

Company No.

474423 | X



ANDERSEN

TOP GLOVE CORPORATION BHD.
(Incorporated in Malaysia)

FINANCIAL STATEMENTS AS AT 31 AUGUST, 2001
TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS

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TOP GLOVE CORPORATION BHD.
(Incorporated in Malaysia)

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TOP GLOVE CORPORATION BHD.

(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and the Company for the financial year ended 31 August, 2001.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries are described in Note 4 to the financial statements.

There were no significant changes in the nature of these activities during the financial year.

RESULTS

	<u>Group</u> RM	<u>Company</u> RM
Net profit for the year	<u>15,901,527</u>	<u>20,125,478</u>

DIVIDENDS

The amount of dividend paid or declared by the Company since 31 August, 2000 were as follows :

In respect of the financial year ended 31 August, 2001	RM
Interim tax exempt ordinary dividend of 5% on 50,000,000 ordinary shares paid on 31 May, 2001	<u>2,500,000</u>

At the forthcoming Annual General Meeting, dividend which will be proposed for shareholder's approval in respect of the current financial year ended 31 August, 2001 was as follows :

Final tax exempt dividend of 3% on 50,000,000 ordinary shares	RM
	<u>1,500,000</u>

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders will be accounted for in shareholders' equity as an appropriation of retained profits in the next financial year ending 31 August, 2002.

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RÉSERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets were made out, the directors took reasonable steps to ascertain that 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 there were no known bad debts and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would require any amount to be written off as bad debts or render the amount of provision for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the income statements and balance sheets were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business their values as shown in the accounting records of the Group and the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and the Company which has arisen since the end of the financial year.

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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, in the opinion of the directors, will or may substantially affect the ability of the Group and the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up share capital from RM600,000 to RM50,000,000 by way of the issuance of 49,400,000 ordinary shares as follows :

<u>Class</u>	<u>Number</u>	<u>Terms and Purpose of Issue</u>
Ordinary share of RM1 each	25,975,213	Acquisition of subsidiaries
Ordinary share of RM1 each	15,914,787	Rights Issue of 599 new ordinary shares of RM1 each for every 1,000 ordinary shares held at RM1.16 each *
Ordinary share of RM1 each	7,510,000	Public Issue at RM2.70 each *

* The proceeds from Rights Issue and Public Issue have been utilised to repay bank borrowings, purchase of plant, machinery, information technology and office equipment, payment of listing expenses and for working capital.

All the new ordinary shares that were issued rank pari passu in all respects with the existing shares.

On 8 November, 2001, the Company announced the proposed bonus issue of 15,000,000 new ordinary shares of RM1 each in the Company on the basis of 3 ordinary shares for every 10 existing ordinary shares held. Consequently, the Company's issued and paid up share capital increased from RM50,000,000 comprising 50,000,000 ordinary shares of RM1 each to RM65,000,000 comprising 65,000,000 ordinary shares of RM1 each.

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All the shares to be issued pursuant to the proposed Bonus Issue will rank pari passu in all respects with the existing shares of the Company except that they shall not entitle to any dividends, rights, allotments and/or any other distributions, the entitlement of which is prior to the allotment of Bonus Issue.

To accommodate the proposed Bonus Issue, the Company also proposed an increase in authorised share capital from 50,000,000 ordinary shares to 100,000,000 ordinary shares by the creation of 50,000,000 new ordinary shares of RM1 each.

SIGNIFICATN EVENTS

The significant events during the financial year are disclosed in Note 25 to the financial statements.

DIRECTORS

The directors who served since the date of the last report are:

Dr. Lim Wee Chai
Tan Sri Datuk Arshad bin Ayub
Tong Siew Bee
Haji Shahadan bin Haji Abd Manas
Lim Hooi Sin
Sekarajasekaran A/L Arasaratnam
Lau Boon Ann

In accordance with the Company's Articles of Association, Tong Siew Bee retires at the forthcoming Annual General Meeting and being eligible, offers herself for re-election.

In accordance with the Listing Requirements of Kuala Lumpur Stock Exchange, Dr. Lim Wee Chai retires at the forthcoming Annual General Meeting and being eligible, offers himself for re-election.

Tan Sri Datuk Arshad bin Ayub and Sekarajasekaran A/L Arasaratnam retire pursuant to Section 129(2) of the Companies Act, 1965 ("the Act") and a resolution is being proposed for their reappointment as directors under the provision of Section 129(6) of the Act to hold office until the next Annual General Meeting of the Company.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party with the object of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

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Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 16 or deemed benefits, if any, arising from transactions disclosed in Note 22 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

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

	Date of appointment	Number of Ordinary Shares of RM1 each			31 August, 2001
		Rights Issue	Bought	Sold	
Dr. Lim Wee Chai					
- direct	13,805,443	8,267,504	10,000	7,397,134	14,685,813
- indirect	7,141,320	4,276,638	1,020,000	3,826,780	8,611,178
Tan Sri Datuk Arshad bin Ayub	-	-	1,875,000	-	1,875,000
Tong Siew Bee					
- direct	849,716	508,859	10,000	455,333	913,242
- indirect	20,097,047	12,035,283	1,020,000	10,768,581	22,383,749
Haji Shahadan bin Haji Abd Manas	-	-	2,510,000	2,100,000	410,000
Lim Hooi Sin					
- direct	1,303,269	780,473	10,000	698,376	1,395,366
- indirect	19,643,494	11,763,669	1,020,000	10,525,538	21,901,625
Sekarajasekaran A/L Arasaratnam	1,941,433	1,162,643	10,000	1,040,345	2,073,731
Lau Boon Ann	-	-	10,000	-	10,000

Dr. Lim Wee Chai, 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.

NUMBER OF EMPLOYEES AND PRINCIPAL PLACE OF BUSINESS

The number of employees in the Group at the end of the year was 1,356.

The Company is a public limited company, incorporated and domiciled in Malaysia, and is listed on Second Board of the Kuala Lumpur Stock Exchange. The principal place of business of the Company is located at Lot 5091, Jalan Teratai, Batu 5, off Jalan Meru, 41050 Klang, Selangor.

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AUDITORS

Arthur Andersen & Co. retire and have indicated their willingness to accept re-appointment.

Signed on behalf of the
board in accordance with a
resolution of the directors



DR. LIM WEE CHAI



TONG SIEW BEE

Date: 6 DECEMBER, 2001
Klang

Company No.

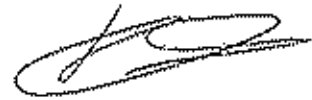
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TOP GLOVE CORPORATION BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, DR. LIM WEE CHAI and TONG SIEW BEE, being two of the directors of TOP GLOVE CORPORATION BHD., do hereby state that, in the opinion of the directors, the financial statements set out on pages 10 to 30 give a true and fair view of the state of affairs of the Group and the Company as at 31 August, 2001 and of their results and cash flows for the year then ended and have been properly drawn up in accordance with the provisions of the Companies Act 1965 and applicable approved accounting standards in Malaysia.

Signed on behalf of the board in accordance with a resolution of the directors



DR. LIM WEE CHAI



TONG SIEW BEE

Date: 6 DECEMBER, 2001
Klang

STATUTORY DECLARATION

I, DR. LIM WEE CHAI, the director primarily responsible for the financial management of TOP GLOVE CORPORATION BHD., do solemnly and sincerely declare that the financial statements set out on pages 10 to 30 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.

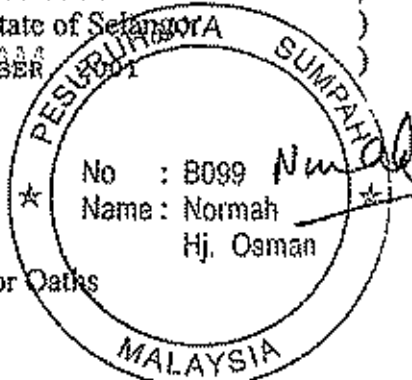
Subscribed and solemnly declared
by the abovenamed DR. LIM WEE CHAI
at Klang in the State of Selangor
on 6 DECEMBER 2001



DR. LIM WEE CHAI

Before me,

Commissioner for Oaths



Company No.

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ANDERSEN

Arthur Andersen & Co
Public Accountants

Grabs Maju Bangunan PKMM
Tingkat 10 Lot 1
Jalan Grabs Maju
75300 Melaka
Malaysia

Tel: 606 2831300
Fax: 606 2841799

AUDITORS' REPORT

To the Shareholders of
TOP GLOVE CORPORATION BHD.

We have audited the financial statements set out on pages 10 to 30. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia and give a true and fair view of:
 - (i) the state of affairs of the Group and the Company as at 31 August, 2001 and of their results and their cash flows for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements;
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

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We have considered the financial statements and the auditors' report of all the subsidiaries of which we have not acted as auditors, as indicated in Note 4 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for these purposes.

The auditor's reports on the financial statements of the subsidiaries were not subject to any qualification or any comment made under subsection (3) of Section 174 of the Act.

Arthur Andersen & Co
ARTHUR ANDERSEN & CO.
No. AF 0103
Public Accountants

Lee Ah Too
LEE AH TOO
No. 2187/09/03(J)
Partner of the Firm

Date: 6 DECEMBER, 2001
Melaka

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TOP GLOVE CORPORATION BHD.
(Incorporated in Malaysia)

BALANCE SHEETS - 31 AUGUST, 2001

	<u>Note</u>	<u>Group</u> <u>2001</u> RM	<u>2001</u> RM	<u>Company</u> <u>2000</u> RM
NON-CURRENT ASSETS				
Property, plant and equipment	3	71,443,524	-	-
Subsidiaries	4	-	25,975,213	-
Other investment	5	15,300	-	-
Intangible assets	6	-	-	11,089
		<u>71,458,824</u>	<u>25,975,213</u>	<u>11,089</u>
CURRENT ASSETS				
Inventories	7	23,025,816	-	-
Other receivables		1,297,067	-	598,998
Due from subsidiaries	8	-	55,673,566	-
Trade receivables		23,327,756	-	-
Cash and bank balances	9	9,824,335	8,594	994
		<u>57,474,974</u>	<u>55,682,160</u>	<u>599,992</u>
CURRENT LIABILITIES				
Short term borrowings	10	8,398,308	-	-
Trade payables		11,267,168	-	-
Other payables		7,757,716	191,187	11,081
Taxation		726,245	-	-
		<u>28,149,437</u>	<u>191,187</u>	<u>11,081</u>
NET CURRENT ASSETS		<u>29,325,537</u>	<u>55,490,973</u>	<u>588,911</u>
		<u>100,784,361</u>	<u>81,466,186</u>	<u>600,000</u>

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TOP GLOVE CORPORATION BHD.
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BALANCE SHEETS - 31 AUGUST, 2001 (CONT'D)

	<u>Note</u>	<u>Group</u> <u>2001</u> RM	<u>2001</u> RM	<u>Company</u> <u>2000</u> RM
FINANCED BY :				
Share capital	11	50,000,000	50,000,000	600,000
Reserves		43,170,391	31,466,186	-
Shareholders' equity		<u>93,170,391</u>	<u>81,466,186</u>	<u>600,000</u>
Minority interests		320,824	-	-
		<u>93,491,215</u>	<u>81,466,186</u>	<u>600,000</u>
Hire purchase payables	12	305,706	-	-
Term loans	13	5,254,440	-	-
Deferred taxation	14	1,733,000	-	-
Non-current liabilities		<u>7,293,146</u>	<u>-</u>	<u>-</u>
		<u>100,784,361</u>	<u>81,466,186</u>	<u>600,000</u>

The accompanying notes are an integral part of these balance sheets.

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TOP GLOVE CORPORATION BHD.
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INCOME STATEMENTS
FOR THE YEAR ENDED 31 AUGUST, 2001

	<u>Note</u>	<u>Group</u> <u>2001</u> RM	<u>2001</u> RM	<u>Company</u> <u>2000</u> RM
Revenue	15	138,862,134	20,600,000	-
Cost of sales		(103,932,195)	-	-
Gross profit		34,929,939	20,600,000	-
Other operating income		424,903	21,247	-
Distribution and selling costs		(9,355,525)	-	-
Administrative and general expenses		(6,362,471)	(215,769)	-
Other operating expenses		(65,930)	-	-
Profit from operations	16	19,570,916	20,405,478	-
Finance costs	17	(2,353,431)	-	-
Profit before taxation		17,217,485	20,405,478	-
Taxation	18	(1,312,313)	(280,000)	-
Profit after taxation		15,905,172	20,125,478	-
Minority interests		(3,645)	-	-
Net profit for the year		15,901,527	20,125,478	-
Basic earnings per share (sen)	19	39.6		

The accompanying notes are an integral part of these statements.

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TOP GLOVE CORPORATION BHD.
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STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST, 2001

<u>Group</u>	<u>←Non-distributable→</u>			<u>Distributable</u>	
	<u>Share capital</u> RM	<u>Share premium</u> RM	<u>Foreign exchange reserve</u> RM	<u>Retained profits</u> RM	<u>Total</u> RM
At 1.9.2000	600,000	-	-	27,950,841	28,550,841
Issuance of shares					
- Acquisition of subsidiaries	25,975,213	-	-	-	25,975,213
- Rights Issue	15,914,787	2,546,366	-	-	18,461,153
- Public Issue	7,510,000	12,767,000	-	-	20,277,000
Listing expenses	-	(1,472,658)	-	-	(1,472,658)
Merger deficit set off	-	-	-	(12,053,213)	(12,053,213)
Currency translation differences *	-	-	30,528	-	30,528
Net profit for the year	-	-	-	15,901,527	15,901,527
Dividends (Note 20)	-	-	-	(2,500,000)	(2,500,000)
At 31.8.2001	<u>50,000,000</u>	<u>13,840,708</u>	<u>30,528</u>	<u>29,299,155</u>	<u>93,170,391</u>
<u>Company</u>					
At 1.9.1999	2	-	-	-	2
Issuance of shares	599,998	-	-	-	599,998
At 31.8.2000	600,000	-	-	-	600,000
Issuance of shares					
- Acquisition of subsidiaries	25,975,213	-	-	-	25,975,213
- Rights Issue	15,914,787	2,546,366	-	-	18,461,153
- Public Issue	7,510,000	12,767,000	-	-	20,277,000
Listing expenses	-	(1,472,658)	-	-	(1,472,658)
Net profit for the year	-	-	-	20,125,478	20,125,478
Dividends (Note 20)	-	-	-	(2,500,000)	(2,500,000)
At 31.8.2001	<u>50,000,000</u>	<u>13,840,708</u>	<u>-</u>	<u>17,625,478</u>	<u>81,466,186</u>

* Representing net gain not recognised in the income statement.

The accompanying notes are an integral part of these statements.

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TOP GLOVE CORPORATION BHD.
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CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 AUGUST, 2001

	<u>Group</u>	<u>Company</u>	
	<u>2001</u>	<u>2001</u>	<u>2000</u>
	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	17,217,485	20,405,478	-
Adjustments for :			
Depreciation	4,864,645	-	-
Gain on disposals of fixed assets	(14,174)	-	-
Intangible assets written off	33,792	11,089	-
Interest expense	1,782,740	-	-
Interest income	(101,984)	(21,247)	-
Operating profit before working capital changes	<u>23,782,504</u>	<u>20,395,320</u>	-
Increase in receivables	(23,986,169)	(55,074,568)	(598,998)
Increase in inventories	(8,468,575)	-	-
Increase in payables	12,989,463	180,106	3,300
Increase in intangible assets	-	-	(3,308)
Cash generated from/(used in) operations	<u>4,317,223</u>	<u>(34,499,142)</u>	<u>(599,006)</u>
Interest paid	(1,782,740)	-	-
Tax paid	(944,257)	(280,000)	-
Net cash generated from/(used in) operating activities	<u>1,590,226</u>	<u>(34,779,142)</u>	<u>(599,006)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Issuance of shares	39,080,060	38,738,153	599,998
Purchase of fixed assets	(14,221,527)	-	-
Placement of fixed deposits	(1,269,957)	-	-
Interest received	101,984	21,247	-
Proceeds from disposals of fixed assets	304,808	-	-
Net cash generated from investing activities	<u>23,995,368</u>	<u>38,759,400</u>	<u>599,998</u>

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TOP GLOVE CORPORATION BHD.
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CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 AUGUST, 2001 (CONT'D)

	<u>Group</u> <u>2001</u> RM	<u>2001</u> RM	<u>Company</u> <u>2000</u> RM
CASH FLOWS FROM FINANCING ACTIVITIES			
Listing expenses	(1,472,658)	(1,472,658)	-
Payment of dividends	(2,500,000)	(2,500,000)	-
Repayments of hire purchase payables	(1,172,421)	-	-
Drawdown of term loan	90,392	-	-
Repayment of term loans	(14,641,441)	-	-
Short term borrowings	1,027,000	-	-
Net cash used in financing activities	<u>(18,669,128)</u>	<u>(3,972,658)</u>	<u>-</u>
CASH AND CASH EQUIVALENTS			
Net increase during the year	6,916,466	7,600	992
At beginning of the year	(1,653,498)	994	2
At end of the year	<u>5,262,968</u>	<u>8,594</u>	<u>994</u>
Cash and cash equivalents comprise :			
Cash and bank balances	4,780,158	8,594	994
Bank overdrafts	(1,781,433)	-	-
Fixed deposits	2,264,243	-	-
	<u>5,262,968</u>	<u>8,594</u>	<u>994</u>

The accompanying notes are an integral part of these statements.

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TOP GLOVE CORPORATION BHD.
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NOTES TO THE FINANCIAL STATEMENTS - 31 AUGUST 2001

1. PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 4. There were no significant changes in the nature of these activities during the financial year.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements of the Group and the Company have been prepared under the historical cost convention and comply with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

(b) Revenue Recognition

(i) Sales of goods

Revenue relating to sale of goods is recognised net of discounts when transfer of risks and rewards have been completed.

(ii) Dividend income

Dividend income is recognised when shareholder's right to receive payment is established.

(iii) Revenue from services

Revenue from services rendered is recognised net of discounts as and when the services are performed.

(iv) Interest income

Interest income is recognised on accrual basis.

(c) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits therefrom. Companies acquired or disposed are included in the consolidated financial statement from the date of acquisition or to the date of disposal.

Acquisition of subsidiaries which meet the criteria for merger are accounted for using merger accounting principles. When the merger method is used, the cost of investment in the Company's book is recorded at the nominal value of shares issued and the difference between the carrying value of the investment and the nominal value of shares acquired is treated as merger reserve or merger deficit. The results of the companies being merged are included as if the merger had been effected throughout the current and previous financial years. All the subsidiaries are consolidated using the merger method of accounting except for the acquisition of Great Glove (Thailand) Co. Ltd., which is accounted for under the acquisition method.

The difference between the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or reserve arising on consolidation and is amortised or credited to income statement.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

(d) Currency Conversion and Translation

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rates of exchange ruling at that date. All exchange differences are taken to the income statement.

Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are taken to reserves.

The principal exchange rates for every unit of foreign currency ruling at balance sheet date used are as follows :

	<u>2001</u>
United States Dollar	3.795
Singapore Dollar	2.167
Thailand Baht	0.088

(c) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation. Freehold land and capital work-in-progress are not depreciated. Leasehold land is depreciated over the period of the respective lease which ranges from 63 years to 72 years. Depreciation of other property, plant and equipment is provided on a straight line basis to write off the cost of each asset over their estimated useful life at the following annual rates :

Buildings	2%
Plant and equipment	10%
Other assets	10% - 20%

(f) Inventories

Inventories are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable values. Cost of finished goods and work-in-progress include direct materials, direct labour, other costs and appropriate production overheads.

(g) Deferred Taxation

Deferred taxation is provided under the liability method for all material timing differences except where there is reasonable evidence that these timing differences will not reverse in the foreseeable future.

(h) Trade and Other Receivables

Trade and other receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on review of all outstanding amounts as at the balance sheet date.

(i) Investments

Investment in subsidiaries and other long term investments are stated at cost less provision for any permanent diminution in value.

(j) Interest Capitalisation

Interest incurred on borrowings relating to the purchase of property, plant and equipment is capitalised until the assets are ready for their intended use.

(k) Hire Purchase

Property, plant and equipment acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in (c) above. The corresponding outstanding obligations due under the hire purchase after deducting finance expenses are included as liabilities in the financial statements. Finance expenses are charged to the income statement over the period of the respective agreements.

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(1) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and at banks and deposits at call, net of outstanding bank overdrafts.

3. PROPERTY, PLANT AND EQUIPMENT

<u>Group</u>	* <u>Land and buildings</u> RM	<u>Plant and equipment</u> RM	** <u>Other assets</u> RM	<u>Capital work-in-progress</u> RM	<u>Total</u> RM
<u>Cost</u>					
At 1.9.2000	32,767,237	32,639,598	4,397,749	960,381	70,764,965
Additions	4,287,391	8,508,186	807,175	618,775	14,221,527
Reclassification	-	253,141	-	(253,141)	-
Disposals	-	(299,875)	(100,650)	-	(400,525)
At 31.8.2001	37,054,628	41,101,050	5,104,274	1,326,015	84,585,967
<u>Accumulated Depreciation</u>					
At 1.9.2000	946,594	6,517,350	923,745	-	8,387,689
Charge for the year	560,928	3,589,636	714,081	-	4,864,645
Disposals	-	(41,268)	(68,623)	-	(109,891)
At 31.8.2001	1,507,522	10,065,718	1,569,203	-	13,142,443
<u>Net Book Value</u>					
At 31.8.2001	35,547,106	31,035,332	3,535,071	1,326,015	71,443,524

* Land and buildings

	<u>Freehold land</u> RM	<u>Freehold buildings</u> RM	<u>Long term leasehold land</u> RM	<u>Long term leasehold building</u> RM	<u>Total</u> RM
<u>Cost</u>					
At 1.9.2000	7,606,192	14,609,558	2,900,000	7,651,487	32,767,237
Additions	1,855,950	2,367,127	-	64,314	4,287,391
At 31.8.2001	9,462,142	16,976,685	2,900,000	7,715,801	37,054,628
<u>Accumulated Depreciation</u>					
At 1.9.2000	-	845,026	14,244	87,324	946,594
Charge for the year	-	254,883	42,732	263,313	560,928
At 31.8.2001	-	1,099,909	56,976	350,637	1,507,522
<u>Net Book Value</u>					
At 31.8.2001	9,462,142	15,876,776	2,843,024	7,365,164	35,547,106

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** Other assets comprise motor vehicles, office furniture and equipment.

- (a) Property, plant and equipment of the Group with the following carrying values are pledged to banks for banking facilities granted to the Group as referred to in Notes 10 and 13.

	<u>2001</u> RM
Land and buildings	30,703,678
Plant and equipment	20,488,277
Other assets	2,569,199
Capital work-in-progress	<u>1,326,015</u>

(b) Assets Held Under Hire Purchase Agreements

Included in the above property, plant and equipment are assets held under hire purchase agreements as follows:

	<u>Net Book Value</u> <u>2001</u> RM
Motor vehicles	1,328,529
Plant and equipment	<u>3,522,271</u>
	<u>4,850,800</u>

4. SUBSIDIARIES

	<u>Company</u>	
	<u>2001</u> RM	<u>2000</u> RM
Unquoted shares, at cost :		
- in Malaysia	25,170,022	-
- outside Malaysia	805,191	-
	<u>25,975,213</u>	<u>-</u>

- (a) Details of the subsidiaries are as follows :

<u>Name of company</u>	<u>Country of incorporation</u>	<u>Equity interests</u>		<u>Principal activities</u>
		<u>2001</u> %	<u>2000</u> %	
Top Glove Sdn. Bhd. ("TGSE")	Malaysia	100	-	Manufacture and trading of gloves
TG Medical Sdn. Bhd. ("TG Medical") *	Malaysia	100	-	Manufacture and trading of gloves

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<u>Name of company</u>	<u>Country of incorporation</u>	<u>Equity interests</u>		<u>Principal activities</u>
		<u>2001</u> %	<u>2000</u> %	
Great Gloves Sdn. Bhd. ("GG") *	Malaysia	100	-	Trading of gloves
Top Glove Engineering Sdn. Bhd. ("TG Engineering") *	Malaysia	100	-	Property investment
TG Medical (U.S.A.) Inc ("TG USA") *	United States of America	100	-	Trading of gloves
Subsidiary of TGSB :				
Great Glove (Thailand) Co. Ltd. ("GG Thailand") *	Thailand	74	-	Manufacture of gloves

* Subsidiaries not audited by Arthur Andersen & Co.

(b) Acquisition of subsidiaries :

On 1 September, 2000, the Company acquired 100% equity interest in TGSB, TG Medical, GG, TG Engineering and TG USA for a consideration of RM30,131,246 by an issue of 25,975,213 new ordinary shares of RM1 each in the Company at an issue price of approximately RM1.16 per share.

On 1 August, 2001, the Company through its wholly owned subsidiary, TGSB acquired 2,220,000 shares of 10 Thailand Baht each representing 74% equity interest in Great Glove (Thailand) Co. Ltd. for a consideration of 22,200,000 Thailand Baht.

(c) The effect of the acquisition on the financial results of the Group from the date of acquisition to 31 August, 2001 was as follows :

	RM
Revenue	138,862,134
Operating costs	(119,196,696)
Profits from operations	<u>19,665,438</u>
Finance costs	(2,353,431)
Profit before taxation	<u>17,312,007</u>
Taxation	(1,032,313)
Profit after taxation and attributable to shareholders	<u><u>16,279,694</u></u>

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- (d) The effect of the acquisition on the financial position of the Group as at 31 August, 2001 was as follows :

	RM
Property, plant and equipment	71,443,524
Other investment	15,300
Inventories	23,025,816
Trade and other receivables	9,113,082
Cash and bank balances	9,815,741
Trade and other payables	(77,356,765)
Short term borrowings	(8,398,308)
Term loans	(5,254,440)
Hire purchase payables	(305,706)
Deferred taxation	(1,733,000)
Taxation payable	(726,245)
	<u>19,638,999</u>

5. OTHER INVESTMENT

	<u>Group</u> <u>2001</u> RM
Golf resort membership at cost	<u>15,300</u>

6. INTANGIBLE ASSETS

	<u>Group</u> <u>2001</u> RM	<u>2001</u> RM	<u>Company</u> <u>2000</u> RM
At cost -			
Preliminary expenses	5,350	2,950	2,950
Pre-operating expenses	28,442	8,139	8,139
	<u>33,792</u>	<u>11,089</u>	<u>11,089</u>
Less : Amount written off	(33,792)	(11,089)	-
	<u>-</u>	<u>-</u>	<u>11,089</u>

Included in intangible assets of the Company in prior year was audit fee of RM1,200.

7. INVENTORIES

	<u>Group</u> <u>2001</u> RM
At cost -	
Raw materials	2,048,264
Consumables and hardware	1,343,271
Work-in-progress	4,641,872
Finished goods	14,992,409
	<u>23,025,816</u>

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8. DUE FROM SUBSIDIARIES

The amounts due from subsidiaries are unsecured, interest free and with no fixed term of repayment.

9. CASH AND BANK BALANCES

	<u>Group</u> <u>2001</u> RM	<u>2001</u> RM	<u>Company</u> <u>2000</u> RM
Cash on hand and in banks	4,780,158	8,594	994
Fixed deposits with a licensed bank	5,044,177	-	-
	<u>9,824,335</u>	<u>8,594</u>	<u>994</u>
Less :			
Fixed deposits pledged as securities	(2,779,934)	-	-
	<u>7,044,401</u>	<u>8,594</u>	<u>994</u>

Fixed deposits amounting to RM3,049,377 are registered in the name of directors and are held in trust for the Group.

10. SHORT TERM BORROWINGS

	<u>Group</u> <u>2001</u> RM
Bank overdrafts	1,781,433
Banker's acceptances	134,000
Export credit refinancing	4,024,000
	<u>5,939,433</u>
Hire purchase payables (Note 12)	607,045
Term loans (Note 13)	1,851,830
	<u>8,398,308</u>

The short term borrowings bear interest of between 3.15% to 9.30% per annum.

The short term borrowings of the Group are secured by way of fixed and floating charges over all the assets of certain subsidiaries.

11. SHARE CAPITAL

	<u>Group and Company</u>	
	<u>2001</u> RM	<u>2000</u> RM
(a) Authorised :		
Ordinary shares of RM1 each		
At 1 September	50,000,000	100,000
Created during the year	-	49,900,000
At 31 August	<u>50,000,000</u>	<u>50,000,000</u>

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	<u>Group and Company</u>	
	<u>2001</u>	<u>2000</u>
	RM	RM
(b) Issued and fully paid :		
Ordinary shares of RM1 each		
At 1 September	600,000	2
Issued and paid up during the year		
- New issue	-	599,998
- Acquisition of subsidiaries	25,975,213	-
- Rights issue	15,914,787	-
- Public issue	7,510,000	-
At 31 August	<u>50,000,000</u>	<u>600,000</u>

The newly issued shares during the financial year rank pari passu in all respects with the existing issued shares of the Company.

On 8 November, 2001, the Company announced the proposed bonus issue of 15,000,000 new ordinary shares of RM1 each in the Company on the basis of 3 ordinary shares for every 10 existing ordinary shares held. Consequently, the Company's issued and paid up share capital increased from RM50,000,000 comprising 50,000,000 ordinary shares of RM1 each to RM65,000,000 comprising 65,000,000 ordinary shares of RM1 each.

All the shares to be issued pursuant to the proposed Bonus Issue will rank pari passu in all respects with the existing shares of the Company except that they shall not entitle to any dividends, rights, allotments and/or any other distributions, the entitlement of which is prior to the allotment of Bonus Issue.

To accommodate the proposed bonus issue, the Company also proposed an increase in authorised share capital from 50,000,000 ordinary shares to 100,000,000 ordinary shares by the creation of 50,000,000 new ordinary shares of RM1 each.

12. HIRE PURCHASE PAYABLES

	<u>Group</u>
	<u>2001</u>
	RM
Future minimum payments:	
Payable within one year	736,242
Payable between one to five years	354,367
	<u>1,090,609</u>
Less : finance charges	(177,858)
	<u>912,751</u>
Representing hire purchase liabilities :	
Due within 12 months (Note 10)	607,045
Due after 12 months	305,706
	<u>912,751</u>

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13. TERM LOANS

	<u>Group</u> <u>2001</u> RM
Total payables	7,106,270
Repayments due within 12 months included in current liabilities (Note 10)	<u>(1,851,830)</u>
Due after 12 months	<u>5,254,440</u>

The term loans are repayable over a period of up to 7.5 years and bear interest of between 4.0% to 9.6% per annum.

The term loans are secured by way of fixed and floating charges over all the assets of certain subsidiaries.

14. DEFERRED TAXATION

	<u>Group</u> <u>2001</u> RM
(a) At 1 September	1,233,000
Transfer from income statement	500,000
At 31 August	<u>1,733,000</u>
(b) Deferred taxation is in respect of the following :	
Timing differences between depreciation and corresponding capital allowances	<u>6,189,000</u>

15. REVENUE

Revenue of the Group and the Company consist of the following :

	<u>Group</u> <u>2001</u> RM	<u>2001</u> RM	<u>Company</u> <u>2000</u> RM
Sales of goods net of discounts	138,862,134	-	-
Management fees receivable from subsidiaries	-	100,000	-
Dividends received from subsidiaries	-	20,500,000	-
	<u>138,862,134</u>	<u>20,600,000</u>	<u>-</u>

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16. PROFIT FROM OPERATIONS

Profit from operations is stated after charging/(crediting) :

	<u>Group</u> <u>2001</u> RM	<u>2001</u> RM	<u>Company</u> <u>2000</u> RM
Auditors' remuneration	50,500	12,000	-
Depreciation	4,864,645	-	-
Directors' remuneration *	793,889	170,000	-
Intangible assets written off	33,792	11,089	-
Staff costs	18,903,888	-	-
Rental expenses	315,614	-	-
Interest income	<u>(101,984)</u>	<u>(21,247)</u>	<u>-</u>

* Directors' remuneration

Directors of the Company

Executive :

Salaries and other emoluments

623,889

-

-

Fees

80,000

80,000

-

Benefit-in-kind

35,400

-

-

Non-executive :

Fees

90,000

90,000

-

Total

829,289

170,000

-

Total excluding benefit-in-kind

793,889

170,000

-

The number of the directors of the Company whose total remuneration during the year fall within the following bands are :

Executive directors:

RM50,001 - RM100,000

2

RM450,001 - RM500,000

1

Non-executive

RM1 - RM50,000

4

17. FINANCE COSTS

Included in finance costs of the Group is interest expense of RM1,782,740.

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18. TAXATION

	<u>Group</u> <u>2001</u> RM	<u>2001</u> RM	<u>Company</u> <u>2000</u> RM
Current year's provision	812,313	280,000	-
Transfer to deferred taxation	500,000	-	-
	<u>1,312,313</u>	<u>280,000</u>	<u>-</u>

The effective rate of taxation of the Group is lower than the statutory rate of taxation principally due to the claim of reinvestment allowance by certain subsidiaries.

The effective rate of taxation of the Company is lower than the statutory rate of taxation principally due to majority of the dividends received by the Company are exempted from tax.

19. EARNINGS PER SHARE

The earnings per share is calculated by dividing the Group's profit after taxation and minority interests of RM15,901,527 by the weighted average number of shares during the year of 40,116,226.

20. DIVIDENDS

	<u>Group</u> <u>2001</u> RM	<u>2001</u> RM	<u>Company</u> <u>2000</u> RM
Ordinary first interim tax exempt dividend of 5%	<u>2,500,000</u>	<u>2,500,000</u>	<u>-</u>
Dividend per share (sen)	<u>5</u>	<u>5</u>	<u>-</u>

At the forthcoming Annual General Meeting, dividend which will be proposed for shareholder's approval in respect of the current financial year ended 31 August, 2001 was as follows :

	RM
Final tax exempt dividend of 3% on 50,000,000 ordinary shares	<u>1,500,000</u>

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders will be accounted for in shareholders' equity as an appropriation of retained profits in the next financial year ending 31 August, 2002.

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21. CAPITAL COMMITMENTS

	<u>Group</u> <u>2001</u> RM
Commitments in respect of capital expenditure approved but not contracted for	<u>592,000</u>

22. SIGNIFICANT RELATED PARTY TRANSACTIONS

	<u>Group</u> <u>2001</u> RM
Purchases of raw materials from Titi Latex Sdn Bhd, a company in which a director, Dr. Lim Wee Chai has interest	<u>6,474,286</u>

The directors are of the opinion that above the transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

23. CONTINGENT LIABILITIES

	<u>Group</u> <u>2001</u> RM
Corporate guarantee issued to financial institutions for credit facilities granted to subsidiaries (unsecured)	<u>2,991,663</u>

In addition, a wholly owned subsidiary of the Company, Top Glove Sdn. Bhd. ("TGSB") is subject to a litigation suit, which details are set out below :

Pursuant to Shah Alam High Court Civil Suit No. MT3-22-431-2000, a writ of summons was served by Supermax Glove Manufacturing Sdn. Bhd. ("SGM") against TGSB on 8 November, 2000 claiming damages in the region of USD 2 million. The claim alleges passing off by TGSB of certain coloured boxes bearing the device of a glove containing gloves manufactured by TGSB under the brand name "SAFEMAX" as boxes containing gloves manufactured by SGM under the brand name "SUPERMAX". The alleged infringing boxes are also alleged to carry notations of the various certifications of quality/accreditation belonging to SGM. Apart from damages, SGM have, inter alia, sought by way of relief injunctions preventing TGSB from carrying on certain acts relating to the alleged infringement and an order for the delivery up or destruction of the infringing goods.

TGSB's appointed solicitors have opined that SGM's case against TGSB is weak and unlikely to succeed. As such, the directors are of the opinion that no provision for any liabilities are required in the financial statements. The hearing of the Plaintiff's application for interim relief was fixed on 20 March, 2002.

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24. FINANCIAL INFORMATION BY SEGMENTS

No financial information by segments has been prepared as the Group's activities are primarily in the manufacturing of gloves and are principally conducted in Malaysia.

25. SIGNIFICANT EVENTS

(a) As part of the restructuring and flotation exercise of the Company on the Second Board of the Kuala Lumpur Stock Exchange, which was approved by the Securities Commission on 3 July, 2000, the Company completed the following transactions :

(i) On 1 September, 2000, the Company acquired the following subsidiaries based on the audited net tangible assets as at 31 August, 1999 and were satisfied by an issue of 25,975,213 new ordinary shares of RM1 each in the Company at an issue price of approximately RM1.16 per share :

<u>Company</u>	<u>No. of shares acquired</u>	<u>Equity interest acquired</u>	<u>Purchase consideration</u> RM	<u>Satisfied by new shares in the Company</u>
Top Glove Sdn. Bhd. ("TGSB")	10,000,000	100%	18,016,500	15,531,466
TG Medical Sdn. Bhd.	2,000,000	100%	10,142,301	8,743,363
Top Glove Engineering Sdn. Bhd.	1,000,000	100%	979,693	844,563
Great Glove Sdn. Bhd.	50,000	100%	58,731	50,630
TG Medical (USA) Inc.	231,000	100%	934,021	805,191
			<u>30,131,246</u>	<u>25,975,213</u>

(ii) On 8 January, 2001, the Company implemented a rights issue of 15,914,787 new ordinary shares of RM1 each at RM1.16 per share for cash on the basis of approximately 599 new ordinary shares of RM1 each for every one thousand ordinary shares held.

(iii) The public issue of 7,510,000 new ordinary shares of RM1 each by the Company at an issue price of RM2.70 each.

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- (b) On 27 March, 2001, the Company was listed on the Second Board of the Kuala Lumpur Stock Exchange.
- (c) On 1 August, 2001, the Company through its wholly owned subsidiary, TGSB acquired 2,220,000 shares of 10 Thailand Baht each representing 74% equity interest in Great Glove (Thailand) Co. Ltd. for a consideration of 22,200,000 Thailand Baht.

26. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of Directors pursuant to their meeting held on 6 December, 2001.

27. COMPARATIVE FIGURES

No group comparative figures are available as this is the first year of preparation of group financial statements.