		2019	2018
	Maturity	RM'000	RM'000
Current			
<i>Secured:</i>			
RM Bank overdrafts	On demand	-	1,511
RM Bankers' acceptances	2018	-	42,714
RM Trade loan financing	2018	-	33,465
USD Trade loan financing	2018	-	14,446
USD Revolving loan	2019	-	21,441
RM Term loan	2019	-	2,637
USD Term loan	2019	-	90,746
USD Revolving credit	2019/2018	11,428	98,146
Hire purchase payables (Note 38(c))	2020/2019	432	725
		11,860	305,831

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29. Loans and borrowings (cont'd.)

		Group	
	Maturity	2019 RM'000	2018 RM'000
Current (cont'd.)			
<i>Unsecured:</i>			
RM Bankers' acceptances	2019	14,307	-
EUR Revolving credit	2019	160,047	-
JPY Revolving credit	2019	92,812	-
RM Trade loan financing	2019	6,085	-
Thai Baht Promissory notes	2019/2018	71,075	51,357
USD Revolving credit	2019/2018	499,785	471,754
RM Revolving credit	2019/2018	49,800	54,000
USD Syndicated term loan	2020	130,882	-
RM Term loan	2020/2019	5,840	3,125
Less: Unamortised transaction costs		(1,168)	(3,492)
		<u>1,029,465</u>	<u>576,744</u>
Total current loans and borrowings		<u>1,041,325</u>	<u>882,575</u>
Non-current			
<i>Secured:</i>			
Hire purchase payables (Note 38(c))	2021 - 2022/2020 - 2024	205	1,038
USD Revolving loan	2020 - 2021	-	35,674
RM Term loan	2020 - 2035	-	13,735
		<u>205</u>	<u>50,447</u>
<i>Unsecured:</i>			
USD Syndicated term loan	2023	523,528	1,273,325
Less: Unamortised transaction costs		(2,833)	(5,288)
		<u>520,695</u>	<u>1,268,037</u>
RM Term loan	2023/2022	18,613	11,875
USD Exchangeable bonds	2024	839,856	-
		<u>1,379,164</u>	<u>1,279,912</u>
Total non-current loans and borrowings		<u>1,379,369</u>	<u>1,330,359</u>
Total loans and borrowings		<u>2,420,694</u>	<u>2,212,934</u>

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29. Loans and borrowings (cont'd.)

The range of interest rates at the reporting date for borrowings are as follows:

	Group	
	2019	2018
	%	%
Bank overdrafts	Nil	7.5%
Bankers' acceptances	3.7% to 4.8%	3.9% to 8.1%
Hire purchase payables	4.0% to 5.3%	2.5% to 5.3%
Promissory notes	1.9% to 2.2%	1.9% to 7.1%
Trade loan financing	3.7% to 4.6%	3.2% to 4.6%
Revolving credit	0.3% to 4.7%	1.8% to 5.6%
Revolving loan	Nil	1.9% to 2.8%
Syndicated term loan	3.5%	2.7% to 3.3%
Term loan	4.4% to 4.9%	3.4% to 5.5%
Exchangeable bonds	4.2%	Nil

The remaining maturities of the loans and borrowings as at 31 August 2019 and 2018 are as follows:

	Group	
	2019	2018
	RM'000	RM'000
On demand or within one year	1,041,325	882,575
More than 1 year and less than 2 years	135,899	789,952
More than 2 years and less than 5 years	1,240,702	534,487
More than 5 years	2,768	5,920
	<u>2,420,694</u>	<u>2,212,934</u>

- (a) The RM bank overdrafts, RM bankers' acceptances, hire purchase payables, USD revolving credit, USD revolving loan, RM term loan, USD term loan, RM trade loan financing and USD trade loan financing of the Group and of the Company are secured by certain assets of the Group and of the Company as follows:
- (i) fixed charge over certain property, plant and equipment and land use rights as disclosed in Note 16 and Note 17 respectively;
 - (ii) USD loan at 2.7% to 3.1% p.a. was secured by charges over debt securities of the Group as disclosed in Note 22; and
 - (iii) deposits with licensed banks and other financial institutions as disclosed in Note 28.
- (b) On 1 March 2019, one of the subsidiaries, Top Glove Labuan Ltd. issued USD200 million (approximately RM814.40 million) in aggregate principal amount of 2.0% Guaranteed Exchangeable Bonds which is due in 2024 (the "Bonds").

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29. Loans and borrowings (cont'd.)

- (b) The weighted average effective interest rates at the reporting date for exchangeable bonds is 4.20% per annum.

Each bond entitles its registered holder to exchange for fully paid ordinary shares of Top Glove Labuan Ltd., at an initial exchange price of RM6.204 per share at a fixed exchange rate of USD1.00 = RM4.0703. The initial exchange price is also subject to adjustments in accordance with the terms and conditions of the Bonds as set out in the trust deed dated 1 March 2019.

The net proceeds from the issue of the Bonds were utilised to refinance the existing debt of the related companies and payment of fees and expenses relating to the Bonds issue.

The principal features of the Bonds which mature on 1 March 2024 ("maturity date") are as follows:-

- (i) The Bonds bear interest at the rate of 2.0% calculated semi-annually and payable on 1 March and 1 September each year.
- (ii) The Bonds are unconditionally and irrevocably guaranteed by the ultimate holding company, Top Glove Corporation Bhd. and are subject to negative pledge.
- (iii) Redemption price at 109.53%. The redemption price was determined based on the issue price, coupon rate and yield of the Bonds.
- (iv) Early redemption amount
An amount which, for each USD1,000 principal amount of such Bonds, together with accrued but unpaid interest from the immediately preceding interest payment date and after taking into account any interest paid in respect of the Bonds in the preceding periods, represents for the bondholder on the relevant date a gross yield of 3.75% per annum calculated on a semi-annual basis.
- (v) Redemption at the option of issuer
At any time on or after 16 March 2022, but not less than seven business days prior to the Maturity Date, in whole but not in part, at the Early Redemption Amount together with accrued but unpaid interest if the closing price of Top Glove Corporation Bhd.'s shares on Bursa Malaysia Securities Berhad for each of 20 consecutive trading days in any 30 consecutive trading day period, the last of which occurs not more than 5 trading days prior to the date upon which notice of such redemption was given, is at least 130% of the applicable Early Redemption Amount divided by the Exchange Ratio, in effect on such trading day.

At any time, in whole but not in part, at the Early Redemption Amount together with accrued but unpaid interest in the event the principal amount of the Bonds outstanding is 10% or less of the aggregate principal amount originally issued.

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29. Loans and borrowings (cont'd.)

- (b) The principal features of the Bonds which mature on 1 March 2024 ("maturity date") are as follows (cont'd.):-
- (vi) Redemption at the option of bondholders
Upon the occurrence of the following events, the bondholders may be entitled to exercise a right prior to the maturity date to require the Issuer to redeem all or part of the Bonds in cash:
- (a) On 1 March 2022, in whole or in part, at 105.50% of their principal amount together with accrued but unpaid interest.
- (b) Following the occurrence of a change of control, the bondholders will have the right at such holder's option, to require the Issuer to redeem in whole but not in part such holders' Bonds at their early redemption amount, together with accrued but unpaid interest.
- (c) In the event the Top Glove Corporation Bhd.'s shares cease to be listed or admitted to trading on Bursa Malaysia Securities Berhad and are not listed on an Alternative Stock Exchange or, if applicable, cease to be listed or admitted to trading on an Alternative Stock Exchange, or are suspended for a period equal to or exceeding 45 consecutive days on Bursa Malaysia Securities Berhad or an Alternative Stock Exchange, as the case may be, each bondholder shall have the right at such bondholders' option to require the Issuer to redeem all (but not less than all) of such bondholders' Bonds at their early redemption amount, together with accrued but unpaid interest.
- (vii) All Bonds which are not redeemed, exchanged, or purchased and cancelled in the manner allowed pursuant to the terms and conditions of the Bonds shall be redeemed in cash by the Issuer on the 1 March 2024 at the redemption price together with accrued but unpaid interest.

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30. Trade and other payables

	Group		Company	
	2019	2018	2019	2018
	RM'000	(Restated) RM'000	RM'000	RM'000
Trade payables	280,858	276,893	-	-
Other payables				
Accrued operating expenses	79,156	84,690	1,460	1,499
Sundry payables	132,400	138,568	82	10
	211,556	223,258	1,542	1,509
Total trade and other payables	492,414	500,151	1,542	1,509
Total trade and other payables	492,414	500,151	1,542	1,509
Add: Loans and borrowings (Note 29)	2,420,694	2,212,934	-	-
Total financial liabilities carried at amortised cost	2,913,108	2,713,085	1,542	1,509

(a) Trade payables

These amounts are non-interest bearing. The normal trade credit term granted to the Group ranges from 30 to 90 days (2018: range from 30 to 90 days).

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 30 to 90 days (2018: range from 30 to 90 days).

31. Contract liabilities

These amounts represent advances received from customers for goods purchased.

Set out below is the amount of revenue recognised from:

	Group	
	2019	2018
	RM'000	RM'000
Amounts included in contract liabilities at the beginning of the year	59,248	62,292

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32. Share capital

	Group and Company			
	<-----2019----->		<-----2018----->	
	Number of shares '000	Monetary value RM'000	Number of shares '000	Monetary value RM'000
Issued and fully paid				
At 1 September 2018/2017	1,280,229	787,709	1,256,299	636,644
Bonus Issue	1,280,229	-	-	-
Exercise of ESOS	131	662	3,425	11,972
Issued for acquisition of a subsidiary	-	-	20,505	137,000
Transfer from share option reserve	-	41	-	2,093
Transaction cost	-	(86)	-	-
At 31 August 2019/2018	<u>2,560,589</u>	<u>788,326</u>	<u>1,280,229</u>	<u>787,709</u>

On 10 October 2018, the Company obtained shareholders' approval at its Extraordinary General Meeting for a bonus issue of 1,280,229,124 new ordinary shares on the basis of 1 bonus share for every 1 existing ordinary share. The bonus issue was completed on 29 October 2018.

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

The new ordinary shares issued during the year ranked pari passu in all respects with the existing ordinary shares of the Company.

33. Treasury shares

This amount relates to the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

The shareholders of the Company, by an ordinary resolution passed in an annual general meeting held on 8 January 2019, renewed their approval for the Company's plan to repurchase its own shares. The directors of the Company are committed in enhancing the value of the Company to its shareholders and believe that the Share Buy Back can be applied in the best interests of the Company and its shareholders.

During the financial year:

- (i) the Company resold 2,781,700 of its treasury shares to the open market at the average price of RM5.03 per share. The total proceeds from the sale of treasury shares net off transaction costs was RM13,936,000. The excess of the proceeds and the cost of the treasury shares which amounted to RM7,719,000 was recognised in equity.

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33. Treasury shares (cont'd.)

During the financial year (cont'd.):

- (ii) the Company transferred 584,000 treasury shares to eligible employees under employee share grant plan at average market price of RM4.65 per share. The total transferred treasury shares were RM2,716,000. The difference between the transferred treasury shares and the cost of the treasury shares amounted to RM1,389,000 was recognised in equity.

In previous financial year, the Company transferred 93,700 treasury shares to eligible employees under employee share grant plan at average market price of RM10.40 per share. The total transferred treasury shares net of transaction costs were RM975,000. The difference between the transferred treasury shares and the cost of the treasury shares amounted to RM561,000 was recognised in equity.

Of the total 2,560,589,000 issued and fully paid ordinary shares as at 31 August 2019, 775,600 are held as treasury shares by the Company. As at 31 August 2019, the number of outstanding ordinary shares in issue and fully paid is therefore 2,559,813,400 ordinary shares.

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34. Other reserves

	Foreign exchange reserve RM'000	Legal reserve RM'000	Share option reserve RM'000	Cash flow hedge reserve RM'000	Fair value adjustment reserve RM'000	Others reserve RM'000	Total RM'000
Group							
At 1 September 2017	53,700	4,929	2,568	-	1,302	-	62,499
Other comprehensive income, as previously stated	(17,575)	-	-	(41,504)	(2,465)	-	(61,544)
Prior year adjustment	(786)	-	-	-	-	-	(786)
Share options granted under ESOS	-	-	1,932	-	-	-	1,932
Transfer from share option reserve	-	-	(2,093)	-	-	-	(2,093)
Transfer to retained earnings	-	-	(478)	-	-	-	(478)
Transfer to legal reserve	-	4,235	-	-	-	-	4,235
Transfer to other reserve	-	-	-	-	-	2,898	2,898
At 31 August 2018/ 1 September 2018 (Restated)	35,339	9,164	1,929	(41,504)	(1,163)	2,898	6,663
Other comprehensive loss	16,306	-	-	(38,787)	3,247	-	(19,234)
Share options granted under ESOS	-	-	7,197	-	-	-	7,197
Transfer from share option reserve	-	-	(131)	-	-	-	(131)
Transfer to retained earnings	-	-	-	-	-	1,595	1,595
Transfer to legal reserve	-	924	-	-	-	-	924
Equity component of exchangeable bonds	-	-	-	-	-	1,433	1,433
At 31 August 2019	51,645	10,088	8,995	(80,291)	2,084	5,926	(1,553)

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34. Other reserves (cont'd.)

Company	Share option reserve RM'000
At 31 August 2017/1 September 2017	2,568
Share options granted under ESOS	1,932
Transfer from share option reserve	(2,093)
Transfer to retained earnings	(478)
At 31 August 2018/1 September 2018	1,929
Share options granted under ESOS	7,197
Transfer from share option reserve	(131)
At 31 August 2019	8,995

(a) Foreign exchange reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(b) Legal reserve

This represents a general reserve provided for in respect of subsidiaries incorporated in the People's Republic of China and Thailand.

Under the Wholly Foreign Owned Enterprise ("WFOE") Law in the People's Republic of China, at least 10% of the net profit after taxation in each financial year must be credited to this reserve, until it reaches 50% of the registered paid up capital of the subsidiary.

Under the Civil and Commercial Code in Thailand, a company is required to set aside a statutory reserve equal to at least 5% of its net profit each time when the company pays out a dividend, until it reaches 10% of the registered share capital of the company.

(c) Share option reserve

The share option reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on grant of share options.

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34. Other reserves (cont'd.)

(d) Fair value adjustment reserve

Fair value adjustment reserve represents the differences arising from the conversion of bond reserves to fair value through OCI.

(e) Cash flow hedge reserve

The cash flow hedge reserve represents the effective portion of the cash flow hedge relationships incurred at the reporting date.

35. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 August 2019 and 2018 under the single tier system.

36. Share based payments

(i) Employee share options scheme ("ESOS")

The Company's ESOS is governed by the By-Laws which was approved by the shareholders at the Extraordinary General Meeting held on 9 January 2018 and became effective on 2 August 2018.

The main features of the ESOS are as follows:

- (a) The ESOS shall be in force for a period of ten years from the date of the receipt of the last of the requisite approvals.
- (b) Eligible persons are employees of the Group (including executive directors) who have been confirmed in the employment of the Group and have served for at least one year before the date of the offer. The eligibility for participation in the ESOS shall be at the discretion of the Options Committee appointed by the Board of Directors.
- (c) The total number of shares to be issued under the ESOS shall not exceed in aggregate 10% of the issued and paid up share capital of the Company at any point of time during the tenure of the ESOS.
- (d) The option price for each share shall be the 5-days weighted average market price of the underlying shares at the time the ESOS Options are granted, with either a premium or a discount of not more than ten percent (10%).

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36. Share based payments (cont'd.)

(i) Employee share options scheme ("ESOS") (cont'd.)

The main features of the ESOS are as follows (cont'd.):

- (e) No option shall be granted for less than 100 shares to any eligible employee.
- (f) An option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company commencing from the vest date but before the expiry on 31 May 2028.
- (g) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respect with the existing ordinary shares of the Company other than as may be specified in a resolution approving the distribution of dividends prior to their exercise dates.
- (h) No eligible person shall participate at any time in more than one share option scheme implemented by any company within the Group unless otherwise approved by the Options Committee.
- (i) The options shall not carry any right to vote at a general meeting of the Company.

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36. Share based payments (cont'd.)

(i) Employee share options scheme ("ESOS") (cont'd.)

The terms of share options outstanding as at end of the financial year are as follows:

<----- Number of share options over the ordinary shares ----->							Balance prior to adjustment for bonus issue*
Grant date	Expiry date	Exercise price RM	As at 1.9.2018 '000	Granted '000	Exercised '000	Lapsed '000	'000
2019							
2.8.2018	31.5.2028	10.12	3,161.9	-	-	-	3,161.9
Grant date	Expiry date	Exercise price RM	Balance after adjustment for bonus issue* '000	Granted '000	Exercised '000	Lapsed '000	As at 31.8.2019 '000
2019							
2.8.2018	31.5.2028	5.06	6,323.8	-	(125.1)	(212.4)	5,986.3
1.2.2019	31.5.2028	4.90	-	14,329.3	(6.0)	(76.7)	14,246.6
18.2.2019	31.5.2028	4.90	-	261.8	-	-	261.8
30.7.2019	31.5.2028	4.63	-	10,978.9	-	-	10,978.9
			6,323.8	25,570.0	(131.1)	(289.1)	31,473.6

* Bonus issue for one for one existing ordinary share

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36. Share based payments (cont'd.)

(i) Employee share options scheme ("ESOS") (cont'd.)

The terms of share options outstanding as at end of the financial year are as follows (cont'd.):

Grant Date	Expiry Date	Exercise Price RM	<----- Number of share options over the ordinary shares ----->				As at 31.8.2018 '000
			As at 1.9.2017 '000	Granted '000	Exercised '000	Lapsed '000	
2018							
5.9.2008	1.8.2018	1.01	2.4	-	-	(2.4)	-
5.3.2009	1.8.2018	1.13	2.4	-	-	(2.4)	-
5.9.2009	1.8.2018	1.76	55.6	-	(49.6)	(6.0)	-
5.2.2010	1.8.2018	2.82	12.0	-	(12.0)	-	-
5.3.2010	1.8.2018	2.90	1,528.0	-	(1,506.8)	(21.2)	-
5.4.2010	1.8.2018	3.49	23.2	-	(23.2)	-	-
6.5.2010	1.8.2018	3.08	129.2	-	(129.2)	-	-
5.6.2010	1.8.2018	3.06	39.0	-	(39.0)	-	-
5.7.2010	1.8.2018	3.43	31.6	-	(31.6)	-	-
6.8.2010	1.8.2018	3.26	12.8	-	(12.8)	-	-
5.10.2011	1.8.2018	2.08	31.0	-	(21.4)	(9.6)	-
3.4.2013	1.8.2018	2.76	282.2	-	(262.6)	(19.6)	-
2.8.2014	1.8.2018	2.32	407.5	-	(394.1)	(13.4)	-
1.6.2017	1.8.2018	5.33	938.4	-	(938.4)	-	-
2.8.2018	31.5.2028	10.12	-	3,166.6	(4.7)	-	3,161.9
			3,495.3	3,166.6	(3,425.4)	(74.6)	3,161.9

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36. Share based payments (cont'd.)

(i) Employee share options scheme ("ESOS") (cont'd.)

Details of share options exercised during the financial year and the fair value, at exercise date, of ordinary shares issued are as follows:

Exercise Date	Exercise price RM	Fair value of ordinary shares RM	Number of share options '000	Consider- ations received RM'000
2019				
After bonus issue				
September 2018 - August 2019	5.06	4.30 - 6.20	125.1	633.0
September 2018 - August 2019	4.90	4.30 - 6.20	6.0	29.4
			<u>131.1</u>	<u>662.4</u>
2018				
After no-par value regime				
September 2017 - August 2018	1.76	5.50 - 11.56	49.6	87.3
September 2017 - August 2018	2.82	5.50 - 11.56	12.0	33.8
September 2017 - August 2018	2.90	5.50 - 11.56	1,506.8	4,369.6
September 2017 - August 2018	3.49	5.50 - 11.56	23.2	81.0
September 2017 - August 2018	3.08	5.50 - 11.56	129.2	397.9
September 2017 - August 2018	3.06	5.50 - 11.56	39.0	119.3
September 2017 - August 2018	3.43	5.50 - 11.56	31.6	108.4
September 2017 - August 2018	3.26	5.50 - 11.56	12.8	41.7
September 2017 - August 2018	2.08	5.50 - 11.56	21.4	44.5
September 2017 - August 2018	2.76	5.50 - 11.56	262.6	724.8
September 2017 - August 2018	2.32	5.50 - 11.56	394.1	914.3
September 2017 - August 2018	5.33	5.50 - 11.56	938.4	5,001.7
September 2017 - August 2018	10.12	5.50 - 11.56	4.7	47.6
			<u>3,425.4</u>	<u>11,971.9</u>

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36. Share based payments (cont'd.)

(i) Employee share options scheme ("ESOS") (cont'd.)

Fair value of share options

The fair value of share options granted during the year were estimated by using a binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions used are as follows:

Fair value of share options at the following grant dates (RM):

1 February 2019	0.31, 0.32
18 February 2019	0.31
30 July 2019	0.24
Weighted average share price (RM)	4.63 - 4.99
Weighted average exercise price (RM)	4.63 - 4.90
Expected volatility (%)	29.67 - 34.92
Expected life (years)	8.84 - 9.33
Risk free interest rate (%)	3.58 - 4.07
Expected dividend yield (%)	1.62 - 1.76

The expected life of the share options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

(ii) Employee share grant plan ("ESGP")

The Company's ESGP is governed by the By-Laws which was approved by the shareholders at the Extraordinary General Meeting held on 6 January 2016 and became effective on 12 January 2016 and is administered by the ESGP Committee.

Under the ESGP, Eligible Employees may be granted ESGP Awards comprising shares of the Company. The ESGP Awards, once accepted, will vest without any consideration payable, subject to vesting date(s) and/or vesting conditions as may be determined at the discretion of the ESGP Committee. The ESGP Committee may, at its discretion, decide that any vesting of the Company's shares comprised in an ESGP Awards shall be satisfied through:

- (a) the issuance of new shares of the Company
- (b) the transfer of existing shares of the Company
- (c) settlement in cash; or
- (d) a combination of any of the above

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36. Share based payments (cont'd.)

(ii) Employee share grant plan ("ESGP") (cont'd.)

The main features of the ESGP are as follows:

- (a) The aggregate number of shares of the Company which may be awarded under the ESGP and any other schemes involving issuance of new shares of the Company to employees which are still subsisting shall not exceed 10% of the issued and paid-up share capital of the Company ("Plan Size").
- (b) Eligible persons are any employee or executive director of the Group (excluding dormant subsidiaries) who fulfills the eligibility criteria. The eligibility for participation in the ESGP shall be at the discretion of the ESGP Committee appointed by the Board of Directors.
- (c) The number of shares comprised in each ESGP Award shall be determined at the discretion of the ESGP Committee after taking into consideration, inter alia, the performance and seniority, years of service and potential for future development of the Eligible Employee and the employee's contribution to the Group as well as such other criteria as the ESGP Committee may deem relevant.
- (d) The aggregate number of shares that may be allocated to any one participant shall not exceed 10% of the total number of shares to be awarded under the ESGP and any other schemes involving issuance of new shares of the Company which may be implemented from time to time by the Company.
- (e) The aggregate maximum allocation to the directors and senior management of the Group (excluding dormant subsidiaries) shall not be more than 75% of the Company's shares awarded under the ESGP.
- (f) The ESGP shall be in force for a period of ten years from the effective date of implementation which is the date the last of the requisite approvals and/or conditions have been obtained and/or complied with.
- (g) The shares to be allotted and issued under the ESGP will, upon allotment and issue, rank pari passu in all respects with the existing shares of the Company, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions in respect of which the entitlement date is prior to the date of allotment and issuance of the new shares.

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37. Related party transactions

(a) Sales and purchase of goods

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms mutually agreed between the parties during the financial year:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Gross dividends from subsidiaries	-	-	215,590	239,030
Management fees from subsidiaries	-	-	5,374	4,912
Purchase of raw materials from related to certain directors of Company	-	71	-	-

(b) Compensation of the key management personnel

The remuneration of executive directors and other key management personnel during the financial year were as follows:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Salaries and other emoluments	9,387	10,276	3,289	3,208
Pension costs - defined contribution plan	824	896	332	302
Social security contributions	13	14	1	1
Share options granted under ESOS	1,056	317	589	161
Shares granted under ESGP	145	37	98	-
Fees	413	501	366	449
Benefits-in-kind	199	230	60	50
	12,037	12,271	4,735	4,171

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38. Commitments

(a) Capital commitments

	Group	
	2019	2018
	RM'000	RM'000
Property, plant and equipment:		
Approved and contracted for	324,782	186,901

(b) Operating lease arrangements

(i) Group as lessee

In addition to the land use rights disclosed in Note 17, the Group had entered into commercial leases on certain office equipment. These leases have an average tenure of between one and five years.

Future minimum rentals payable under non-cancellable operating leases (excluding land use rights) at the reporting date are as follows:

	Group	
	2019	2018
	RM'000	(Restated)
	RM'000	RM'000
Future minimum rentals payments:		
Not later than 1 year	4,828	2,031
Later than 1 year and not later than 2 years	2,365	1,069
Later than 2 years and not later than 5 years	1,464	1,454
	<u>8,657</u>	<u>4,554</u>

(ii) Group as lessor

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2019	2018
	RM'000	RM'000
Future minimum rentals payments:		
Not later than 1 year	2,170	6,079
Later than 1 year and not later than 2 years	1,423	4,548
Later than 2 years and not later than 5 years	477	5,519
	<u>4,070</u>	<u>16,146</u>

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38. Commitments (cont'd.)

(c) Hire purchase payables

	Group	
	2019	2018
	RM'000	RM'000
Minimum lease payments:		
Not later than 1 year	443	774
Later than 1 year but not later than 2 years	176	688
Later than 2 years but not later than 5 years	33	373
Later than 5 years	-	15
Total minimum lease payments	652	1,850
Less: Amounts representing finance charges	(15)	(87)
Present value of minimum lease payments	637	1,763

	Group	
	2019	2018
	RM'000	RM'000
Present value of payments:		
Not later than 1 year	432	725
Later than 1 year but not later than 2 years	172	663
Later than 2 years but not later than 5 years	33	360
Later than 5 years	-	15
Present value of minimum lease payments	637	1,763
Less: Amount due within 12 months (Note 29)	(432)	(725)
Amount due after 12 months (Note 29)	205	1,038

39. Fair values

(i) Determination of fair value of financial instruments

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	25
Loans and borrowings (current)	29
Loans and borrowings (non-current)	29
Trade and other payables	30

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39. Fair values (cont'd.)

(i) Determination of fair value of financial instruments (cont'd.)

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value (cont'd.)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair values of loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Investment securities (current)

Fair value is determined directly by reference to their published market bid price at the reporting date.

Investment securities (non-current)

Fair value is determined based on directors' estimates using comparable market price of similar golf club memberships.

Derivatives

Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates.

Investment property

The fair value of the investment property was based on a valuation by an accredited independent qualified value as disclosed in Note 18.

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39. Fair values (cont'd.)

(ii) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities as at reporting date:

	Quoted prices in active market (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	Total RM'000
Group				
As at 31 August 2019				
Current				
Assets/(liabilities) measured at fair value				
Financial assets at fair value through other comprehensive income	83,221	-	-	83,221
Financial assets at fair value through profit or loss	4,064	-	-	4,064
Derivative financial instruments	-	(1,653)	-	(1,653)
Non-current				
Assets measured at fair value				
Financial assets at fair value through profit or loss	-	-	392	392
Investment property (Note 18)	-	-	163,900	163,900
Group				
As at 31 August 2018				
Current				
Assets/(liabilities) measured at fair value				
Financial assets at fair value through other comprehensive income	106,019	-	-	106,019
Financial assets at fair value through profit or loss	87,695	-	-	87,695
Derivative financial instruments	-	(856)	-	(856)
Non-current				
Assets measured at fair value				
Financial assets at fair value through profit or loss	-	-	392	392
Investment property (Note 18)	-	-	163,900	163,900

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39. Fair values (cont'd.)

(ii) Fair value hierarchy (cont'd.)

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities as at reporting date (cont'd.):

	Quoted prices in active market (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	Total RM'000
Company				
As at 31 August 2019				
Current				
Assets measured at fair value				
Financial assets at fair value through profit or loss	1	-	-	1
Company				
As at 31 August 2018				
Current				
Assets measured at fair value				
Financial assets at fair value through profit or loss	2	-	-	2

During the reporting period ended 31 August 2019 and 2018, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

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40. Financial risk management objectives and policies

The Group and the Company are exposed to a variety of financial risks, including market risk, credit risk, interest rate risk, liquidity risk and foreign currency risk.

The Group's senior management oversees the management of these risks and ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by senior management who have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise interest rate risk, foreign exchange currency risk and other price risk such as equity price risk. Financial instruments affected by market risk include loans and borrowings, cash and short term deposits, debt securities, money market funds investments and derivative financial instruments.

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including debt securities, money market funds investments, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

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40. Financial risk management objectives and policies (cont'd.)

(b) Credit risk (cont'd.)

Credit risk concentration profile

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of debtors.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 25(a). Deposits with banks and other financial institutions, debt securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 25(a). An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 25(a).

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

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40. Financial risk management objectives and policies (cont'd.)

(c) Liquidity risk (cont'd.)

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	<----- 2019 ----->			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities				
Trade and other payables, excluding bank guarantees	492,414	-	-	492,414
Derivatives	1,653	-	-	1,653
Loans and borrowings	1,064,607	1,091,072	407,255	2,562,934
Total undiscounted financial liabilities	1,558,674	1,091,072	407,255	3,057,001
Company				
Financial liabilities				
Trade and other payables excluding bank guarantees	1,542	-	-	1,542
Total undiscounted financial liabilities	1,542	-	-	1,542
	<----- 2018 ----->			
	(Restated)			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities				
Trade and other payables, excluding bank guarantees	500,151	-	-	500,151
Derivatives	856	-	-	856
Loans and borrowings	933,364	1,380,443	6,856	2,320,663
Total undiscounted financial liabilities	1,434,371	1,380,443	6,856	2,821,670

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40. Financial risk management objectives and policies (cont'd.)

(c) Liquidity risk (cont'd.)

	<div style="text-align: center;"> <----- 2018 -----> (Restated) </div>			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Company				
Financial liabilities				
Trade and other payables excluding bank guarantees	1,509	-	-	1,509
Total undiscounted financial liabilities	1,509	-	-	1,509

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from its loans and borrowings. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's profit before tax would have been RM1,569,000 (2018: RM2,198,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

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40. Financial risk management objectives and policies (cont'd.)

(e) Market price risk

The Group's quoted investment securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the market price risk through diversification and by placing limits on individual and total investment in investment securities. Reports on the investment portfolio are submitted to the Group's senior management on a regular basis. The Board of Directors reviews and approves all investment decisions.

The Group has an Investment Committee with the objectives of reviewing, advising and ensuring that the Group's investment in debt securities is consistent with the delegated authority limit approved by the Board; and cash invested is within the risk appetite of the Group. The Investment Committee established certain criteria for current and future investment in debt securities. Any investment differing from the criteria established will require the Investment Committee's approval. The Investment Committee also aims to establish an effective investment management framework for the Group.

At the reporting date, the exposure to quoted investment securities at fair value was disclosed in Note 22.

Sensitivity analysis for market price risk

The following table demonstrates the sensitivity of the Group's debt investments to reasonably possible price movements in investments classified as available-for-sale at the reporting date:

		2019	2018
		RM'000	RM'000
Group			
Debt investments	- strengthened 5% (2018: 5%)	4,161	5,301
	- weakened 5% (2018: 5%)	<u>(4,161)</u>	<u>(5,301)</u>

(f) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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40. Financial risk management objectives and policies (cont'd.)

(f) Foreign currency risk (cont'd.)

The Group has transactional currency exposures mainly arising from revenue that are denominated in a currency other than the respective functional currencies of the Group entities. These functional currencies are Malaysian Ringgit ("RM"), Thailand Baht ("Baht"), Chinese Renminbi ("RMB") and Australian Dollar ("AUD"). The foreign currencies in which these transactions are denominated are mainly United States Dollars ("USD"), Euro and Japanese Yen ("JPY"). In addition, the Group has significant borrowings in USD and EURO (Note 29). Therefore, the Group is exposed to foreign currency risk. These exposures are managed, to the extent possible, by natural hedge that arise when payments for foreign currency payables are matched against receivables denominated in the same foreign currency.

The net unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

Functional currency of Group companies	Net financial (liabilities)/assets held in non-functional currency			
	USD	Euro	JPY	Total
	RM'000	RM'000	RM'000	RM'000
At 31 August 2019:				
Ringgit Malaysia	(221,247)	(154,430)	(92,809)	(468,486)
Thailand Baht	20,892	(482)	-	20,410
Chinese Renminbi	7,908	-	-	7,908
Australian Dollars	24,853	788	-	25,641
	<u>(167,594)</u>	<u>(154,124)</u>	<u>(92,809)</u>	<u>(414,527)</u>

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40. Financial risk management objectives and policies (cont'd.)

(f) Foreign currency risk (cont'd.)

	Net financial (liabilities)/assets held in non-functional currency			
	USD RM'000	EURO RM'000	JPY RM'000	Total RM'000
Functional currency of Group companies				
At 31 August 2018 (Restated):				
Ringgit Malaysia	(450,000)	(2,446)	-	(452,446)
Thailand Baht	35,893	(261)	-	35,632
Chinese Renminbi	20,795	-	-	20,795
Australian Dollars	23,827	815	-	24,642
	<u>(369,485)</u>	<u>(1,892)</u>	<u>-</u>	<u>(371,377)</u>

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, EURO and JPY exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		2019 RM'000	2018 (Restated) RM'000
USD/RM	- strengthened 5% (2018: 5%)	(11,062)	(22,500)
	- weakened 5% (2018: 5%)	11,062	22,500
USD/Baht	- strengthened 5% (2018: 5%)	1,045	1,795
	- weakened 5% (2018: 5%)	(1,045)	(1,795)
USD/RMB	- strengthened 5% (2018: 5%)	395	1,040
	- weakened 5% (2018: 5%)	(395)	(1,040)
USD/AUD	- strengthened 5% (2018: 5%)	1,243	1,191
	- weakened 5% (2018: 5%)	(1,243)	(1,191)
EURO/RM	- strengthened 5% (2018: 5%)	(7,722)	(122)
	- weakened 5% (2018: 5%)	7,722	122
EURO/Baht	- strengthened 5% (2018: 5%)	(24)	(13)
	- weakened 5% (2018: 5%)	24	13
EURO/AUD	- strengthened 5% (2018: 5%)	39	41
	- weakened 5% (2018: 5%)	(39)	(41)
JPY/RM	- strengthened 5% (2018: 5%)	(4,640)	-
	- weakened 5% (2018: 5%)	4,640	-

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41. Financial instruments

Classification of financial instruments

The principal accounting policies in Note 4.18 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

	Fair value through OCI RM'000	Fair value through profit or loss RM'000	Amortised cost RM'000	Total RM'000
Group				
As at 31 August 2019				
Financial assets				
Investment securities	83,221	4,456	-	87,677
Trade and other receivables	-	-	592,217	592,217
Cash and bank balances	-	-	165,782	165,782
Total financial assets	83,221	4,456	757,999	845,676
Financial liabilities				
Loans and borrowings	-	-	2,420,694	2,420,694
Trade and other payables	-	-	492,414	492,414
Derivative financial instruments	-	1,653	-	1,653
Total financial liabilities	-	1,653	2,913,108	2,914,761
Group				
As at 31 August 2018				
Financial assets				
Investment securities	106,019	88,087	-	194,106
Trade and other receivables	-	-	637,309	637,309
Cash and bank balances	-	-	165,197	165,197
Total financial assets	106,019	88,087	802,506	996,612
Financial liabilities				
Loans and borrowings	-	-	2,212,934	2,212,934
Trade and other payables	-	-	500,151	500,151
Derivative financial instruments	-	856	-	856
Total financial liabilities	-	856	2,713,085	2,713,941

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41. Financial instruments (cont'd.)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis (cont'd.):

	Fair value through OCI RM'000	Fair value through profit or loss RM'000	Amortised cost RM'000	Total RM'000
Company				
As at 31 August 2019				
Financial assets				
Investment securities	-	1	-	1
Trade and other receivables	-	-	4,724	4,724
Cash and bank balances	-	-	74	74
Total financial assets	-	1	4,798	4,799
Financial liabilities				
Other payables	-	-	1,542	1,542
Total financial liabilities	-	-	1,542	1,542
Company				
As at 31 August 2018				
Financial assets				
Investment securities	-	2	-	2
Trade and other receivables	-	-	2,000	2,000
Cash and bank balances	-	-	151	151
Total financial assets	-	2	2,151	2,153
Financial liabilities				
Trade and other payables	-	-	1,509	1,509
Total financial liabilities	-	-	1,509	1,509

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42. Capital management

The primary objective of the Group's and of the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratios in order to support their business and maximise shareholders' value.

The Group and the Company manage their capital structure and make adjustments, in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 August 2019 and 2018.

As disclosed in Note 34(b), subsidiaries of the Group incorporated in the People's Republic of China and Thailand are required to set aside a statutory reserve fund under local regulations. This externally imposed capital requirement has been complied with by the above-mentioned subsidiaries for the financial years ended 31 August 2019 and 2018.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group and the Company include within net debt, loans and borrowings, trade and other payables, contract liabilities, less cash and cash equivalents. Capital includes equity attributable to the owners of the parent less the fair value adjustment reserve and the above-mentioned restricted statutory reserve fund.

	Note	Group		Company	
		2019	2018 (Restated)	2019	2018
		RM'000	RM'000	RM'000	RM'000
Loans and borrowings	29	2,420,694	2,212,934	-	-
Trade and other payables	30	492,414	500,151	1,542	1,509
Contract liabilities	31	55,610	59,248	-	-
Less: cash and cash equivalents	28	(159,715)	(158,724)	(74)	(151)
Net debt		<u>2,809,003</u>	<u>2,613,609</u>	<u>1,468</u>	<u>1,358</u>
Equity attributable to the owners of the parent		2,536,955	2,383,046	1,036,937	1,020,687
(Less)/add:					
- Fair value adjustment reserve	34	(2,084)	1,163	-	-
- Legal reserve	34	(10,088)	(9,164)	-	-
Total equity		<u>2,524,783</u>	<u>2,375,045</u>	<u>1,036,937</u>	<u>1,020,687</u>
Capital and net debt		<u>5,333,786</u>	<u>4,988,654</u>	<u>1,038,405</u>	<u>1,022,045</u>
Gearing ratio		<u>52.66%</u>	<u>52.39%</u>	<u>0.14%</u>	<u>0.13%</u>

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43. Segment information

For management purposes, the Group is organised into business units based on their geographical areas, and has five reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs), income taxes and share of results of associate are managed on a group basis and are not allocated to operating segments.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on negotiated and mutually agreed terms.

	Malaysia RM'000	Thailand RM'000	The People's Republic of China RM'000	The British Virgin Islands RM'000	Others RM'000	Eliminations RM'000	Note	Consolidated RM'000
31 August 2019								
Revenue								
External sales	4,086,042	391,385	88,568	-	235,144	-		4,801,139
Inter-segment sales	104,060	330,734	1,963	-	-	(436,757)	A	-
Total revenue	4,190,102	722,119	90,531	-	235,144	(436,757)		4,801,139
Results								
Interest income	28,082	124	309	4,083	712	(22,699)		10,611
Depreciation and amortisation	170,429	20,039	3,355	-	1,092	-		194,915
Segment profit/(loss)	477,754	26,505	(3,954)	3,686	1,872	(82,275)	B	423,588
Assets								
Additions to non- current assets*	527,917	31,629	13,965	-	50,594	-	C	624,105
Segment assets	3,602,610	348,519	77,285	114,768	218,322	1,326,701	D	5,688,205
Liabilities								
Segment liabilities	2,817,242	119,005	13,945	11,438	11,931	160,503	E	3,134,064
Other segment information								
Capital commitments	239,385	22,486	2,673	-	60,238	-		324,782

* Other than financial instruments and deferred tax assets

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43. Segment information (cont'd.)

	Malaysia RM'000	Thailand RM'000	The People's Republic of China RM'000	The British Virgin Islands RM'000	Others RM'000	Eliminations RM'000	Note	Consolidated RM'000
31 August 2018 (Restated)								
Revenue								
External sales	3,521,154	390,050	176,745	-	132,793	-		4,220,742
Inter-segment sales	66,983	354,082	2,094	-	-	(423,159)	A	-
Total revenue	<u>3,588,137</u>	<u>744,132</u>	<u>178,839</u>	<u>-</u>	<u>132,793</u>	<u>(423,159)</u>		<u>4,220,742</u>
Results								
Interest income	10,382	107	129	4,315	215	(2,913)		12,235
Depreciation and amortisation	121,891	17,973	5,751	-	1,050	-		146,665
Segment profit/(loss)	<u>454,520</u>	<u>66,403</u>	<u>27,698</u>	<u>5,927</u>	<u>(1,144)</u>	<u>(30,604)</u>	B	<u>522,800</u>
Assets								
Additions to non- current assets*	2,086,686	16,264	5,944	-	681	-	C	2,109,575
Segment assets	<u>3,339,028</u>	<u>333,264</u>	<u>89,877</u>	<u>113,913</u>	<u>127,429</u>	<u>1,293,839</u>	D	<u>5,297,350</u>
Liabilities								
Segment liabilities	<u>2,629,743</u>	<u>102,211</u>	<u>20,417</u>	<u>11,878</u>	<u>9,659</u>	<u>125,046</u>	E	<u>2,898,954</u>
Other segment information								
Capital commitments	<u>181,716</u>	<u>4,687</u>	<u>498</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>186,901</u>

* Other than financial instruments and deferred tax assets

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43. Segment information (cont'd.)

A Inter-segment revenues are eliminated on consolidation.

B The following items are (deducted from)/added to segment profit to arrive at profit before tax presented in the consolidated income statement.

	2019	2018
	RM'000	(Restated)
		RM'000
Share of results of an associate	(2,674)	6,168
Finance costs	(79,601)	(36,772)
	<u>(82,275)</u>	<u>(30,604)</u>

C Additions to non-current assets consist of:

	2019	2018
	RM'000	(Restated)
		RM'000
Property, plant and equipment	568,143	775,153
Land use rights	55,553	93,034
Investment property	393	2,619
Intangible assets	16	1,238,769
	<u>624,105</u>	<u>2,109,575</u>

D The following items are added to segment assets to arrive at total assets reported in the consolidated statements of financial position:

	2019	2018
	RM'000	(Restated)
		RM'000
Deferred tax assets (Note 21)	58,472	19,271
Investment in an associate (Note 20)	11,853	14,527
Intangible assets (Note 23)	1,256,376	1,260,041
	<u>1,326,701</u>	<u>1,293,839</u>

E The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statements of financial position:

	2019	2018
	RM'000	(Restated)
		RM'000
Income tax payable	789	8,741
Deferred tax liabilities (Note 21)	159,714	116,305
	<u>160,503</u>	<u>125,046</u>

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44. Dividends

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Recognised during the financial year:				
Dividends on ordinary shares:				
- First tax exempt interim single tier dividend of 3.5 sen per share on 2,559,230,000 ordinary shares, and paid on 16 July 2019	89,566	-	89,566	-
- Final tax exempt single tier dividend of 5 sen per share on 2,556,440,000 ordinary shares, and paid on 25 January 2019	127,827	-	127,827	-
- First tax exempt interim single tier dividend of 7 sen per share on 1,277,926,000 ordinary shares, and paid on 17 July 2018	-	89,454	-	89,454
- Final tax exempt single tier dividend of 8.5 sen per share on 1,255,159,000 ordinary shares, and paid on 25 January 2018	-	106,691	-	106,691
	<u>217,393</u>	<u>196,145</u>	<u>217,393</u>	<u>196,145</u>

Dividends received by the ESGP Trusts amounting to RM120 (2018: RM186) for the Group is eliminated against the dividend expense of the Company upon consolidation of the ESGP Trusts as disclosed in Note 4.10(d).

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45. Financial guarantees

A nominal amount of RM2,420 million (2018: RM1,874 million) relating to corporate guarantees has been provided by the Company to banks for its subsidiaries' loans and borrowings.

As at reporting date, no values are ascribed on these guarantees and letter of undertaking provided by the Company to secure banking facilities described above as the directors regard the value of the credit enhancement provided by these guarantees as minimal and the probability of default, based on historical track records of the parties receiving the guarantees are remote.

46. Material litigation

The Company and its wholly-owned subsidiary, Top Care Sdn Bhd ("Top Care") have taken the following legal proceedings:

- (i) Writ action in the Kuala Lumpur High Court, against Low Chin Guan, Wong Chin Toh, ACPL Sdn Bhd ("ACPL") and Kwek Siew Leng ("Kwek") (collectively, the "Defendants") ("Writ Action").
- (ii) Arbitration proceedings at the Singapore International Arbitration Centre, against Adventa Capital Pte. Ltd. ("Adventa Capital") ("Singapore Arbitration").

The Writ Action and the Singapore Arbitration pertain to the Sale and Purchase Agreement entered into by the Company and Top Care on 12 January 2018 for Top Care's purchase of all issued shares in Aspion Sdn Bhd from Adventa Capital for RM1.37 billion ("the SPA").

The claim is RM640,470,000 as damages suffered by reason of the fraudulent misrepresentations made by Adventa Capital, Wong and Low to induce the Company and Top Care to enter into the SPA at RM1.37 billion as well as conspiracy by Adventa Capital, Wong, Low and Kwek to defraud the Company and Top Care. ACPL is named by reason of it having received RM72.3 million out of the RM1.37 billion purchase price. The Company and Top Care have elected to affirm the SPA and claim for damages.

In the Writ Action, Low counterclaims against the Company, Top Care, Aspion and several individuals for, inter alia, losses suffered by him as a result of his removal from the Management of Aspion and harassment or intimidation; whereas Wong counterclaims against the Company, Top Care and Aspion for, inter alia, losses suffered by him as a result of inconvenience, harassment and costs by reason of freezing order proceedings. The KL High Court has fixed trial dates for the Writ Action in March 2020 to October 2020.

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46. Material litigation (cont'd.)

In the Singapore Arbitration, Adventa Capital is counterclaiming against the Company and Top Care for, inter alia, the following:

- (i) Losses suffered by Adventa Capital as a result of the Company's and Top Care's breach of the SPA by Adventa Capital a notice of breach under the SPA; and
- (ii) Losses suffered by Adventa Capital as a result of Low's removal from the Management of Aspion.

Hearing date is yet to be fixed for Singapore Arbitration.

In aid of the Writ Action and Singapore Arbitration, the Company and Top Care had applied for Mareva Injunction as stated below:

- (i) Mareva Injunction applications were filed in the KL High Court against Adventa Capital, Low, Wong and ACPL to restrain them from disposing their assets up to RM640,470,000. The Mareva applications were heard from 29 to 31 October 2018 and 2 November 2018. Having heard the parties, the learned Judicial Commissioner ("JC") found that the Plaintiffs have made a good arguable case on fraudulent misrepresentation and that there is a risk of dissipation of assets by the Defendants if the Mareva Injunction is not granted. However, the learned JC was of the opinion that there is no causal link between the damages sought by the Plaintiffs and the fraudulent misrepresentation. Thus, the applications were dismissed. The learned JC however granted an Erinford Injunction upon the terms of the Ad Interim Injunction dated 27.8.2018 with injuncted sum of RM219.7 million against Adventa Capital, Low and Wong and the sum of RM72.3 million against ACPL Sdn Bhd; pending the Plaintiffs' appeals to the Court of Appeal against the dismissal of the applications ("Appeals").

The Appeals were called for hearing at the Court of Appeal on 1 August 2019 but were adjourned. During the case management on 24 October 2019, the Court of Appeal has fixed new hearing date for the Appeals on 25 March 2020. The Erinford Injunction remains in force until the disposal of the Appeals. The Plaintiffs have been advised by their solicitors and counsel that they have a good chance at succeeding at the Appeals.

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46. Material litigation (cont'd.)

In aid of the Writ Action and Singapore Arbitration, the Company and Top Care had applied for Mareva Injunction as stated below (cont'd):

- (ii) A Mareva Injunction application was filed in the Singapore High Court to restrain Adventa Capital from disposing its assets worldwide (save for Malaysia) up to the value of RM714,862,759. The Singapore High Court granted the Singapore Mareva Injunction. On 13 July 2018, Adventa Capital filed an application to set aside the Mareva Order and the application was heard by the Singapore High Court from 14 to 16 May 2019. On 10 June 2019, the Singapore High Court set aside the Mareva Order but granted an Erinford injunction up to the value of RM714,862,759 on the same terms as the Mareva Order, provided that the Company and Top Care make an application for a Mareva injunction to the arbitral tribunal (in SIAC Arbitration No. 171 of 2018) within two weeks, upon which the Erinford injunction will remain in force until there is a determination or order by the arbitral tribunal. The Company and Top Care have on 23 June 2019 filed the aforesaid application at arbitral tribunal. The hearing is fixed from 21 to 23 November 2019.

The Writ Action and the Singapore Arbitration are on-going. Solicitors are of the view that the Company and Top Care have a more than even chance of success in their claims. In the event that the Company and Top Care do not succeed in the claims under the Writ Action, Singapore Arbitration and fail to obtain the Injunctions, the Company and Top Care would be exposed to costs and damages for the Writ Action, Singapore Arbitration and the Mareva Injunctions that may be awarded to the Defendants.

47. Subsequent events

On 18 September 2019, the Company, through its wholly-owned subsidiary, Top Glove Sdn. Bhd. ("TGSB"), incorporated TG Excellence Berhad ("TGEB") in Malaysia under the Companies Act 2016 with an issued and paid up capital of RM1.00 comprising 1 ordinary share. TGSB owned the entire issued and paid-up share capital of TGEB upon which, TGEB becomes 100% sub-subsidiary of the Company.

A single tier final dividend in respect of the financial year ended 31 August 2019, of 4 sen per share on 2,559,814,000 ordinary shares amounting to RM102,393,000 had been declared on 26 September 2019. The final dividend will be paid on 23 December 2019. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 August 2020.

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48. Comparative figures

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

- (i) Transactions of a newly acquired foreign subsidiary for the financial year ended 31 August 2018 were not recorded in the correct accounting period.
- (ii) Finalisation of purchase price allocation for acquisition Eastern Press Sdn. Bhd., Aspion Sdn. Bhd. and Duramedical Sdn. Bhd.
- (iii) Effective 31 March 2019, the Associate company of Group adopted the policy to state its investment property at fair value. Previously, investment property was stated at cost.

The following comparative figures have been restated arising from the 48 (i), (ii) and (iii):

	As previously stated RM'000	Adjustments 48. (i) RM'000	Adjustments 48. (ii) RM'000	Adjustments 48. (iii) RM'000	As restated RM'000
Group					
Statements of profit or loss					
For the financial year ended					
31 August 2018					
Revenue	4,214,482	6,260	-	-	4,220,742
Cost of sales	(3,367,611)	(10,763)	-	-	(3,378,374)
Interest income	12,256	(21)	-	-	12,235
Other income	39,752	246	-	-	39,998
Distribution and selling costs	(111,692)	220	-	-	(111,472)
Administrative and general expenses	(224,968)	(1,100)	(3,657)	-	(229,725)
Share of results of an associate	1,697	-	-	4,471	6,168
Finance costs	(35,321)	(1,451)	-	-	(36,772)
Income tax expense	(90,689)	217	878	-	(89,594)
Profit attributable to:					
Owners of the parent	434,215	(7,077)	(2,779)	4,471	428,830
Non-controlling interests	3,691	685	-	-	4,376
Foreign currency translation difference of foreign operation	(17,741)	(959)	-	-	(18,700)
Total comprehensive income attributable to:					
Owners of the parent	372,671	(7,863)	(2,779)	4,471	366,500
Non-controlling interests	3,525	512	-	-	4,037

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48. Comparative figures (cont'd.)

The following comparative figures have been restated arising from the 48 (i), (ii) and (iii) (cont'd.):

	As previously stated RM'000	Adjustments 48. (i) RM'000	Adjustments 48. (ii) RM'000	Adjustments 48. (iii) RM'000	As restated RM'000
Group					
Statements of financial position					
As at 1 September 2017					
Investment in an associate	-	-	-	8,359	8,359

	As previously stated RM'000	Adjustments 48. (i) RM'000	Adjustments 48. (ii) RM'000	Adjustments 48. (iii) RM'000	As restated RM'000
Group					
Statements of financial position					
As at 31 August 2018					
Property, plant and equipment	2,064,817	(458)	40,403	-	2,104,762
Land use rights	101,675	-	25,354	-	127,029
Investment in an associate	1,697	-	-	12,830	14,527
Deferred tax assets	14,288	4,983	-	-	19,271
Intangible asset	1,304,496	(21)	(44,434)	-	1,260,041
Inventories	508,186	(2,324)	-	-	505,862
Trade and other receivables	646,179	(8,870)	-	-	637,309
Other current assets	106,380	(1,034)	-	-	105,346
Cash and bank balances	164,836	361	-	-	165,197
Trade and other payables	499,685	466	-	-	500,151
Income tax payable	8,680	61	-	-	8,741
Deferred tax liabilities	94,670	(3,493)	25,128	-	116,305
Other reserves	4,551	3,616	(1,504)	-	6,663
Retained earnings	1,595,546	(8,148)	(2,229)	12,830	1,597,999
Non-controlling interests	15,287	135	(72)	-	15,350

Statements of changes in equity

As at 1 September 2017

Retained earnings	1,365,827	-	-	8,359	1,374,186
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As at 31 August 2018

Foreign exchange reserve	36,125	(432)	(354)	-	35,339
Other reserve	-	4,048	(1,150)	-	2,898
Retained earnings	1,595,546	(8,148)	(2,229)	12,830	1,597,999
Non-controlling interests	15,287	135	(72)	-	15,350

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48. Comparative figures (cont'd.)

The following comparative figures have been restated arising from the 48 (i), (ii) and (iii) (cont'd.):

	As previously stated RM'000	Adjustments 48. (i) RM'000	Adjustments 48. (ii) RM'000	Adjustments 48. (iii) RM'000	As restated RM'000
Group					
Statements of cash flows					
For the financial year ended					
31 August 2018					
Operating activities					
Profit before tax	528,595	(6,609)	(3,657)	4,471	522,800
Depreciation on property plant and equipment	141,105	619	1,889	-	143,613
Amortisation of land use rights (Note 17)	1,298	(98)	319	-	1,519
Unrealised foreign exchange loss	19,630	2,528	-	-	22,158
Share of results of an associate	(1,697)	-	-	(4,471)	(6,168)
Finance costs	35,321	1,451	-	-	36,772
Interest income	(12,256)	21	-	-	(12,235)
Operating cash flows before changes in working capital					
Increase in inventories	(106,584)	(1,036)	-	-	(107,620)
Increase in receivables	(95,752)	2,739	-	-	(93,013)
Increase in other current assets	(55,122)	1,034	-	-	(54,088)
Decrease in payables	(34,946)	283	-	-	(34,663)
Cash flows from/(used in) operations					
Interest paid	(35,321)	(1,451)	-	-	(36,772)
Income taxes (paid)/refunded	(52,194)	270	-	-	(51,924)
Investing activities					
Interest received	12,256	(21)	-	-	12,235
Net cash outflow on acquisition of subsidiaries	(1,270,542)	-	(80)	-	(1,270,622)
Acquisition of equity interest of NCI	(3,944)	985	-	-	(2,959)

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48. Comparative figures (cont'd.)

The following comparative figures have been restated arising from the 48 (i), (ii) and (iii) (cont'd.):

	As previously stated RM'000	Adjustments 48. (i) RM'000	Adjustments 48. (ii) RM'000	Adjustments 48. (iii) RM'000	As restated RM'000
Group					
Statements of cash flows					
For the financial year ended					
31 August 2018					
Financing activities					
Dividends paid on non-controlling interests	(5,418)	(237)	-	-	(5,655)
Effect of changes in foreign exchange rate	(4,799)	(919)	-	-	(5,718)
Cash and cash equivalents					
at 31 August (Note 28)	160,863	(2,139)	-	-	158,724

49. Authorisation of financial statements for issue

The financial statements for the year ended 31 August 2019 were authorised for issue in accordance with a resolution of the directors on 31 October 2019.