TOP GLOVE CORPORATION BHD.
(474423-X)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 August 2008

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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 2008.

Principal activities

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

The principal activities of the subsidiaries are described in Note 13 to the financial statements.

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

Results

	Group RM'000	Company RM'000
Profit for the year	108,103	44,450
Attributable to:		
Equity holders of the Company	110,065	44,450
Minority interests	(1,962)	-
	108,103	44,450

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 other than as dislosed in Note 2.3 to the financial statements.

Dividends

The amount of dividends paid by the Company since 31 August 2007 were as follows :

	RM'000
In respect of the financial year ended 31 August 2007 :	
Interim tax exempt dividend of 8%, paid on 13 September 2007	12,013
Final tax exempt dividend of 6%, paid on 14 March 2008	8,864
Final dividend of 6% less 26% taxation, paid on 14 March 2008	6,557
	27,434

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Dividends (continued)

	RM'000
In respect of the financial year ended 31 August 2008 :	
Interim tax exempt dividend of 10%, paid on 13 September 2008	14,722

At the forthcoming Annual General Meeting, a final single tier dividend of 12% on 294,448,000 ordinary shares amounting to RM17,666,880 (6 sen per share) in respect of the financial year ended 31 August 2008 will be proposed for shareholders' approval. 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 equity as an appropriation of retained earnings in the financial year ending 31 August 2009.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are :

Tan Sri Dr. Lim, Wee-Chai
Tan Sri Datuk (Dr.) Arshad bin Ayub
Puan Sri Tong Siew Bee
Lim Hooi Sin
Sekarajasekaran a/l Arasaratnam
Quah Chin Chye
Lee Kim Meow
Lim Cheong Guan
Lau Boon Ann (Demised on 8 June 2008)

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 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").

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 in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with a director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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Directors' interests

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

	Number of ordinary shares of RM0.50 each			
	1 September 2007	**Bought**	**Sold**	**31 August 2008**
Tan Sri Dr. Lim, Wee-Chai				
- direct	86,462,900	780,000	-	87,242,900
- indirect	30,763,821	50,000	-	30,813,821
Tan Sri Datuk (Dr.) Arshad bin Ayub	1,630,000	-	-	1,630,000
Puan Sri Tong Siew Bee				
- direct	4,597,874	-	-	4,597,874
- indirect	112,628,847	830,000	-	113,458,847
Lim Hooi Sin				
- direct	7,105,181	50,000	-	7,155,181
- indirect	110,121,540	780,000	-	110,901,540
Sekarajasekaran a/l Arasaratnam	9,099,169	1,435,000	(692,500)	9,841,669
Lee Kim Meow				
- direct	813,016	156,800	(250,000)	719,816
- indirect	5,000	-	-	5,000
Lim Cheong Guan	-	14,000	-	14,000

	Number of options over ordinary shares of RM0.50 each				
	1 September 2007	**Granted**	**Exercised**	**Expired**	**31 August 2008**
Tan Sri Dr. Lim, Wee-Chai	806,400	-	-	(806,400)	-
Puan Sri Tong Siew Bee	268,800	-	-	(268,800)	-
Lim Hooi Sin	403,200	-	-	(403,200)	-
Lee Kim Meow	313,600	-	(156,800)	(156,800)	-
Lim Cheong Guan	56,000	112,000	(14,000)	(154,000)	-

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.

The other director in office at the end of the financial year had no interest in shares in the Company or its related corporations or in share options in the Company during the financial year.

Issue of shares

During the financial year, the Company increased its issued and paid-up share capital from RM150,238,000 to RM150,532,000 by way of issuance of 588,000 ordinary shares of RM0.50 each pursuant to the ESOS at an option price between RM2.00 and RM5.98 per ordinary share.

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

Treasury shares

During the financial year, the Company repurchased 6,617,000 of its issued ordinary shares from the open market at the average price of RM5.81 per share. The total consideration paid for the repurchase including transaction costs was RM38,427,000. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965. Further relevant details are disclosed in Note 26 to the financial statements.

Employee share options scheme

The Company's first ESOS which was implemented for a 5 years period expired on 29 April 2008.

The Company's second ESOS ("ESOS II") is governed by the by-laws which was approved by the shareholders at the Extraordinary General Meeting held on 9 January 2008 and became effective on 1 August 2008.

The main features and other terms of the ESOS II are disclosed in Note 28 to the financial statements.

Other statutory information

(a) Before the income statements and balance sheets 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 value 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.

Other statutory information (continued)

(b) At the date of this report, the directors are not aware of any circumtances 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 circumtances 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) As 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 its obligations when they fall due; and

(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 event

The significant event is disclosed in Note 13(a) to the financial statements.

Subsequent event

Details of the subsequent event are disclosed in Note 36 to the financial statements.

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Auditors

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 12 November 2008.

Tan Sri Dr. Lim, Wee-Chai

Quah Chin Chye

Selangor, Malaysia

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Statement by directors
Pursuant to Section 169 (15) of the Companies Act, 1965

We, Tan Sri Dr. Lim, Wee-Chai and Quah Chin Chye, 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 10 to 74 are drawn up in accordance with the provisions of Companies Act, 1965 and applicable Financial Reporting Standards 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 2008 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 12 November 2008.

Tan Sri Dr. Lim, Wee-Chai

Quah Chin Chye

Selangor, Malaysia

Statutory declaration
Pursuant to Section 169 (16) of the Companies Act, 1965

I, Tan Sri Dr. Lim, Wee-Chai, 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 10 to 74 are in my opinion 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 Tan Sri Dr. Lim, Wee-Chai
at Klang in the State of Selangor
on 12 November 2008

Tan Sri Dr. Lim, Wee-Chai

Before me,

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

We have audited the financial statements of Top Glove Corporation Bhd., which comprise the balance sheet as at 31 August 2008 of the Group and of the Company, and the income statement, statement of changes in equity and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 74.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independent auditors' report to the members of Top Glove Corporation Bhd. (continued)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards 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 2008 and of its financial performance and cash flows for the period then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, 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.

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 13 to the financial statements.

(c) We are satisfied that the accounts 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 those purposes.

(d) The auditors' reports on the accounts of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young	Lee Ah Too
AF: 0039	No. 2187/09/09(J)
Chartered Accountants	Chartered Accountant

Melaka, Malaysia
Date: 12 November 2008

Top Glove Corporation Bhd.
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Income statements
For the year ended 31 August 2008

	Note	Group 2008 RM'000	Group 2007 RM'000 (restated)	Company 2008 RM'000	Company 2007 RM'000
Revenue	3	1,377,931	1,228,778	57,050	13,290
Cost of sales		(1,150,360)	(1,014,377)	-	-
Gross profit		227,571	214,401	57,050	13,290
Other operating income		8,973	8,879	1,336	1,348
Distribution and selling costs		(46,520)	(43,771)	-	-
Administrative and general expenses		(46,155)	(47,221)	(3,276)	(2,628)
Operating profit		143,869	132,288	55,110	12,010
Finance costs	4	(10,151)	(13,525)	-	(62)
Share of gain/(loss) of associate		909	(119)	-	-
Profit before tax	5	134,627	118,644	55,110	11,948
Income tax expense	8	(26,524)	(29,992)	(10,660)	-
Profit for the year		108,103	88,652	44,450	11,948
Attributable to:					
Equity holders of the Company		110,065	89,560	44,450	11,948
Minority interests		(1,962)	(908)	-	-
		108,103	88,652	44,450	11,948
Earnings per share attributable to equity holders of the Company (sen):					
Basic	9	37.18	31.20		
Diluted	9	37.18	31.13		

The accompanying notes form an integral part of the financial statements.

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Balance sheets as at 31 August 2008

		Group		Company	
	Note	**2008 RM'000**	**2007 RM'000 (restated)**	**2008 RM'000**	**2007 RM'000**
Assets					
Non-current assets					
Property, plant and equipment	11	559,437	547,588	-	-
Prepaid land leased payment	12	11,928	10,035	-	-
Investments in subsidiaries	13	-	-	28,503	29,348
Investments in associate	14	10,037	8,737	-	-
Other investment		145	145	-	-
Due from a subsidiary	15	-	-	287,193	311,763
Goodwill	16	20,113	21,078	-	-
		601,660	587,583	315,696	341,111
Current assets					
Inventories	17	157,766	121,256	-	-
Trade receivables	18	214,196	168,764	-	-
Other receivables	19	14,378	10,441	109,670	79,271
Tax recoverable		-	-	83	83
Cash and bank balances	20	121,545	165,584	25,456	49,314
		507,885	466,045	135,209	128,668
Total assets		1,109,545	1,053,628	450,905	469,779
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	24	150,532	150,238	150,532	150,238
Share premium	25	230,193	228,811	230,193	228,811
Treasury shares	26	(38,427)	-	(38,427)	-
Other reserves	27	7,650	4,671	-	545
Retained earnings	30	317,100	235,812	22,404	6,731
Shareholders' equity		667,048	619,532	364,702	386,325
Minority interests		19,741	21,447	-	-
Total equity		686,789	640,979	364,702	386,325
Non-current liabilities					
Borrowings	21	86,625	128,467	55,000	70,000
Deferred tax liabilities	29	30,047	26,968	-	-
Non-current liabilities		116,672	155,435	55,000	70,000

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Balance sheets as at 31 August 2008

		Group		Company	
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current liabilities					
Borrowings	21	100,362	63,726	15,000	-
Trade payables	23	113,209	104,092	-	-
Other payables		74,775	76,764	1,481	1,441
Tax payable		3,016	619	-	-
Dividends payable		14,722	12,013	14,722	12,013
		306,084	257,214	31,203	13,454
Total liabilities		422,756	412,649	86,203	83,454
Total equity and liabilities		1,109,545	1,053,628	450,905	469,779

The accompanying notes form an integral part of the financial statements.

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Statements of changes in equity
For the year ended 31 August 2008

	Attributable to equity holders of the Company								Minority interests	Total Equity
	Non distributable						Distributable			
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Foreign exchange reserve RM'000	Legal reserve RM'000	Share option reserve RM'000	Retained earnings RM'000	Total RM'000	RM'000	RM'000
Group										
At 1 September 2006	96,143	22,054	-	2,040	1,694	-	160,175	282,106	2,003	284,109
Effect of adopting FRS112	-	-	-	-	-	-	18,076	18,076	-	18,076
	96,143	22,054	-	2,040	1,694	-	178,251	300,182	2,003	302,185
Foreign currency translation, representing net income/(expense) recognised directly in equity	-	-	-	698	-	-	-	698	(50)	648
Profit for the year	-	-	-	-	-	-	89,560	89,560	(908)	88,652
Total recognised income and expense for the year	-	-	-	698	-	-	89,560	90,258	(958)	89,300
Issuance of ordinary shares :										
Private placement	13,609	225,909	-	-	-	-	-	239,518	-	239,518
Pursuant to ESOS	1,603	17,324	-	-	-	-	-	18,927	-	18,927
Issuance of bonus shares	38,883	(32,800)	-	-	-	-	(6,083)	-	-	-
Share issue expenses	-	(3,676)	-	-	-	-	-	(3,676)	-	(3,676)
Share options granted under ESOS	-	-	-	-	-	782	-	782	-	782
Transfer from share option reserve	-	-	-	-	-	(237)	237	-	-	-
Acuqisition of subsidiary	-	-	-	-	-	-	-	-	20,402	20,402
Transfer from legal reserve	-	-	-	-	(306)	-	306	-	-	-
Dividends (Note 10)	-	-	-	-	-	-	(26,459)	(26,459)	-	(26,459)
At 31 August 2007	150,238	228,811	-	2,738	1,388	545	235,812	619,532	21,447	640,979

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Statements of changes in equity

	Attributable to equity holders of the Company								Minority interests	Total Equity
		Non distributable					Distributable			
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Foreign exchange reserve RM'000	Legal reserve RM'000	Share option reserve RM'000	Retained earnings RM'000	Total RM'000	RM'000	RM'000
At 1 September 2007	150,238	228,811	-	2,738	1,388	545	235,812	619,532	21,447	640,979
Foreign currency translation, representing net income recognised directly in equity	-	-	-	3,524	-	-	-	3,524	256	3,780
Profit for the year	-	-	-	-	-	-	110,065	110,065	(1,962)	108,103
Total recognised income and expense for the year	-	-	-	3,524	-	-	110,065	113,589	(1,706)	111,883
Issuance of ordinary shares:			-							
Pursuant to ESOS	294	1,500	-	-	-	-	-	1,794	-	1,794
Share issue expenses	-	(118)	-	-	-	-	-	(118)	-	(118)
Treasury shares	-	-	(38,427)	-	-	-	-	(38,427)	-	(38,427)
Share options granted under ESOS	-	-	-	-	-	821	-	821	-	821
Transfer from share option reserve	-	-	-	-	-	(1,366)	1,366	-	-	-
Dividends (Note 10)	-	-	-	-	-	-	(30,143)	(30,143)	-	(30,143)
At 31 August 2008	150,532	230,193	(38,427)	6,262	1,388	-	317,100	667,048	19,741	686,789

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Top Glove Corporation Bhd.
Statements of changes in equity

	← Non distributable			→	Distributable	
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Share option reserve RM'000	Retained earnings RM'000	Total RM'000
Company						
At 1 September 2006	96,143	22,054	-	-	27,088	145,285
Profit for the year, representing total recognised income and expense for the year		-	-	-	11,948	11,948
Issuance of ordinary shares						
Private placement	13,609	225,909	-		-	239,518
Pursuant to ESOS	1,603	17,324	-	-	-	18,927
Issuance of bonus shares	38,883	(32,800)	-	-	(6,083)	-
Share issue expenses	-	(3,676)	-	-	-	(3,676)
Share options granted under ESOS	-	-	-	782	-	782
Transfer from share option reserve	-	-	-	(237)	237	-
Dividends (Note 10)	-	-	-	-	(26,459)	(26,459)
At 31 August 2007	150,238	228,811	-	545	6,731	386,325
Profit for the year, representing total recognised income and expense for the year	-	-	-	-	44,450	44,450
Issuance of ordinary shares:						
Pursuant to ESOS	294	1,500	-	-	-	1,794
Share issue expenses	-	(118)	-	-	-	(118)
Treasury shares	-	-	(38,427)	-	-	(38,427)
Share options granted under ESOS	-	-	-	821	-	821
Transfer from share option reserve	-	-	-	(1,366)	1,366	-
Dividends (Note 10)	-	-	-	-	(30,143)	(30,143)
At 31 August 2008	150,532	230,193	(38,427)	-	22,404	364,702

The accompanying notes form an integral part of the financial statements.

Top Glove Corporation Bhd.
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Cash flow statements
For the year ended 31 August 2008

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows from operating activities				
Profit before tax	134,627	118,644	55,110	11,948
Adjustments for :				
Gross dividend	-	-	(56,000)	(12,000)
Bad debts written off	-	7	-	-
Depreciation and amortisation				
- Property, plant and equipment	52,853	43,228	-	-
- Prepaid land lease payment	209	254		
Impairment loss in investment in a subsidiary	-	-	845	-
Loss on disposal of property, plant and equipment	188	44	-	-
Property, plant and equipment written off	26	1,489	-	-
Provision for doubtful debts	-	266	-	-
Reversal of provision for doubtful debts	(497)	(143)	-	-
Share options granted under ESOS	821	782	821	782
Unrealised foreign exchange loss/(gain)	2,106	(1,959)	-	-
Share of (gain)/loss of associate	(909)	119	-	-
Negative goodwill written off	-	(2,862)	-	-
Interest expense	10,151	13,525	-	62
Interest income	(2,481)	(2,552)	(1,336)	(1,348)
Operating profit/(loss) before working capital changes	197,094	170,842	(560)	(556)
Increase in inventories	(35,783)	(11,029)	-	-
Increase in receivables	(49,771)	(10,690)	5	(33,266)
Increase/(decrease) in payables	8,093	(16,218)	40	252
Cash generated from/(used in) operations	119,633	132,905	(515)	(33,570)
Interest paid	(10,151)	(13,948)	-	(62)
Tax paid	(21,048)	(13,822)	-	-
Net cash generated from/(used in) operating activities	88,434	105,135	(515)	(33,632)

Top Glove Corporation Bhd.
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Cash flow statements

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows from investing activities				
Purchase of property, plant and equipment	(65,118)	(103,753)	-	-
Purchase of prepaid land leased payment	(1,810)	(1,253)	-	-
Acquisition of subsidiaries (Note 13 (b))	-	(16,143)	-	-
Interest received	2,481	2,552	1,336	1,348
Dividend received	-	-	45,340	12,000
Proceeds from disposal of other investment	-	211	-	103
Proceeds from disposal of property, plant and equipment	1,102	307	-	-
Net cash (used in)/generated from investing activities	(63,345)	(118,079)	46,676	13,451
Cash flows from financing activities				
Advances to subsidiaries	-	-	(5,834)	(139,987)
Proceeds from issuance of shares	1,794	258,445	1,794	258,445
Share issue expenses	(118)	(3,676)	(118)	(3,676)
Repurchase of shares	(38,427)	-	(38,427)	-
Payment of dividends	(27,434)	(21,190)	(27,434)	(21,190)
Repayment of hire purchase payables	(1,732)	(1,281)	-	-
Repayment of term loans	(25,151)	(46,313)	-	-
Repayment of commercial papers	-	(24,880)	-	(24,880)
Increase/(decrease) in short term borrowings	21,643	(42,619)	-	-
Net cash (used in)/generated from financing activities	(69,425)	118,486	(70,019)	68,712
Net (decrease)/increase in cash and cash equivalents	(44,336)	105,542	(23,858)	48,531
Effects of foreign exchange rate changes	409	98	-	-
Cash and cash equivalents at beginning of year	164,397	58,757	49,314	783
Cash and cash equivalents at end of year (note 20)	120,470	164,397	25,456	49,314

The accompanying notes form an integral part of the financial statements.

Notes to the financial statements - 31 August 2008

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The principal place of business of the Company is located at Lot 4969, Jalan Teratai, Batu 6, off Jalan Meru, 41050 Klang, Selangor.

The principal activities of the Company are investment holding and the provision of management services. The principal activities of the subsidiaries are described in Note 13. There were no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 12 November 2008.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRSs") in Malaysia. The Group and the Company had adopted new and revised FRSs as described fully in Note 2.3.

The financial statements of the Group and of the Company have also been prepared on a historical basis.

2.2 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(a) Subsidiaries and basis of consolidation (continued)

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

All the subsidiaries are consolidated using the merger method of accounting except for the subsidiaries of Top Glove Sdn. Bhd., which are accounted for under the acquisition method.

Acquisition of subsidiaries that meets the conditions of a merger are accounted for using the merger method. Under the merger method of accounting, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous years. In the consolidated financial statements, the cost of the merger is cancelled with the nominal values of the shares received. Any resulting debit difference is adjusted against the consolidated capital and revenue reserves.

Subsidiaries accounted for using the purchase method are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries that do not meet the conditions of a merger are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(a) Subsidiaries and basis of consolidation (continued)

(ii) Basis of consolidation (continued)

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(b) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The 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.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. 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 in 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, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(b) Associates (continued)

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(c) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(d) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(d) Property, plant and equipment and depreciation (continued)

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimate useful life at the following annual rates:

Buildings	2% to 5%
Plant and equipment	10%
Other assets	10% to 20%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

(e) Impairment of non-financial assets

The carrying amounts of assets, other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill that have an indefinite useful life the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.
For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(e) Impairment of non-financial assets (continued)

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

(f) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the first-in, first-out method. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

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

(g) Financial instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(g) Financial instruments (continued)

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Other non-current investments

Non-current investments other than investments in subsidiaries and associates are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the profit or loss.

(iii) Marketable securities

Marketable securities are carried at the lower of cost and market value, determined on aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in profit or loss. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

(iv) Trade receivables

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

(v) Trade payables

Trade payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(g) Financial instruments (continued)

(vi) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(vii) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(viii) Derivative financial instruments

Derivative financial statements are not recognised in the financial statements .

(h) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Company all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(h) Leases (continued)

(i) Classification (continued)

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and

- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Finance leases - the Group as lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2 (d).

(iii) Operating leases - the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(i) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying ecomonic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where 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. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

(j) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(k) Employee benefits

(i) 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 of the Group. 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.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into seperate 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 the profit or loss as incurred. As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes.

(iii) Equity compensation benefits

The Company's ESOS allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest.The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amounts is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(k) Employee benefits (contineud)

(iii) Equity compensation benefits (continued)

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

(l) Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised :

(i) Sale of goods

Revenue is recognised net of sales taxes, discounts and returns upon the transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs and the possible return of goods.

(ii) Management fees

Management fees are recognised when services are rendered.

(iii) Interest income

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

(iv) Dividend income

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

(m) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency. All values in the financial statements are rounded to nearest thousand (RM'000) except when otherwise indicated.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(m) Foreign currencies (continued)

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

(m) Foreign currencies (continued)

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;

- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

(n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. Significant accounting policies (continued)

2.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs

On 1 September 2007, the Group and the Company adopted the following new and revised FRSs, amendments FRSs and interpretations :

	New and revised FRSs, amendments to FRSs and Interpretations	Effective for financial periods beginning on or after
(i)	FRS 117: Leases	1 October 2006
(ii)	FRS 124: Related Party Disclosures	1 October 2006
(iii)	FRS 6 : Exploration for and Evaluation of Mineral Resources	1 January 2007
(iv)	Amendment to FRS 119_{2004} : Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
(v)	FRS 107: Cash Flow Statements	1 July 2007
(vi)	FRS 111: Construction Contracts	1 July 2007
(vii)	FRS 112: Income Taxes	1 July 2007
(viii)	FRS 118: Revenue	1 July 2007
(ix)	FRS 120: Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
(x)	FRS 134: Interim Financial Reporting	1 July 2007
(xi)	FRS 137: Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
(xii)	Amendment to FRS 121: The effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operations	1 July 2007
(xiii)	IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
(xiv)	IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
(xv)	IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
(xvi)	IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
(xvii)	IC Interpretation 7: Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economies	1 July 2007
(xviii)	IC Interpretation 8: Scope of FRS 2	1 July 2007

2. Significant accounting policies (continued)

2.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs (continued)

At the date of authorisation of these financial statements, the FRS 139 : Financial instruments: Recognition and Measurement was issued but not yet effective and have not been applied by the Group and the Company.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

The adoption of above new and revised FRSs, amendments to FRSs and Interpretations does not result in significant changes in accounting policies of the Group and the Company, except as follows:

(a) FRS 112: Income Taxes

Prior to 1 September 2007, recognition of deferred tax on assets that qualify for reinvestment or other similar allowances in excess of normal capital allowances was prohibited. The adoption of the revised FRS 112 has resulted in a change in the accounting policy whereby deferred tax is to be recognised on such unused allowances to the extent that it is probable that future taxable profit will be available against which these unused allowances can be utilised.

(b) FRS 117: Leases

Prior to 1 September 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses.

The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are now classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

2.4 Effects of new and revised FRSs on the current year's financial statements

(a) Changes in accounting policies

The changes in accounting policies as a result of new and revised FRSs as disclosed in Note 2.3 had the effect of increasing/(decreasing) the line items in the Group's financial statements for the current financial year by the following amounts:

Description of change	Effect of FRS 112 RM'000	Effect of FRS 117 RM'000	Total RM'000
Group			
Balance Sheet			
Property, plant and equipment	-	(11,928)	(11,928)
Prepaid land lease payments	-	11,928	11,928
Income Statement			
Income tax expense	3,841	-	3,841
Profit for the year	(3,841)	-	(3,841)

(b) Restatement of comparatives

The following comparative amounts have been restated as a result of adopting the new and revised FRSs:

Description of change	Previously stated RM'000	Effect of FRS 112 RM'000	Effect of FRS 117 RM'000	Total RM'000
Group				
Balance Sheet				
Property, plant and equipment	557,623	-	(10,035)	547,588
Prepaid land lease payments	-	-	10,035	10,035
Deferred tax liability	30,809	(3,841)	-	26,968
Retained earnings:				
At 1 September 2006	160,175	18,076	-	178,251
At 31 August 2007	231,971	3,841	-	235,812
Income Statement				
Income tax expense	(15,757)	(14,235)	-	(29,992)
Profit for the year	102,887	(14,235)	-	88,652

2. Significant accounting policies (continued)

2.5 Significant accounting estimates and judgements

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet 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 discussed below.

(i) Depreciation of plant and machinery

The cost of plant and machinery for the manufacture of gloves is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be 10 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Impairment of goodwill

The Group determines whether goodwill are impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill are allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 August 2008 is RM20,113,000 (2007 : RM21,078,000) . Further details are disclosed in Note 16.

3. Revenue

	Group		Company	
	2008 RM'000	**2007 RM'000**	**2008 RM'000**	**2007 RM'000**
Sales of goods	1,377,931	1,228,778	-	-
Management fees from subsidiaries	-	-	1,050	1,290
Dividend income from subsidiaries	-	-	56,000	12,000
	1,377,931	1,228,778	57,050	13,290

4. Finance costs

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expense	10,151	13,948	-	62
Less: interest expense capitalised in capital work-in-progress (Note 11 (c))	-	(423)	-	-
	10,151	13,525	-	62

5. Profit before tax

The following amounts have been included in arriving at profit before tax:

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Auditors' remuneration:				
- Statutory audit				
Company's auditors	197	161	38	32
Other auditors	121	101	-	-
Overprovision in prior year	-	(1)	-	-
Bad debts written off	-	7	-	-
Provision for doubtful debts	-	266	-	-
Reversal of provision for doubtful debts	(497)	(143)	-	-
Depreciation and amortisation:				
- Property, plant and equipment	52,853	43,228	-	-
- Prepaid land lease payment	209	254	-	-
Non-executive directors' remuneration (Note 7)	295	212	112	136
Net foreign exchange losses	4,861	7,745	-	-
Employee benefits expense (Note 6)	114,744	94,676	1,844	1,656
Operating lease - Minimum lease payment for building and machinery	2,395	1,725	-	-
Property, plant and equipment written off	26	1,489	-	-
Impairment loss in investment in a subsidiary	-	-	845	-
Loss on disposal of property, plant and equipment	188	44	-	-
Negative goodwill written off	-	(2,862)	-	-
Interest income	(2,481)	(2,552)	(1,336)	(1,348)
Rental income	(341)	(417)	-	-

6. Employee benefits expense

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Wages and salaries	105,409	86,965	1,456	1,317
Social security costs	1,801	771	7	6
Pension costs - defined contribution plan	2,879	2,630	170	154
Share options granted under ESOS	821	782	-	-
Other staff related expenses	3,629	3,349	22	-
Directors' fees	205	179	189	179
	114,744	94,676	1,844	1,656

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM4,247,000 (2007 : RM3,687,000) and RM848,000 (2007 : RM823,000) respectively as further disclosed in Note 7.

7. Directors' remuneration

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Directors of the Company				
Executive:				
Salaries and other emoluments	2,386	2,394	588	574
Pension costs - defined contribution plan	235	229	71	70
Share options granted under ESOS	796	352	-	-
Fees	189	179	189	179
Benefits-in-kind	85	128	-	33
	3,691	3,282	848	856
Non-executive :				
Fees	112	136	112	136
Other directors				
Executive:				
Salaries and other emoluments	620	525	-	-
Pension costs - defined contribution plan	5	8	-	-
Fees	16	-	-	-
Benefits-in-kind	15	15	-	-
	656	548	-	-

7. Directors' remuneration (continued)

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-executive :				
Fees	183	76	-	-
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration (Note 6)	4,247	3,687	848	823
Total non-executive directors' remuneration (Note 5)	295	212	112	136
Total directors' remuneration	4,542	3,899	960	959

8. Income tax expense

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Tax expense for the year:				
Malaysian income tax	23,196	9,532	10,660	-
Foreign tax	206	750	-	-
Underprovided in prior years	43	4,204	-	-
	23,445	14,486	10,660	-
Deferred tax (Note 29):				
Relating to origination and reversal of temporary differences	4,121	18,858	-	-
Relating to changes in tax rate	(1,988)	(2,439)		
Under/(over)provided in prior years	946	(913)	-	-
	3,079	15,506	-	-
	26,524	29,992	10,660	-

Domestic current income tax is calculated at the Malaysian statutory tax rate of 26% (2007 : 27%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 25% from the current year's rate of 26%, effective year of assessment 2009. The computation of deferred tax as at 31 August 2008 has reflected these changes. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

8. Income tax expense (continued)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Profit before tax	134,627	118,644	55,110	11,948
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	35,003	32,034	14,329	3,226
Different tax rates in other countries	(416)	336	-	-
Effect of changes in tax rates on opening balance of deferred tax	(967)	1,068	-	-
Deferred tax recognised at different tax rates	(1,021)	(3,507)	-	-
Effect of income subject to tax rate of 20%	50	30	-	-
Effects of tax incentives claimed by foreign subsidiaries	(3,156)	(1,383)	-	-
Effect of income not subject to tax	(125)	(1,612)	(3,997)	(3,459)
Expenses not deductible for tax purposes	1,874	1,702	328	233
Expenses entitled for double deduction for tax purposes	(844)	(291)	-	-
Utilisation of current year's reinvestment allowances	(6,579)	(6,112)	-	-
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed reinvestment allowances	1,716	4,436	-	-
Under/(over) provision of deferred tax in prior years	946	(913)	-	-
Under provision of income tax expense in prior years	43	4,204	-	-
Income tax expense for the year	26,524	29,992	10,660	-

9. Earnings per share

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the company.

	Group	
	2008	**2007**
Profit attributable to ordinary equity holders of the Company (RM'000)	110,065	89,560
Weighted average number of ordinary shares in issue ('000)	296,001	287,015
Basic earnings per share (sen)	37.18	31.20

The comparative basic earnings per share has been restated to take into account the effect of the changes in accounting policies (Note 2.4) on profit for the year.

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of share options granted to employees.

	Group	
	2008	**2007**
Profit attributable to ordinary equity holders of the Company (RM'000)	110,065	89,560
Weighted average number of ordinary shares in issue ('000)	296,001	287,015
Effect of dilution: share options ('000)	-	636
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	296,001	287,651
Diluted earnings per share (sen)	37.18	31.13

10. Dividends

	Dividends in respect of Year			Dividends Recognised in Year	
	2008 RM'000	2007 RM'000	2006 RM'000	2008 RM'000	2007 RM'000
Group and Company					
Recognised during the year:					
Final tax exempt dividend of 6% paid on 15 March 2007	-	-	8,982	-	8,982
Final dividend of 5% less 27% taxation, paid on 15 March 2007	-	-	5,464	-	5,464
Interim tax exempt dividend of 8%, paid on 13 September 2007	-	12,013	-	-	12,013
Final tax exempt dividend of 6% paid on 14 March 2008	-	8,864	-	8,864	-
Final dividend of 6% less 26% taxation, paid on 14 March 2008	-	6,557	-	6,557	-
Interim tax exempt dividend of 10%, paid on 13 September 2008	14,722	-	-	14,722	-
Proposed for approval: at AGM (not recognised as at 31 August):					
Final single tier dividend of 12%	17,667	-	-	-	-
	32,389	27,434	14,446	30,143	26,459

At the forthcoming Annual General Meeting, a final single tier dividend of 12% on 294,448,000 ordinary shares amounting to RM17,666,880 (6 sen per share) in respect of the financial year ended 31 August 2008 will be proposed for shareholders' approval. 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 equity as an appropriation of retained earnings in the financial year ending 31 August 2009.

11. 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
At 31 August 2008					
Cost					
At 1 September 2007	172,758	461,525	31,007	39,073	704,363
Additions	9,353	20,129	3,373	32,409	65,264
Disposals	(217)	(1,156)	(2,074)	-	(3,447)
Written off	-	-	(29)	-	(29)
Reclassification	20,406	18,510	190	(39,106)	-
Adjustment	-	-	(1,250)	-	(1,250)
Exchange differences	805	117	119	228	1,269
At 31 August 2008	203,105	499,125	31,336	32,604	766,170
Accumulated depreciation					
At 1 September 2007	11,712	132,362	12,701	-	156,775
Depreciation charge for the year	3,169	46,206	3,478	-	52,853
Disposals	(32)	(375)	(1,750)	-	(2,157)
Written off	-	-	(3)	-	(3)
Adjustment	-	-	(523)	-	(523)
Exchange differences	(89)	(235)	112	-	(212)
At 31 August 2008	14,760	177,958	14,015	-	206,733
Net carrying amount					
At 31 August 2008	188,345	321,167	17,321	32,604	559,437

11. Property, plant and equipment (continued)

Group	* Land and buildings RM'000	Plant and equipment RM'000	** Other assets RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 August 2007					
Cost					
At 1 September 2006	132,309	311,781	25,932	35,977	505,999
Additions	8,770	32,976	5,341	57,189	104,276
Disposals	-	(160)	(446)	-	(606)
Written off	(95)	(304)	(1,281)	-	(1,680)
Reclassification	25,926	29,483	(1,274)	(54,135)	-
Acquisition of subsidiary	5,849	85,203	2,769	91	93,912
Exchange differences	(1)	2,546	(34)	(49)	2,462
At 31 August 2007	172,758	461,525	31,007	39,073	704,363
Accumulated depreciation					
At 1 September 2006	7,732	74,567	8,524	-	90,823
Depreciation charge for the year	3,089	36,177	3,962	-	43,228
Disposals	-	(63)	(192)	-	(255)
Written off	-	(52)	(139)	-	(191)
Reclassification	486	22	(508)	-	-
Acquisition of subsidiary	369	21,064	1,216	-	22,649
Exchange differences	36	647	(162)	-	521
At 31 August 2007	11,712	132,362	12,701	-	156,775
Net carrying amount					
At 31 August 2007	161,046	329,163	18,306	39,073	547,588

11. Property, plant and equipment (continued)

* Land and buildings

	Freehold land RM'000	Buildings RM'000	Total RM'000
At 31 August 2008			
Cost			
At 1 September 2007	43,358	129,400	172,758
Additions	7,967	1,386	9,353
Disposals	-	(217)	(217)
Reclassification	538	19,868	20,406
Exchange differences	(271)	1,076	805
At 31 August 2008	51,592	151,513	203,105
Accumulated depreciation			
At 1 September 2007	-	11,712	11,712
Depreciation charge for the year	-	3,169	3,169
Disposals	-	(32)	(32)
Exchange differences	-	(89)	(89)
At 31 August 2008	-	14,760	14,760
Net carrying amount			
At 31 August 2008	51,592	136,753	188,345

11. Property, plant and equipment (continued)

	Freehold land RM'000	Buildings RM'000	Total RM'000
At 31 August 2007			
Cost			
At 1 September 2006	39,166	93,143	132,309
Additions	3,116	5,654	8,770
Written off	-	(95)	(95)
Reclassification	1,022	24,904	25,926
Acquisition of subsidiary	-	5,849	5,849
Exchange differences	54	(55)	(1)
At 31 August 2007	43,358	129,400	172,758
Accumulated depreciation			
At 1 September 2006	-	7,732	7,732
Depreciation charge for the year	-	3,089	3,089
Reclassification	-	486	486
Acquisition of subsidiary	-	369	369
Exchange differences	-	36	36
At 31 August 2007	-	11,712	11,712
Net carrying amount			
At 31 August 2007	43,358	117,688	161,046

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

11. Property, plant and equipment (continued)

(a) Property, plant and equipment of the Group with the following net carrying amounts are pledged to banks for banking facilities granted to the Group as referred to in Note 21.

	2008 RM'000	2007 RM'000
Land and buildings	38,262	62,722
Plant and equipment	53,614	146,216
Other assets	-	7,692
	91,876	216,630

(b) During the financial year, the Group acquired property, plant and equipment at aggregate costs of RM65,264,000 (2007: RM104,276,000) of which RM146,000 (2007: RM100,000) were acquired by means of hire purchase arrangements. Net carrying amounts of property, plant and equipment held under hire purchase arrangements are as follows:

	2008 RM'000	2007 RM'000
Plant and equipment	3,034	4,691
Motor vehicles	332	1,264
	3,366	5,955

(c) In previous financial year, interest expense capitalised under capital work-in-progress of the Group amounted to RM423,000 as disclosed in Note 4.

12. Prepaid land lease payments

	Group	
	2008 RM'000	2007 RM'000
At 1 September	10,035	5,215
Addition during the year	1,810	1,253
Acquisition of subsidiary	-	3,880
Amortisation for the year	(209)	(254)
Exchange differences	292	(59)
At 31 August	11,928	10,035
Analysed as:		
Long term leasehold land	11,928	10,035

In previous financial year, prepaid land lease payments amounting to RM2,587,000 were pledged as securities for borrowings as referred to Note 21.

13. Investments in subsidiaries

	Company 2008 RM'000	Company 2007 RM'000
Unquoted shares, at cost :		
- in Malaysia	25,620	25,620
Less: impairment losses	(845)	-
	24,775	25,620
- outside Malaysia	3,728	3,728
	28,503	29,348

Details of the subsidiaries are as follows :

Name of companies	Country of incorporation	Proportion of Ownership interest (%) 2008	Proportion of Ownership interest (%) 2007	Principal activities
Top Glove Sdn. Bhd. (“TGSB”)*	Malaysia	100	100	Manufacture and trading of gloves
TG Medical Sdn. Bhd. #	Malaysia	100	100	Manufacture and trading of gloves
Great Glove Sdn. Bhd. #	Malaysia	100	100	Dormant
Top Glove Engineering Sdn. Bhd. #	Malaysia	100	100	Property investment and trading of machinery
TG Medical (U.S.A.) Inc #	United States of America	100	100	Trading of gloves
Subsidiaries of TGSB :				
Great Glove (Thailand) Co. Ltd.#	Thailand	74	74	Manufacture of gloves
Top Glove Medical (Thailand) Co. Ltd.#	Thailand	100	100	Manufacture of gloves
Top Glove Technology (Thailand) Co. Ltd.#	Thailand	100	100	Producing and selling latex concentrate
B Tech Industry Co. Ltd.#	Thailand	100	100	Producing and selling latex concentrate

13. Investments in subsidiaries (continued)

Name of companies	Country of incorporation	Proportion of Ownership interest (%) 2008	2007	Principal activities
Top Glove (Zhangjiagang) Co. Ltd.#	The People's Republic of China	100	100	Manufacture of gloves
Great Glove (Xinghua) Co. Ltd.#	The People's Republic of China	100	100	Manufacture of gloves
TG Medical (Zhangjiagang) Co. Ltd.#	The People's Republic of China	100	100	Trading of gloves
Top Glove International Sdn. Bhd.#	Malaysia	100	100	Dormant
Top Glove Technology Sdn. Bhd.#	Malaysia	100	100	Dormant
Medi-Flex Limited ("Medi-Flex")**	Singapore	60	60	Investment holding
Subsidiaries of Medi-Flex :				
Flexitech Sdn. Bhd. ("Flexitech") *	Malaysia	60	60	Manufacturing of gloves
Hiclean International Pte. Ltd. **	Singapore	60	60	Trading of gloves
Subsidiary of Flexitech :				
Techniglove Asia Sdn. Bhd. *	Malaysia	60	60	Trading of gloves

*   Audited by Ernst & Young, Malaysia
** Audited by member firms of Ernst & Young Global in the respective countries
# Audited by firms other than Ernst & Young

13. Investments in subsidiaries (continued)

(a) Additional investment in subsidiary

During the financial year, the Company through its wholly owned subsidiary, TGSB, had invested additional USD3,000,000 or approximately RM10,338,554 in Great Glove (Xinghua) Co. Ltd. ("GGX"). With the additional investment, the total issued and paid-up share capital of GGX is USD8,050,000 or approximately RM28,893,711.

(b) Acquisition of subsidiary

In the previous financial year, the Company through its wholly owned subsidiary, TGSB subscribed 300,305,829 ordinary shares representing 60.06% of the equity interest in Medi-Flex Limited ("Medi-Flex"), a company incorporated in Singapore and listed on the Singapore Exchange Trading Limited Dealing and Automated System for a cash consideration of RM27.8 million, resulting in the Company to become the ultimate holding company of Medi-Flex.

The acquired subsidiary has contributed the following results to the Group:

	2007 RM'000
Revenue	22,176
Loss for the year	3,589

If the acquisition had occurred on 1 September 2006, the Group's revenue and profit for the year 2007 would have been approximately RM1,251.6 million and RM73.3 million respectively.

The assets and liabilities arising from the acquisition are as follows:

	Fair value recognised on acquisition RM'000	Acquiree's carrying amount RM'000
Property, plant and equipment (Note 11)	71,263	71,263
Prepaid land lease payments (Note 12)	3,880	3,880
Investments in associate	8,677	8,677
Inventories	7,995	7,995
Trade and other receivables	9,394	9,394
Cash and bank balances	11,674	11,674
	112,883	112,883
Trade and other payables	(28,017)	(28,017)
Borrowings	(33,785)	(33,785)
	(61,802)	(61,802)

13. Investments in subsidiaries (continued)

(b) Acquisition of subsidiary (continued)

	Fair value recognised on acquisition RM'000
Fair value of net assets	51,081
Less: Minority interests	(20,402)
Group's share of net assets	30,679
Negative goodwill	(2,862)
Total cost of acquisition	27,817

The cash outflow on acquisition is as follows:

	2007 RM'000
Purchase consideration satisfied by cash	27,604
Cost attributable to the acquisition, paid in cash	213
Total cash outflow of the Company	27,817
Cash and cash equivalents of subsidiary acquired	(11,674)
Net cash outflow of the Group	16,143

There were no acquisition during the financial year ended 31 August 2008.

14. Investments in associate

	Group	
	2008 RM'000	2007 RM'000
Unquoted shares at cost	8,677	8,677
Share of post-acquisition reserves	969	60
Foreign currency translation	391	-
	10,037	8,737

14. Investments in associate (continued)

Details of the associate are as follows :

Name of company	Country of incorporation	Proportion of Ownership interest (%) 2008	2007	Principal activities
Held through subsidiary:				
Sonic Clean Pte. Ltd.	Singapore	21	21	Provide all kinds of aqueous cleaning services, consumable cleaning and sub-assembly work in clean room environment and investment holding

The summarised financial information of the associate are as follows:

	Group 2008 RM'000	2007 RM'000
Assets and liabilities		
Current assets	14,586	12,599
Non-current assets	12,560	11,245
Total assets	27,146	23,844
Current liabilities	(6,469)	(6,880)
Non-current liabilities	-	(233)
Total liabilities	(6,469)	(7,113)
Results		
Revenue	25,426	22,600
Profit for the period	2,598	1,157

15. Due from a subsidiary

	Company 2008 RM'000	2007 RM'000
Interest bearing at 5.30% to 5.50% (2007 : 5.10% to 5.50%) per annum	51,000	70,000
Non interest bearing	236,193	241,763
	287,193	311,763

The amounts due from a subsidiary are unsecured and are not receivable within the next twelve months.

16. Goodwill

Goodwill has been allocated to the Group's CGUs identified according to the subsidiaries, as follows:

	Group	
	2008	**2007**
	RM'000	**RM'000**
Top Glove (Zhangjiagang) Co. Ltd.	2,378	2,378
Top Glove Medical (Thailand) Co. Ltd.	2,946	2,946
B Tech Industry Co. Ltd.	14,789	15,754
	20,113	21,078

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 to ten years period. The key assumptions used for value-in-use calculations are:

	Gross Margin		Discount Rate	
	2008	**2007**	**2008**	**2007**
Top Glove (Zhangjiagang) Co. Ltd.	9%	15%	10%	5%
Top Glove Medical (Thailand) Co. Ltd.	8%	10%	10%	5%
B Tech Industry Co. Ltd.	5%	7%	10%	5%

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

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements.

(ii) Discount rate

The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

16. Goodwill (continued)

The Group believes that any reasonably possible change in the above key assumptions applied are not likely to materially cause recoverable amount to be lower than its carrying amount.

17. Inventories

	Group	
	2008	**2007**
	RM'000	**RM'000**
At cost:		
Raw materials	35,485	27,672
Consumables and hardware	9,112	8,037
Work-in-progress	18,754	14,857
Finished goods	94,154	67,071
	157,505	117,637
At net realisable value:		
Finished goods	261	3,619
	157,766	121,256

18. Trade receivables

	Group	
	2008	**2007**
	RM'000	**RM'000**
Trade receivables	214,609	169,674
Less: Provision for doubtful debts	(413)	(910)
	214,196	168,764

The Group's normal trade credit term ranges from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

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

19. Other receivables

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Due from subsidiaries:				
- interest bearing at 5.10% (2007 : nil) per annum	-	-	15,000	-
- non interest bearing	-	-	94,668	79,264
Other receivables, deposits and prepayments	14,378	10,441	2	7
	14,378	10,441	109,670	79,271

19. Other receivables (continued)

The amounts due from subsidiaries are unsecured and are repayable on demand.

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

20. Cash and cash equivalents

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash on hand and in banks	77,077	58,586	16,710	12,941
Deposits with licensed banks	17,438	48,956	-	-
Money market funds	27,030	58,042	8,746	36,373
Cash and bank balances	121,545	165,584	25,456	49,314
Less :				
Bank overdrafts (Note 21)	(1,075)	(1,187)	-	-
Cash and cash equivalents	120,470	164,397	25,456	49,314

In previous financial year, deposits with licensed bank of the Group amounting to RM451,000 were registered in the name of certain directors, who are holding them in trust for the Group.

In previous financial year, deposits with a licensed bank of the Group amounting to RM451,000 were pledged to banks as securities.

Cash in bank of the Company amounting to RM6,755,000 (2007: RM755,000) are pledged to bank for Murabahah/Ijarah medium term notes facilities granted to the Company as referred to in Note 31.

The weighted average effective interest rates of deposits at the balance sheet date were as follows:

	Group	
	2008	**2007**
	%	**%**
Licensed banks	2.40	3.70
Money market funds	2.90	3.06

The average maturities of deposits as at the end of the financial year were as follows:

	Group	
	2008	**2007**
	Days	**Days**
Licensed banks	41	11

There is no maturity period for money market funds as these money are callable on demand.

21. Borrowings

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Short Term Borrowings				
Secured:				
Bank overdrafts (Note 20)	1,075	1,187	-	-
Bankers' acceptances	66	4,211	-	-
Medium term notes	15,000	-	15,000	-
Revolving credits	59,033	33,245	-	-
Term loans	24,004	23,382	-	-
Hire purchase payables (Note 22)	1,184	1,701	-	-
	100,362	63,726	15,000	-
Long Term Borrowings				
Secured:				
Medium term notes	55,000	70,000	55,000	70,000
Term loans	31,555	57,328	-	-
Hire purchase payables (Note 22)	70	1,139	-	-
	86,625	128,467	55,000	70,000
Total Borrowings				
Bank overdrafts	1,075	1,187	-	-
Bankers' acceptances	66	4,211	-	-
Medium term notes	70,000	70,000	70,000	70,000
Revolving credits	59,033	33,245	-	-
Term loans	55,559	80,710	-	-
Hire purchase payables	1,254	2,840	-	-
	186,987	192,193	70,000	70,000
Maturity of borrowings (excluding hire purchase)				
Within one year	99,178	62,025	15,000	-
More than 1 year and less than 2 years	41,617	41,667	25,000	15,000
More than 2 years and less than 5 years	41,849	82,899	30,000	55,000
5 years or more	3,089	2,762	-	-
	185,733	189,353	70,000	70,000

21. Borrowings (continued)

The weighted average effective interest rates at the balance sheet date for borrowings, excluding hire purchase payables were as follows:

	Group		Company	
	2008	2007	2008	2007
	%	%	%	%
Bank overdrafts	7.6	7.9	-	-
Bankers' acceptances	4.3	5.0	-	-
Medium term notes	5.4	5.4	5.4	5.4
Revolving credits	5.7	5.9	-	-
Term loans	5.6	5.7	-	-

The above bank borrowings of the Group are secured by way of fixed and floating charges over certain property, plant and equipment, prepaid land lease payments and deposits with a licensed bank of the Group as disclosed in Note 11, Note 12 and Note 20 respectively.

22. Hire purchase payables

	Group	
	2008	2007
	RM'000	RM'000
Minimum hire purchase payments:		
Not later than 1 year	1,222	1,835
Later than 1 year and not later than 2 years	49	1,174
Later than 2 years and not later than 5 years	27	-
	1,298	3,009
Less :Future finance charges	(44)	(169)
Present value of hire purchase payables	1,254	2,840
Present value of hire purchase payables:		
Not later than 1 year	1,184	1,701
Later than 1 year and not later than 2 years	45	1,139
Later than 2 years and not later than 5 years	25	-
	1,254	2,840
Analysed as:		
Due within 12 months (Note 21)	1,184	1,701
Due after 12 months (Note 21)	70	1,139
	1,254	2,840

The hire purchase bore interest at the balance sheet date of between 2.83% to 7.06% (2007: 2.70% to 3.30%) per annum.

23. Trade payables

The normal trade credit term granted to the Group ranges from 30 to 90 days.

24. Share capital

	Group and Company			
	Number of ordinary shares of RM0.50 each		Amount	
	2008 '000	2007 '000	2008 RM'000	2007 RM'000
Authorised	400,000	400,000	200,000	200,000
Issued and fully paid				
At 1 September	300,476	192,286	150,238	96,143
Bonus issue	-	77,765	-	38,883
Private placement	-	27,218	-	13,609
Exercise of ESOS	589	3,207	294	1,603
At 31 August	301,065	300,476	150,532	150,238

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

25. Share premium

This is a non-distributable reserve which arose from the issue of the Company's shares at a premium :

	Group and Company	
	2008 RM'000	2007 RM'000
At 1 September	228,811	22,054
Issuance of ordinary shares :		
Private placement	-	225,909
Pursuant to ESOS	1,500	17,324
Issuance of bonus shares	-	(32,800)
Share issue expenses	(118)	(3,676)
At 31 August	230,193	228,811

26. 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 9 January 2008, 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, the Company repurchased 6,617,000 of its issued ordinary shares from the open market at the average price of RM5.81 per share. The total consideration paid for the repurchase including transaction costs was RM38,427,000. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

Of the total 301,065,000 issued and fully paid ordinary shares as at 31 August 2008, 6,617,000 are held as treasury shares by the Company. As at 31 August 2008, the number of outstanding ordinary shares in issue and fully paid is therefore 294,448,000 ordinary shares of RM0.50 each.

27. Other reserves

	Foreign exchange reserve RM'000	Legal reserve RM'000	Share option reserve RM'000	Total RM'000
Group				
At 1 September 2006	2,040	1,694	-	3,734
Foreign currency translation	698	-	-	698
Share options granted under ESOS	-	-	782	782
Transfer to retained earnings	-	(306)	(237)	(543)
At 31 August 2007	2,738	1,388	545	4,671
Foreign currency translation	3,524	-	-	3,524
Share options granted under ESOS	-	-	821	821
Transfer to retained earnings	-	-	(1,366)	(1,366)
At 31 August 2008	6,262	1,388	-	7,650
Company				
At 1 September 2006			-	-
Share options granted under ESOS			782	782
Transfer to retained earnings			(237)	(237)
At 31 August 2007			545	545
Share options granted under ESOS			821	821
Transfer to retained earnings			(1,366)	(1,366)
At 31 August 2008			-	-

27. Other reserves (continued)

(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.

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.

(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.

28. Employee Share Options Scheme (ESOS)

The Company's first ESOS which has been implemented for a period of 5 years from 29 April 2003, expired on 29 April 2008.

Subsequently, the Company implemented a second ESOS ("ESOS II"), which was governed by the By-Laws which was approved by the shareholders at the Extraordinary General Meeting held on 9 January 2008 and became effective on 1 August 2008.

The main features of the ESOS II are as follows:

(a) The ESOS II 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.

28. Employee Share Options Scheme (ESOS) (continued)

(c) The total number of shares to be issued under the ESOS II shall not exceed in aggregate 15% of the issued and paid up share capital of the Company at any point of time during the tenure of the ESOS II.

(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%), or the par value of the ordinary shares of the Company of RM0.50, whichever is higher.

(e) No option shall be granted for less than 100 shares to any eligible employee.

(f) An option granted under the ESOS II shall be capable of being exercised by the grantee by notice in writing to the Company commencing from the date of the offer but before the expiry on 1 August 2018.

(g) All new ordinary shares issued upon exercise of the options granted under the ESOS II 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.

28. Employee Share Options Scheme (ESOS) (continued)

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

2008

			Number of share options over the ordinary shares of RM0.50 each				
Grant Date	**Expiry Date**	**Exercise Price RM**	**At beginning of year '000**	**Granted '000**	**Exercised '000**	**Expired/ Lapsed '000**	**At end of year '000**
6.3.2004	29.4.2008	2.00	11.2	-	(11.2)		-
7.6.2004	29.4.2008	2.24	61.4	-	(61.4)		-
6.7.2004	29.4.2008	2.28	10.0	-	(10.0)		-
6.11.2004	29.4.2008	2.46	16.5	-	(6.9)	(9.6)	-
7.4.2005	29.4.2008	2.98	26.6	-	(26.6)	-	-
6.5.2005	29.4.2008	2.88	1.2	-	(1.2)	-	-
6.6.2005	29.4.2008	2.86	328.6	-	(324.4)	(4.2)	-
5.7.2005	29.4.2008	2.94	16.0	-	(16.0)	-	-
5.9.2005	29.4.2008	3.21	11.2	-	(9.8)	(1.4)	-
5.10.2005	29.4.2008	3.20	17.4	-	(17.4)	-	-
5.11.2005	29.4.2008	3.34	12.7	-	(11.8)	(0.9)	-
5.12.2005	29.4.2008	3.61	52.4	-	(49.0)	(3.4)	-
5.1.2006	29.4.2008	4.36	7.7	-	(5.6)	(2.1)	-
5.2.2006	29.4.2008	4.61	3.2	-	(3.2)	-	-
3.3.2006	29.4.2008	4.91	7.8	-	-	(7.8)	-
5.4.2006	29.4.2008	4.96	126.2	-	(13.8)	(112.4)	-
5.5.2006	29.4.2008	6.37	124.6	-	-	(124.6)	-
5.6.2006	29.4.2008	5.98	1,243.3	-	(20.8)	(1,222.5)	-
5.7.2006	29.4.2008	5.81	43.2	-	-	(43.2)	-
5.8.2006	29.4.2008	5.81	105.0	-	-	(105.0)	-
5.9.2006	29.4.2008	6.13	76.2	-	-	(76.2)	-
5.10.2006	29.4.2008	6.16	62.2	-	-	(62.2)	-
5.11.2006	29.4.2008	7.49	152.3	-	-	(152.3)	-
5.6.2007	29.4.2008	8.74	1,363.6	-	-	(1,363.6)	-
7.1.2008	29.4.2008	6.47	-	112.0	-	(112.0)	-
			3,880.5	112.0	(589.1)	(3,403.4)	-

28. Employee Share Options Scheme (ESOS) (continued)

2007

Grant Date	Expiry Date	Exercise Price RM	At beginning of year '000	Granted '000	Exercised '000	Lapsed '000	Balance prior to adjustment for bonus issue* '000
			Number of share options over the ordinary shares of RM0.50 each				
5.6.2003	29.4.2008	0.87	6.0	-	-	-	6.0
6.3.2004	29.4.2008	2.80	8.0	-	-	-	8.0
6.5.2004	29.4.2008	3.50	2.0	-	(2.0)	-	-
7.6.2004	29.4.2008	3.14	434.4	-	(285.4)	(8.0)	141.0
6.7.2004	29.4.2008	3.20	12.0	-	-	-	12.0
6.9.2004	29.4.2008	3.27	4.0	-	(4.0)	-	-
6.10.2004	29.4.2008	3.30	1.0	-	(1.0)	-	-
6.11.2004	29.4.2008	3.45	53.4	-	(4.6)	(7.6)	41.2
6.12.2004	29.4.2008	3.63	10.0	-	(3.0)	-	7.0
4.2.2005	29.4.2008	4.12	0.4	-	-	(0.4)	-
7.3.2005	29.4.2008	4.19	12.0	-	(4.0)	-	8.0
7.4.2005	29.4.2008	4.17	27.0	-	(8.0)	-	19.0
6.5.2005	29.4.2008	4.03	60.2	-	(26.0)	-	34.2
6.6.2005	29.4.2008	4.01	744.8	-	(431.7)	(11.3)	301.8
5.7.2005	29.4.2008	4.12	15.4	-	(4.0)	-	11.4
5.8.2005	29.4.2008	4.43	34.4	-	(17.0)	-	17.4
5.9.2005	29.4.2008	4.50	22.0	-	(12.0)	-	10.0
5.10.2005	29.4.2008	4.48	39.4	-	(27.0)	-	12.4
5.11.2005	29.4.2008	4.67	14.5	-	-	-	14.5
5.12.2005	29.4.2008	5.06	57.4	-	(13.0)	-	44.4
5.1.2006	29.4.2008	6.10	78.5	-	(69.0)	-	9.5
5.2.2006	29.4.2008	6.45	17.4	-	(10.0)	(2.4)	5.0
3.3.2006	29.4.2008	6.88	25.3	-	(11.3)	-	14.0
5.4.2006	29.4.2008	6.95	126.7	-	(33.7)	-	93.0
5.5.2006	29.4.2008	8.92	158.8	-	(41.4)	(2.4)	115.0
5.6.2006	29.4.2008	8.37	2,223.3	-	(809.4)	(156.5)	1,257.4
5.7.2006	29.4.2008	8.14	105.2	-	(71.0)	-	34.2
5.8.2006	29.4.2008	8.14	169.6	-	(80.2)	-	89.4
5.9.2006	29.4.2008	8.58	-	130.0	(59.2)	(7.0)	63.8
5.10.2006	29.4.2008	8.62	-	128.4	(59.1)	(7.0)	62.3
5.11.2006	29.4.2008	10.49	-	176.4	(41.3)	-	135.1
			4,463.1	434.8	(2,128.3)	(202.6)	2,567.0

28. Employee Share Options Scheme (ESOS) (continued)
2007 (continued)

Grant Date	Expiry Date	Exercise Price RM	Balance after adjustment for bonus issue* '000	Granted '000	Exercised '000	Lapsed '000	At end of year '000
			Number of share options over the ordinary shares of RM0.50 each				
5.6.2003	29.4.2008	0.62	8.4	-	(8.4)	-	-
6.3.2004	29.4.2008	2.00	11.2	-	-	-	11.2
7.6.2004	29.4.2008	2.24	197.4	-	(136.0)	-	61.4
6.7.2004	29.4.2008	2.28	16.8	-	(6.8)	-	10.0
6.11.2004	29.4.2008	2.46	61.2	-	(42.3)	(2.4)	16.5
6.12.2004	29.4.2008	2.59	9.80	-	(9.8)	-	-
7.3.2005	29.4.2008	2.99	11.2	-	(11.2)	-	-
7.4.2005	29.4.2008	2.98	26.6	-	-	-	26.6
6.5.2005	29.4.2008	2.88	47.9	-	(46.7)	-	1.2
6.6.2005	29.4.2008	2.86	422.9	-	(94.3)	-	328.6
5.7.2005	29.4.2008	2.94	16.0	-	-	-	16.0
5.8.2005	29.4.2008	3.16	24.4	-	(24.4)	-	-
5.9.2005	29.4.2008	3.21	14.0	-	(2.8)	-	11.2
5.10.2005	29.4.2008	3.20	17.4	-	-	-	17.4
5.11.2005	29.4.2008	3.34	20.3	-	(7.6)	-	12.7
5.12.2005	29.4.2008	3.61	62.2	-	(9.8)	-	52.4
5.1.2006	29.4.2008	4.36	13.3	-	(5.6)	-	7.7
5.2.2006	29.4.2008	4.61	7.0	-	(3.8)	-	3.2
3.3.2006	29.4.2008	4.91	19.6	-	(11.8)	-	7.8
5.4.2006	29.4.2008	4.96	130.2	-	(4.0)	-	126.2
5.5.2006	29.4.2008	6.37	161.0	-	(36.4)	-	124.6
5.6.2006	29.4.2008	5.98	1,760.2	-	(516.9)	-	1,243.3
5.7.2006	29.4.2008	5.81	48.0	-	(4.8)	-	43.2
5.8.2006	29.4.2008	5.81	125.2	-	(20.2)	-	105.0
5.9.2006	29.4.2008	6.13	89.4	-	(13.2)	-	76.2
5.10.2006	29.4.2008	6.16	87.3	-	(25.1)	-	62.2
5.11.2006	29.4.2008	7.49	189.3	-	(37.0)	-	152.3
5.6.2007	29.4.2008	8.74	-	1,363.6	-	-	1,363.6
			3,598.2	1,363.6	(1,078.9)	(2.4)	3,880.5

* Bonus issue on the basis of two new ordinary shares for every five existing oridinary shares.

28. Employee Share Options Scheme (ESOS) (continued)

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
2008				
September 2007 - April 2008	2.00 - 5.98	4.08 - 6.50	589.1	1,794
Less : Par value of ordinary shares				(294)
Share premium				1,500
2007				
Before bonus issue				
September 2006 - February 2007	3.50 - 8.58	8.75 - 13.70	2,027.9	12,844
October 2006 - February 2007	8.62	8.80 - 13.70	59.1	509
November 2006 - February 2007	10.49	10.70 - 13.70	41.3	433
After bonus issue				
September 2006 - August 2007	0.62 - 6.13	6.25 - 9.30	1,016.8	4,709
October 2006 - August 2007	6.16	6.30 - 9.30	25.1	155
November 2006 - August 2007	7.49	7.65 - 9.30	37.0	277
			3,207.2	18,927
Less: Par value of ordinary shares				(1,603)
Share premium				17,324

28. Employee Share Options Scheme (ESOS) (continued)

Fair value of share options granted during the year

The fair value of share options granted during the year was estimated by using a Black-Scholes 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 are as follows:

	2008	2007
Fair value of share options at the following grant dates (RM)		
5 September 2006	-	0.7600
5 October 2006	-	0.7000
5 November 2006	-	0.9300
5 June 2007	-	0.8600
7 January 2008	0.0024	-
Weighted average share price (RM)	6.15	8.29
Weighted average exercise price (RM)	6.47	8.18
Expected volatility (%)	27	16.76 - 22.46
Expected life (years)	0.33	0.92 - 1.67
Risk free rate (%)	3.65	3.70
Expected dividend yield (%)	2.33	1.20

The expected life of the 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. No other features of the option were incorporated into the measurement of fair value.

29. Deferred tax liabilities

	Group	
	2008 RM'000	2007 RM'000
At 1 September	26,968	11,462
Recognised in the income statement (Note 8)	3,079	15,506
At 31 August	30,047	26,968

29. Deferred tax liabilities (continued)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows :

Group	Deferred tax liabilities Property, plant and equipment RM	Deferred tax assets Unabsorbed reinvestment allowances RM	Total RM
At 1 September 2006	29,538	(18,076)	11,462
Recognised in income statement	1,120	14,386	15,506
At 31 August 2007	30,658	(3,690)	26,968
Recognised in income statement	(611)	3,690	3,079
At 31 August 2008	30,047	-	30,047

Deferred tax assets have not been recognised in respect of the following items, as it has arisen in subsidiaries that has recent history of losses:

	Group	
	2008 RM'000	2007 RM'000
Unused tax losses	21,588	19,368
Unabsorbed capital allowances	4,378	-
Unabsorbed reinvestment allowances	44,814	40,222
	70,780	59,590

30. Retained earnings

Prior to the year of assessment 2008, Malaysian companies adopt the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company has elected for the irrevocable option to disregard the 108 balance as at 31 August 2008. Hence, the Company will be able distribute dividends out of its entire retained earnings under the single tier system.

31. Islamic medium term notes

The Company entered into Murabahah/Ijarah medium term notes facilities which comprised the following :

(a) RM100 million Murabahah/Ijarah Medium Term Notes ("MTN")

The MTN facility has an availability period of 15 years from the date of the first issue under the MTN programme. MTN are issued at par or at discount to face value and have a maturity period of more than 1 year to not more than 15 years. The profit rates are determined on the formula specified in FAST rules issued by BNM.

The MTN are secured by an assignment of the Finance Service Reserve Account as disclosed in Note 20.

32. Commitments

	Group	
	2008	**2007**
	RM'000	**RM'000**
Capital expenditure:		
Approved and contracted for	17,337	5,925

33. Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as liabilities are as follows:

	Group	
	2008	**2007**
	RM'000	**RM'000**
Future minimum rentals payments:		
Not later than 1 year	1,428	1,922
Later than 1 year and not later than 2 years	599	621
Later than 2 years and not later than 5 years	655	1,435
	2,682	3,978

34. Significant related party transactions

(a) Transactions with related parties

The Company had the following transactions with related parties during the financial year:

	Company	
	2008	**2007**
	RM'000	**RM'000**
Gross dividends from subsidiaries	56,000	12,000
Management fees from subsidiaries	1,050	1,290
Interest recouped from subsidiaries	3,750	4,108
Interest charged to a subsidiary	605	338
Share options granted under ESOS recouped from subsidiaries	821	782
Advances to subsidiaries	6,211	213,409
Repayment received from subsidiaries	22,800	3,400
Repayment of borrowings by subsidiaries	-	25,150
Payments on behalf for a subsidiary	227	-
Payments on behalf by a subsidiary	13,950	30,128

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

(b) Compensation of key management personnel

There are no other key management personnel other than the executive directors. The remuneration of executive directors during the year were as follows :

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Salaries and other emoluments	3,006	2,919	588	574
Pension costs - defined contribution plan	240	237	71	70
Share options granted under ESOS	796	352	-	-
Fees	205	179	189	179
	4,247	3,687	848	823

35. Contingent liabilities - unsecured

	Company	
	2008	**2007**
	RM'000	**RM'000**
Corporate guarantee issued to financial institutions for credit facilities granted to subsidiaries	109,589	129,061

36. Subsequent event

On 21 October 2008, the subsidiary, Medi-Flex Limited ("Medi-Flex") proposed to undertake a non-underwritten rights issue for up to 500,000,000 new ordinary shares ("Rights Shares"), at an issue price of Singapore Dollar ("SGD") $0.04 for each Rights Share ("Issue Price"), on the basis of one Rights Share for every one existing ordinary share in the capital of Medi-Flex.

The Rights Shares, when alloted and issued and fully paid-up, will rank pari passu in all respects with the existing shares.

Assuming that the Rights Issue is fully subsribed, the estimated gross proceeds of the Rights Issue will be SGD$20 million and the estimated net proceeds of the Rights Issue, after deducting estimated expenses of approximately SGD$0.25 million, will amount to approximately SGD$19.75 million ("Rights Issue Net Proceeds").

Medi-Flex intends to utilise the Rights Issue Net Proceeds as follows:

(i) approximately SGD$12 million will be off-set against and/or satisfied by the utilisation of the loan;

(ii) approximately SGD$4.45 million will be used to pay the balance purchase price of RM10,588,500 payable under the Sale and Purchase Agreement entered by a subsidiary of Medi-Flex, Flexitech Sdn. Bhd., on 30 June 2008, for purchase of two parcels of land located at Selangor, Malaysia, together with a single storey detached factory and two storey office annex built thereon, for a total consideration of RM11,765,000;

(iii) approximately SGD$1.13 million will be used to pay the balance purchase price of RM2,700,000 payable under the Sale of Assets Agreement entered into by Flexitech Sdn. Bhd., on 30 June 2008, for purchase of two open sided biomass plant, together with various other assets as described therein, for a total consideration of RM3,000,000; and

(iv) the balance of approximately SGD$2.17 million will be used as general working capital for the Medi-Flex's business.

The Rights Issue is subject to, inter alia, the following:

(i) the approval in principle of the Singapore Exchange Securities ("SGX") Trading Limited for the listing and quotation of the Rights Shares on the SGX-Catalist;

(ii) the issuance of Rights Shares, under the Rights Issue having been approved by shareholders at an extraordinary general meeting to be convened; and

(iii) the lodgement by Medi-Flex of the offer information statement with the Monetary Authority of Singapore.

37. Segmental information

(a) Primary reporting segment - Geographical segments

The Group operates in four principal geographical areas of the world and is primarily involved in the gloves manufacturing industry.

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.

31 August 2008

	Malaysia RM'000	Thailand RM'000	The People's Republic of China RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	1,072,366	139,198	97,027	69,340	-	1,377,931
Inter-segment sales	42,754	220,962	58,491	-	(322,207)	-
Total revenue	1,115,120	360,160	155,518	69,340	(322,207)	1,377,931
Results						
Operating profit	125,824	12,051	5,505	101	388	143,869
Finance costs						(10,151)
Share of gain of associate						909
Profit before tax						134,627
Income tax expense						(26,524)
Profit for the year						108,103
Assets						
Segment assets	737,520	167,808	136,575	37,492	-	1,079,395
Investments in associate						10,037
Goodwill						20,113
						1,109,545
Liabilities						
Segment liabilities	276,601	75,772	61,953	8,430	-	422,756
Other information						
Capital expenditure	45,332	8,519	13,223	-	-	67,074
Depreciation	39,041	10,322	3,278	212	-	52,853
Amortisation of prepaid land lease payments	117	17	75	-	-	209

37. Segmental information (continued)

	Malaysia RM'000	Thailand RM'000	The People's Republic of China RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
31 August 2007						
Revenue						
External sales	941,161	181,653	42,673	63,291	-	1,228,778
Inter-segment sales	43,747	81,670	49,535	-	(174,952)	-
Total revenue	984,908	263,323	92,208	63,291	(174,952)	1,228,778
Results						
Operating profit/ (loss)	132,239	6,279	(8,456)	2,111	115	132,288
Finance costs						(13,525)
Share of loss of associate						(119)
Profit before tax						118,644
Income tax expense						(29,992)
Profit for the year						88,652
Assets						
Segment assets	731,614	163,072	85,250	43,877	-	1,023,813
Investments in associate						8,737
Goodwill						21,078
						1,053,628
Liabilities						
Segment liabilities	286,197	78,115	41,487	6,850	-	412,649
Other information						
Capital expenditure	52,969	34,426	18,134	-	-	105,529
Depreciation	31,032	8,571	3,388	237	-	43,228
Amortisation of prepaid land lease payments	101	81	72	-	-	254

(b) Secondary reporting segment - Business segments

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

38. Financial instruments

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, credit and liquidity risks.

(b) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's primary interest rate risk relates to interest-bearing debt. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits and money market funds.

The Group manages its interest rate exposure by maintaining a prudent 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.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

(c) Foreign exchange risk

The Group is exposed to various currencies especially in United States Dollars, Thailand Baht, Chinese Renminbi and Singapore Dollars. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts.

38. Financial instruments (continued)

(c) Foreign exchange risk (continued)

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 assets/(liabilities) held in non-functional currency			
	Ringgit Malaysia RM'000	United States Dollars RM'000	Others RM'000	Total RM'000
At 31 August 2008 :				
Ringgit Malaysia	-	20,253	3	20,256
Thailand Baht	4,991	23,078	4	28,073
Chinese Renminbi	-	3,298	-	3,298
Singapore Dollars	-	-	(42)	(42)
	4,991	46,629	(35)	51,585
At 31 August 2007 :				
Ringgit Malaysia	-	42,035	-	42,035
Thailand Baht	4,337	21,400	(1,309)	24,428
Chinese Renminbi	-	(12,931)	-	(12,931)
Singapore Dollars	21	-	-	21
	4,358	50,504	(1,309)	53,553

As at balance sheet date, the Group had entered into United States Dollars forward foreign exchange contracts with notional amount of RM280,732,000 (2007: RM181,433,000) to hedge anticipated sales.

The net unrecognised losses as at balance sheet date on forward contracts used to hedge anticipated sales which are expected to occur during the next twelve months and are deferred until the related sales occur, at which time they will be included in the measurement of the sales is as follows:

	Group	
	2008 RM'000	2007 RM'000
Net unrealised losses	14,546	4,235

38. Financial instruments (continued)

(d) Credit Risk

Credit risks or the risk of customers defaulting are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

(e) Liquidity

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(f) Fair values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the followings:

		Company	
	Note	Carrying amount RM'000	Fair value RM'000
Financial assets			
At 31 August 2008			
Due from a subsidiary	15	287,193	*
Due from subsidiaries	19	109,668	*
At 31 August 2007			
Due from a subsidiary	15	311,763	*
Due from subsidiaries	19	79,264	*

* It is not practicable to estimate the fair value of the amounts due from subsidiaries due principally to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs.