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

Directors' Report and Audited Financial Statements
31 August 2011

474423-X

Top Glove Corporation Bhd.
(Incorporated in Malaysia)

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Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 August 2011.

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 14 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 net of tax	115,132	74,418
Profit attributable to:		
Owners of the parent	113,091	74,418
Minority interests	2,041	-
	115,132	74,418

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 the effects arising from the changes in accounting policies due to the adoption of FRS 139 Financial Instruments: Recognition and Measurement which has resulted in an increase in the Group's profit net of tax by approximately RM1,737,000 as disclosed in Note 2.2 to the financial statements.

Dividends

The amount of dividends paid by the Company since 31 August 2010 were as follows:

	RM'000
In respect of the financial year ended 31 August 2010:	
Final single tier dividend of 18%, paid on 20 January 2011	55,652
In respect of the financial year ended 31 August 2011:	
First interim single tier dividend of 10%, paid on 21 July 2011	30,923
	86,575

Dividends (continued)

At the forthcoming Annual General Meeting, a single tier final dividend of 12% on 618,512,962 ordinary shares amounting to RM37,110,777 (6.00 sen per share) in respect of the financial year ended 31 August 2011 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 2012.

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 Dato Sri Lim, Wee-Chai
Tan Sri Dato' Seri Arshad bin Ayub
Tan Sri Dato' Dr. Lin See Yan
Lee Kim Meow
Puan Sri Tong Siew Bee
Lim Hooi Sin
Sekarajasekaran a/l Arasaratnam
Quah Chin Chye (demised on 9 January 2011)
Lim Cheong Guan
Lim Han Boon (appointed on 21 February 2011)

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 9 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 2010	**Acquired**	**Sold**	**31 August 2011**
Tan Sri Dato Sri Lim, Wee-Chai				
- direct	178,911,138	150,000	-	179,061,138
- indirect	57,289,204	68,800	(150,000)	57,208,004
Tan Sri Dato' Seri Arshad bin Ayub	1,400,000	-	-	1,400,000
Lee Kim Meow				
- direct	1,001,600	-	-	1,001,600
- indirect	10,000	-	-	10,000
Puan Sri Tong Siew Bee				
- direct	9,195,748	-	-	9,195,748
- indirect	227,004,594	218,800	(150,000)	227,073,394
Lim Hooi Sin				
- direct	10,839,662	68,800	-	10,908,462
- indirect	225,360,680	150,000	(150,000)	225,360,680
Sekarajasekaran a/l Arasaratnam	14,343,718	155,000	(1,927,000)	12,571,718
Lim Cheong Guan	80,000	-	-	80,000

	Number of options over ordinary shares of RM0.50 each			
	1 September 2010	**Granted**	**Exercised**	**31 August 2011**
Tan Sri Dato Sri Lim, Wee-Chai	420,000	-	-	420,000
Lee Kim Meow	252,000	-	-	252,000
Puan Sri Tong Siew Bee	192,000	-	-	192,000
Lim Hooi Sin	163,200	-	(68,800)	94,400
Lim Cheong Guan	234,000	-	-	234,000

Tan Sri Dato Sri 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 directors 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 RM309,081,000 to RM309,256,000 by way of issuance of 350,600 ordinary shares of RM0.50 each pursuant to the ESOS at an option price between RM2.01 and RM4.60 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.

Employee share options scheme

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

The main features and other terms of the ESOS are disclosed in Note 31 to the financial statements.

During the financial year, the Company has not granted any options pursuant the ESOS.

Other statutory information

(a) Before the income statements and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

    (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts 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.

(b) At the date of this report, the directors are not aware of any circumtances which would render:

    (i) it necessary to write off any 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.

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Other statutory information (continued)

(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.

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 2 November 2011.

Tan Sri Dato Sri Lim, Wee-Chai

Lim Han Boon

Selangor, Malaysia

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

We, Tan Sri Dato Sri Lim, Wee-Chai and Lim Han Boon, being two of the directors of Top Glove Corporation Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 10 to 84 are drawn up in accordance with the Financial Reporting Standards and the Companies Act, 1965 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 2011 and their financial performance and cash flows for the year then ended.

The information set out in Note 41 on page 85 of the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 2 November 2011.

Tan Sri Dato Sri Lim, Wee-Chai

Lim Han Boon

Selangor, Malaysia

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

I, Tan Sri Dato Sri 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 84 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 Dato Sri Lim, Wee-Chai
at Klang in the State of Selangor
on 2 November 2011

Tan Sri Dato Sri Lim, Wee-Chai

Before me,

Goh Cheng Teak
Commissioner for Oaths

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Independent auditors' report to the members of
Top Glove Corporation Bhd.
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Report on the financial statements

We have audited the financial statements of Top Glove Corporation Bhd., which comprise the statements of financial position as at 31 August 2011 of the Group and of the Company, and the income statements, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 84.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 judgment, 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 of financial statements that give a true and fair view 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.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 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 2011 and of their financial performance and cash flows for the year 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 financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 14 to the financial statements.

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

(d) The auditors' reports on the financial statements 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.

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

Other matters

The supplementary information set out in Note 41 on page 85 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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
AF: 0039
Chartered Accountants

Lee Ah Too
2187/09/13(J)
Chartered Accountant

Melaka, Malaysia
Date: 2 November 2011

Top Glove Corporation Bhd.
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Income statements
For the financial year ended 31 August 2011

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue	4	2,053,916	2,079,432	84,775	55,205
Cost of sales		(1,818,767)	(1,640,550)	-	-
Gross profit		235,149	438,882	84,775	55,205
Other items of income					
Interest income	5	10,573	4,288	7	73
Other income	6	26,689	10,372	-	-
Other items of expense					
Distribution and selling costs		(67,121)	(66,008)	-	-
Administrative and general expenses		(60,495)	(80,987)	(2,364)	(1,622)
Finance costs		(242)	(639)	-	-
Share of results of associate		917	(947)	-	-
Profit before tax	7	145,470	304,961	82,418	53,656
Income tax expense	10	(30,338)	(54,550)	(8,000)	(145)
Profit net of tax		115,132	250,411	74,418	53,511
Profit attributable to:					
Owners of the parent		113,091	245,231	74,418	53,511
Minority interests		2,041	5,180	-	-
		115,132	250,411	74,418	53,511
Earnings per share attributable to owners of the parent (sen):					
Basic	11	18.29	39.83		
Diluted	11	18.27	39.69		

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

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Statements of comprehensive income
For the financial year ended 31 August 2011

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit net of tax	115,132	250,411	74,418	53,511
Other comprehensive loss:				
Net loss on available-for-sale financial assets:				
- loss on fair value changes	(1,057)	-	-	-
Foreign currency translation	864	(14,485)	-	-
Other comprehensive loss for the year, net of tax	(193)	(14,485)	-	-
Total comprehensive income for the year	114,939	235,926	74,418	53,511
Total comprehensive income attributable to:				
Owners of the parent	113,009	235,441	74,418	53,511
Minority Interest	1,930	485	-	-
	114,939	235,926	74,418	53,511

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

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Top Glove Corporation Bhd.
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Statements of financial position
As at 31 August 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Assets					
Non-current assets					
Property, plant and equipment	12	660,692	580,867	-	-
Land use rights	13	19,608	21,741	-	-
Investments in subsidiaries	14	-	-	28,503	28,503
Investments in associate	15	7,039	5,056	-	-
Investment securities	16	146	145	-	-
Trade and other receivables	19	-	-	-	363,856
Goodwill	17	20,113	20,113	-	-
		707,598	627,922	28,503	392,359
Current assets					
Inventories	18	175,532	167,511	-	-
Trade and other receivables	19	262,129	262,475	463,282	107,724
Other current assets	20	4,316	5,142	-	-
Tax recoverable		13,228	5,473	180	153
Investment securities	16	108,512	40,557	-	-
Derivative assets	21	2,954	-	-	-
Cash and cash equivalents	22	148,760	262,930	142	3,015
		715,431	744,088	463,604	110,892
Total assets		1,423,029	1,372,010	492,107	503,251
Equity and liabilities					
Current liabilities					
Loans and borrowings	23	157	541	-	-
Trade and other payables	24	194,611	201,702	531	527
Other current liabilities		34,644	16,016	-	-
		229,412	218,259	531	527
Net current assets		486,019	525,829	463,073	110,365
Non-current liabilities					
Loans and borrowings	23	2,851	3,025	-	-
Deferred tax liabilities	25	44,393	34,360	-	-
		47,244	37,385	-	-
Total liabilities		276,656	255,644	531	527
Net assets		1,146,373	1,116,366	491,576	502,724

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Statements of financial position
As at 31 August 2011 (continued)

		Group		Company	
	Note	**2011 RM'000**	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Equity attributable to owners of the parent					
Share capital	26	309,256	309,081	309,256	309,081
Share premium	27	171,780	170,563	171,780	170,563
Other reserves	29	14,831	13,451	9,877	10,260
Retained earnings	30	625,936	599,407	663	12,820
		1,121,803	1,092,502	491,576	502,724
Minority interests		24,570	23,864	-	-
Total equity		1,146,373	1,116,366	491,576	502,724
Total equity and liabilities		1,423,029	1,372,010	492,107	503,251

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

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Top Glove Corporation Bhd.
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Statements of changes in equity
For the financial year ended 31 August 2011

		← Attributable to owners of the parent →									
			← Non-distributable					→		Distributable	
2011	**Equity, total RM'000**	**Equity attributable to owners of the parent total RM'000**	**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**	**Fair value adjustment reserve RM'000**	**Retained earnings RM'000**	**Minority interests RM'000**
Group											
Opening balance at 1 September 2010	1,116,366	1,092,502	309,081	170,563	-	791	2,400	10,260	-	599,407	23,864
Effects of adopting FRS 139	1,858	1,858	-	-	-	-	-	-	641	1,217	-
	1,118,224	1,094,360	309,081	170,563	-	791	2,400	10,260	641	600,624	23,864
Total comprehensive income	114,939	113,009	-	-	-	975	-	-	(1,057)	113,091	1,930
Transactions with owners											
Issuance of ordinary shares pursuant to ESOS	1,015	1,015	175	840	-	-	-	-	-	-	-
Transfer from share option reserve	-	-	-	383	-	-	-	(383)	-	-	-
Share issue expenses	(6)	(6)	-	(6)	-	-	-	-	-	-	-
Acquisition of subsidiary	56	-	-	-	-	-	-	-	-	-	56
Transfer to legal reserve	-	-	-	-	-	-	1,204	-	-	(1,204)	-
Dividend paid to minority interests	(1,280)	-	-	-	-	-	-	-	-	-	(1,280)
Dividends on ordinary shares (Note 39)	(86,575)	(86,575)	-	-	-	-	-	-	-	(86,575)	-
Closing balance at 31 August 2011	1,146,373	1,121,803	309,256	171,780	-	1,766	3,604	9,877	(416)	625,936	24,570

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Statements of changes in equity
For the year ended 31 August 2011 (continued)

		← Attributable to owners of the parent →									
			← Non-distributable →							Distributable	
2010	**Equity, total RM'000**	**Equity attributable to owners of the parent total RM'000**	**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**	**Fair value adjustment reserve RM'000**	**Retained earnings RM'000**	**Minority interests RM'000**
Group											
Opening balance at 1 September 2009	845,977	824,513	151,879	243,677	(38,427)	10,581	1,388	9,995	-	445,420	21,464
Total comprehensive income	235,926	235,441	-	-	-	(9,790)	-	-	-	245,231	485
Transactions with owners											
Issuance of ordinary shares pursuant to ESOS	31,346	31,346	2,826	28,520	-	-	-	-	-	-	-
Share options granted under ESOS	9,930	9,930	-	-	-	-	-	9,930	-	-	-
Transfer from share option reserve	-	-	-	9,665	-	-	-	(9,665)	-	-	-
Issuance of bonus shares	-	-	154,376	(154,376)	-	-	-	-	-	-	-
Share issue expenses	(71)	(71)	-	(71)	-	-	-	-	-	-	-
Sale of treasury shares	81,575	81,575	-	43,148	38,427	-	-	-	-	-	-
Loss on accretion of a subsidiary	-	(1,915)	-	-	-	-	-	-	-	(1,915)	1,915
Transfer to legal reserve	-	-	-	-	-	-	1,012	-	-	(1,012)	-
Dividends on ordinary shares (Note 39)	(88,317)	(88,317)	-	-	-	-	-	-	-	(88,317)	-
Closing balance at 31 August 2010	1,116,366	1,092,502	309,081	170,563	-	791	2,400	10,260	-	599,407	23,864

Top Glove Corporation Bhd.
Statements of changes in equity

		← Non-distributable			→	Distributable
	Equity, total RM'000	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Share option reserve RM'000	Retained earnings RM'000
Company						
Opening balance at 1 September 2010	502,724	309,081	170,563	-	10,260	12,820
Total comprehensive income	74,418	-	-	-	-	74,418
Transactions with owners						
Issuance of ordinary shares pursuant to ESOS	1,015	175	840	-	-	-
Transfer from share option reserve	-	-	383	-	(383)	-
Share issue expenses	(6)	-	(6)	-	-	-
Dividends on ordinary shares (Note 39)	(86,575)	-	-	-	-	(86,575)
	(85,566)	175	1,217	-	(383)	(86,575)
Closing balance at 31 August 2011	491,576	309,256	171,780	-	9,877	663
Opening balance at 1 September 2009	414,750	151,879	243,677	(38,427)	9,995	47,626
Total comprehensive income	53,511	-	-	-	-	53,511
Transactions with owners						
Issuance of ordinary shares pursuant to ESOS	31,346	2,826	28,520	-	-	-
Share options granted under ESOS	9,930	-	-	-	9,930	-
Transfer from share option reserve	-	-	9,665	-	(9,665)	-
Issuance of bonus shares	-	154,376	(154,376)	-	-	-
Share issue expenses	(71)	-	(71)	-	-	-
Sale of treasury shares	81,575	-	43,148	38,427	-	-
Dividends on ordinary shares (Note 39)	(88,317)	-	-	-	-	(88,317)
	34,463	157,202	(73,114)	38,427	265	(88,317)
Closing balance at 31 August 2010	502,724	309,081	170,563	-	10,260	12,820

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

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Statements of cash flows
For the financial year ended 31 August 2011

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Operating activities				
Profit before tax	145,470	304,961	82,418	53,656
Adjustments for :				
Gross dividend	-	-	(83,600)	(53,767)
Depreciation and amortisation				
- Property, plant and equipment	61,343	58,834	-	-
- Amortisation of land use rights	224	227	-	-
Gain on disposal of property, plant and equipment	(245)	(849)	-	-
Property, plant and equipment written off	426	118	-	-
Share options granted under ESOS	-	9,930	-	(328)
Provision for doubtful debts	-	14	-	-
Unrealised foreign exchange loss	8,675	13,763	-	-
Impairment on investment in associate	46	2,800	-	-
Share of results of associate	(917)	947	-	-
Net fair value gains on derivative	(1,737)	-	-	-
Net fair value gains on available-for-sale	(1,057)	-	-	-
Negative goodwill written off	(1,767)	-	-	-
Reversal of impairment loss	(397)	-	-	-
Finance costs	242	639	-	-
Interest income	(10,573)	(4,288)	(7)	(73)
Total adjustments	54,263	82,135	(83,607)	(54,168)
Operating cash flows before changes in working capital	199,733	387,096	(1,189)	(512)
Changes in working capital				
Increase in inventories	(6,004)	(48,458)	-	-
Increase in receivables	(3,597)	(71,409)	(12)	-
Increase/(decrease) in payables	10,407	20,702	4	(342)
Total changes in working capital	806	(99,165)	(8)	(342)
Cash flows from/(used in) operation	200,539	287,931	(1,197)	(854)
Interest paid	(242)	(639)	-	-
Income taxes paid	(28,176)	(73,797)	(27)	(30)
Net cash flows from/(used in) operating activities	172,121	213,495	(1,224)	(884)

Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of cash flows
For the year ended 31 August 2011 (continued)

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Investing activities				
Purchase of property, plant and equipment	(141,273)	(88,840)	-	-
Additional land use rights	-	(8,140)	-	-
Purchase of investment securities	(68,267)	(27,849)	-	-
Interest received	10,573	4,288	7	73
Dividends income from subsidiaries	-	-	75,600	53,622
Proceeds from disposal of property, plant and equipment	1,752	2,812	-	-
Additional investment in an associate	(336)	-	-	-
Net cash inflow on acquisition of a subsidiary	624	-	-	-
Net cash flows (used in)/from investing activities	(196,927)	(117,729)	75,607	53,695
Financing activities				
Repayment from/(advances to) subsidiaries	-	-	8,310	(52,016)
Proceeds from issuance of ordinary shares	1,015	31,346	1,015	31,346
Share issue expenses	(6)	(71)	(6)	(71)
Proceeds from sale of treasury shares	-	81,575	-	81,575
Dividend paid on ordinary shares	(86,575)	(109,098)	(86,575)	(109,098)
Dividend paid to minority shareholders	(1,280)	-	-	-
Repayment of obligations under finance leases	(20)	(53)	-	-
Repayment of bank loans	(658)	(3,204)	-	-
Repayment of medium term notes	-	(11,500)	-	(11,500)
Decrease in short term borrowings	-	(2,210)	-	-
Net cash flows used in financing activities	(87,524)	(13,215)	(77,256)	(59,764)
Net (decrease)/increase in cash and cash equivalents	(112,330)	82,551	(2,873)	(6,953)
Effects of foreign exchange rate changes	(1,840)	(5,469)	-	-
Cash and cash equivalents at 1 September	262,930	185,848	3,015	9,968
Cash and cash equivalents at 31 August	148,760	262,930	142	3,015

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

Notes to the financial statements
For the financial year ended 31 August 2011

1. Corporate information

Top Glove Corporation Bhd. ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. 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 14. There were no significant changes in the nature of the principal activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

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

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that the Group and the Company adopted, where applicable, the following new and amended FRS and IC Interpretations which became mandatory at the beginning of the current financial year.

- FRS 4: Insurance Contracts
- FRS 7: Financial Instruments: Disclosures
- FRS 8: Operating Segments
- FRS 101: Presentation of Financial Statements (Revised)
- FRS 123: Borrowing Costs
- FRS 139: Financial Instruments: Recognition and Measurement
- Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of and Investment in a Subsidiary, Jointly Controlled Entity or Associate

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

- Amendments to FRS 2: Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 132: Financial Instruments: Presentation
- Amendments to FRS 132: Classification of Right Issues
- Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Intrepretation 9: Reassessment of Embedded Derivatives
- Improvements to FRS issued in 2009
- IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 10: Interim Financial Reporting and Impairment
- IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13: Customer Loyalty Programmes
- IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- TR i-3 Presentation of Financial Statements of Islamic Financial Institutions
- FRS 1 First-time Adoption of Financial Reporting Standards
- FRS 3 Business Combinations (Revised)
- Amendments to FRS 2 Share-based Payment
- Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 127 Consolidated and Separate Financial Statements
- Amendments to FRS 138 Intangible Assets
- Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives
- IC Interpretation 12 Service Concession Arrangements
- IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17: Distributions of Non-cash Assets to Owners

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

<u>FRS 7 Financial Instruments: Disclosures</u>

Prior to 1 September 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk and liquidity risk.

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

FRS 7 Financial Instruments: Disclosures (continued)

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 August 2011.

FRS 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 38 to the financial statements.

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as two linked statements.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 37).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 September 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 September 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

- **Debt securities**

  Prior to 1 September 2010, investments in debt securities were stated at amortised cost using the effective interest rate method. Upon the adoption of FRS 139, these investments are designated at 1 September 2010 as available-for-sale financial assets. The fair values of available-for-sale financial assets as at 1 September 2010 amounted to approximately RM41,198,000. The adjustments to the previous carrying amounts of available-for-sale debt securities are recognised as adjustments to the opening balance of fair value adjustment reserve as at 1 September 2010.

- **Non-hedging derivatives**

  Prior to 1 September 2010, all derivative financial instruments were recognised in the financial statements only upon settlement. These instruments do not qualify for hedge accounting under FRS 139. Hence, upon the adoption of FRS 139, all derivatives held by the Group as at 1 September 2010 are recognised at their fair values totalling approximately RM1,217,000 and are classified as financial assets at fair value through profit or loss.

The following are effects arising from the above changes in accounting policies:

	Increase/(decrease)	
	As at 31 August 2011 RM'000	**As at 1 September 2010 RM'000**
Statements of financial position		
Group		
Investment securities (current)		
- available-for-sale financial assets	(416)	641
Derivatives (assets)	2,954	1,217
Retained earnings	2,954	1,217
Fair value adjustment reserve	(416)	641

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

The following are effects arising from the above changes in accounting policies (continued):

	Increase/(decrease) 2011 RM'000
Statements of comprehensive income	
Other income	1,737
Profit net of tax	1,737
Other comprehensive income for the year, net of tax	(1,057)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Improvements to FRS: issued in 2010	1 January 2011
IC Interpretation 4: Determining Whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18: Transfer of Assets from Customers	1 January 2011
IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
TR i - 4: Shariah Compliant Sale Contracts	1 January 2011
FRS 124: Related Party Disclosures (Revised)	1 January 2012
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012

The directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application.

2. Summary of significant accounting policies (continued)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination 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 business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.8. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

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

2. Summary of significant accounting policies (continued)

2.4 Basis of consolidation (continued)

Subsidiaries 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.

2.5 Transactions with minority interests

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with owners. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

2.6 Foreign currency

(a) 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.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

2. Summary of significant accounting policies (continued)

2.6 Foreign currency (continued)

(b) Foreign currency transactions (continued)

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.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations 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 reporting date.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

2. Summary of significant accounting policies (continued)

2.7 Property, plant and equipment (continued)

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

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

Assets under construction are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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

2.8 Intangible assets - Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2. Summary of significant accounting policies (continued)

2.9 Land use rights

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

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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 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.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

2.11 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2. Summary of significant accounting policies (continued)

2.12 Associates

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

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

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

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

The 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.

2. Summary of significant accounting policies (continued)

2.13 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

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

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

2. Summary of significant accounting policies (continued)

2.13 Financial assets (continued)

(b) Loans and receivables (continued)

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

(d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

2. Summary of significant accounting policies (continued)

2.13 Financial assets (continued)

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2.14 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group’s and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

2. Summary of significant accounting policies (continued)

2.14 Impairment of financial assets (continued)

(a) Trade and other receivables and other financial assets carried at amortised cost (continued)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.16 Inventories

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

- Raw materials: purchase costs on a first-in first-out basis.

2. Summary of significant accounting policies (continued)

2.16 Inventories (continued)

- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

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

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

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

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

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

2. Summary of significant accounting policies (continued)

2.18 Financial liabilities (continued)

(a) Financial liabilities at fair value through profit or loss (continued)

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(b) Other financial liabilities

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

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

2.19 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.
All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2. Summary of significant accounting policies (continued)

2.20 Employee benefits

(a) Defined contribution plans

The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee share option plans

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

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

2.21 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

2. Summary of significant accounting policies (continued)

2.21 Leases (continued)

(a) As lessee (continued)

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

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

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.22(e).

2.22 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Management fees

Management fees are recognised when services are rendered.

2. Summary of significant accounting policies (continued)

2.22 Revenue (continued)

(d) Dividend income

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

(e) Rental income

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

2.23 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.
Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Summary of significant accounting policies (continued)

2.23 Income taxes (continued)

(b) Deferred tax (continued)

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

2. Summary of significant accounting policies (continued)

2.24 Segment reporting

For management purposes, the Group is organised into operating segments based on their geographical location which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.26 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue 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.

2.27 Contingencies

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

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

2.28 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

2. Summary of significant accounting policies (continued)

2.28 Financial guarantee contracts (continued)

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

3. Significant accounting judgements and estimates

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

3.1 Judgements made in applying accounting policies

The management did not make any critical judgment in the process of applying the Group's accounting policies that have a significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Useful lives of plant and equipment

The cost of plant and equipment for the manufacture of gloves is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be 10 years. These are common life expectancies applied in the gloves manufacturing 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.

3. Significant accounting judgements and estimates (continued)

3.2 Key sources of estimation uncertainty (continued)

(b) Impairment of goodwill

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

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill are given in Note 17.

(c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and unused reinvestment allowances to the extent that it is probable that taxable profit will be available against which the losses, capital allowances and reinvestment allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits. The total carrying value of recognised capital allowances of the Group was RM28,060,000 (2010: RM28,060,000) and the unrecognised tax losses, capital allowances and reinvestment allowances of the Group was RM24,191,000 (2010: RM25,389,000).

4. Revenue

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Sales of goods	2,053,916	2,079,432	-	-
Management fees from subsidiaries	-	-	1,175	1,438
Dividend income from subsidiaries	-	-	83,600	53,767
	2,053,916	2,079,432	84,775	55,205

5. Interest income

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Interest income from:				
Available-for-sale-financial assets	5,878	572	-	-
Loans and receivables	4,695	3,716	7	73
	10,573	4,288	7	73

6. Other income

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Gain on foreign exchange	18,459	-	-	-
Gain on disposal of property, plant and equipment	245	849	-	-
Gain on fair value changes of derivatives	1,737	-	-	-
Negative goodwill written off	1,767	-	-	-
Sundry income	4,481	9,523	-	-
	26,689	10,372	-	-

7. Profit before tax

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

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Auditors' remuneration:				
- Statutory audit				
Company's auditors	235	210	50	48
Other auditors	170	134	-	-
Overprovision in prior year	(5)	(3)	-	-
Reversal of impairment loss	(397)	-	-	-
Provision for doubtful debts	-	14	-	-
Depreciation and amortisation:				
- Property, plant and equipment	61,343	58,834	-	-
- Land use rights	224	227	-	-
Impairment on investment in associate	46	2,800	-	-
Net foreign exchange losses	-	19,500	93	-
Employee benefits expense (Note 8)	186,696	176,878	1,463	1,147
Non-executive directors' remuneration (Note 9)	358	326	175	143
Operating lease - Minimum lease payment for building and machinery	1,471	690	4	-
Property, plant and equipment written off	426	118	-	-

8. Employee benefits expense

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Wages and salaries	173,197	154,035	1,103	1,106
Social security costs	1,707	2,042	3	4
Pension costs - defined contribution plan	5,217	4,098	126	148
Share options granted under ESOS	-	9,931	-	(328)
Other staff related expenses	6,336	6,555	3	-
Directors' fees	239	217	228	217
	186,696	176,878	1,463	1,147

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM5,138,000 (2010: RM6,665,000) and RM990,000 (2010: RM653,000) respectively as further disclosed in Note 9.

9. Directors' remuneration

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Directors of the Company				
Executive:				
Salaries and other emoluments	2,709	2,684	680	676
Pension costs - defined contribution plan	263	263	81	82
Social security contributions	1	1	1	1
Share options granted under ESOS	-	1,514	-	(323)
Fees	302	217	228	217
Benefits-in-kind	81	63	44	41
	3,356	4,742	1,034	694
Non-executive:				
Fees	175	143	175	143

9. Directors' remuneration (continued)

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Other directors				
Executive:				
Salaries and other emoluments	1,726	1,482	-	-
Pension costs - defined contribution plan	115	108	-	-
Social security contributions	6	5	-	-
Share options granted under ESOS	-	391	-	-
Fees	16	-	-	-
Benefits-in-kind	18	17	-	-
	1,881	2,003	-	-
Non-executive:				
Fees	183	183	-	-
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration (Note 8)	5,138	6,665	990	653
Total non-executive directors' remuneration	358	326	175	143
Total directors' remuneration	5,496	6,991	1,165	796

10. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 August 2011 and 2010 are:

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Current income tax:				
- Malaysian income tax	17,166	51,921	8,000	145
- Foreign tax	1,744	1,010	-	-
- Under provision in respect of previous years	1,395	672	-	-
	20,305	53,603	8,000	145

10. Income tax expense (continued)

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Deferred income tax (Note 25):				
- Relating to origination and reversal of temporary differences	9,310	(38)	-	-
- Under provision in respect of previous years	723	985	-	-
	10,033	947	-	-
Income tax expense recognised in profit or loss	30,338	54,550	8,000	145

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 August 2011 and 2010 are as follows:

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Profit before tax	145,470	304,961	82,418	53,656
Tax at Malaysian statutory tax rate of 25% (2010: 25%)	36,368	76,240	20,605	13,414
Different tax rates in other countries	1,112	946	-	-
Adjustments:				
Effects of tax incentives claimed by foreign subsidiaries	(4,957)	(7,529)	-	-
Income not subject to tax	(4,799)	(1,698)	(12,605)	(13,297)
Non-deductible expenses	1,164	1,496	-	28
Expenses entitled for double deduction for tax purposes	-	(12)	-	-
Utilisation of current year's increase export allowances	-	(15,103)	-	-
Utilisation of previously unrecognised tax losses	(1,225)	(2,105)	-	-
Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed reinvestment allowances and unabsorbed capital allowances	705	21	-	-
Share of results of associate	(148)	637	-	-
Under provision of deferred tax in respect of previous years	723	985	-	-
Under provision of income tax in respect of previous years	1,395	672	-	-

10. Income tax expense (continued)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Income tax expense recognised in profit or loss	30,338	54,550	8,000	145

Domestic income tax in calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

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

11. Earnings per share

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

Diluted earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 August:

	Group	
	2011	2010
Profit net of tax attributable to owners of the parent used in the computation of basic and diluted earnings per share (RM'000)	113,091	245,231
Weighted average number of ordinary shares for basic earnings per share computation ('000)	618,373	615,626
Effects of dilution - share options ('000)	667	2,289
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	619,040	617,915
Basic earnings per share (sen)	18.29	39.83
Diluted earnings per share (sen)	18.27	39.69

12. Property, plant and equipment

Group	* Land and buildings RM'000	Plant and equipment RM'000	** Other assets RM'000	Capital work-in-progress RM'000	Total RM'000
Cost					
At 1 September 2009	233,195	535,883	34,944	5,768	809,790
Additions	24,098	34,883	6,780	23,079	88,840
Disposals	(1,149)	(960)	(647)	-	(2,756)
Written off	-	(141)	(14)	-	(155)
Reclassification	5,398	3,876	449	(9,723)	-
Exchange differences	(5,521)	(9,191)	(529)	(39)	(15,280)
At 31 August 2010 and 1 September 2010	256,021	564,350	40,983	19,085	880,439
Additions	47,943	37,591	8,830	47,029	141,393
Disposals	(1,049)	(1,020)	(1,033)	-	(3,102)
Written off	-	(831)	(221)	-	(1,052)
Reclassification	17,091	12,387	924	(30,402)	-
Transfer from land use rights (Note 13)	1,952	-	-	-	1,952
Acquisition of subsidiary	-	-	76	-	76
Exchange differences	(296)	(268)	(89)	(38)	(691)
At 31 August 2011	321,662	612,209	49,470	35,674	1,019,015
Accumulated depreciation					
At 1 September 2009	18,102	210,554	16,754	-	245,410
Depreciation charge for the year	3,595	51,303	3,936	-	58,834
Disposals	(6)	(200)	(587)	-	(793)
Written off	-	(33)	(4)	-	(37)
Exchange differences	(431)	(3,140)	(271)	-	(3,842)
At 31 August 2010 and 1 September 2010	21,260	258,484	19,828	-	299,572
Depreciation charge for the year	3,981	52,921	4,441	-	61,343
Disposals	-	(562)	(1,033)	-	(1,595)
Written off	-	(558)	(68)	-	(626)
Acquisition of subsidiary	-	-	55	-	55
Exchange differences	(18)	(319)	(89)	-	(426)
At 31 August 2011	25,223	309,966	23,134	-	358,323

12. Property, plant and equipment (continued)

	* Land and buildings RM'000	Plant and equipment RM'000	** Other assets RM'000	Capital work-in-progress RM'000	Total RM'000
Net carrying amount					
At 31 August 2010	234,761	305,866	21,155	19,085	580,867
At 31 August 2011	296,439	302,243	26,336	35,674	660,692

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

*** Land and buildings**

	Freehold land RM'000	Buildings RM'000	Total RM'000
Cost			
At 1 September 2009	66,044	167,151	233,195
Additions	11,289	12,809	24,098
Disposals	(1,090)	(59)	(1,149)
Reclassification	-	5,398	5,398
Exchange differences	(619)	(4,902)	(5,521)
At 31 August 2010 and 1 September 2010	75,624	180,397	256,021
Additions	41,012	6,931	47,943
Disposals	(1,049)	-	(1,049)
Reclassification	14	17,077	17,091
Transfer from land use rights (Note 13)	-	1,952	1,952
Exchange differences	(202)	(94)	(296)
At 31 August 2011	115,399	206,263	321,662
Accumulated depreciation			
At 1 September 2009	-	18,102	18,102
Depreciation charge for the year	-	3,595	3,595
Disposals	-	(6)	(6)
Exchange differences	-	(431)	(431)
At 31 August 2010 and 1 September 2010	-	21,260	21,260
Depreciation charge for the year	-	3,981	3,981
Exchange differences	-	(18)	(18)
At 31 August 2011	-	25,223	25,223

12. Property, plant and equipment (continued)

	Freehold land RM'000	Buildings RM'000	Total RM'000
Net carrying amount			
At 31 August 2010	75,624	159,137	234,761
At 31 August 2011	115,399	181,040	296,439

(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 23.

	2011 RM'000	2010 RM'000
Land and buildings	7,072	7,532

(b) During the financial year, the Group acquired motor vehicle with an aggregate cost of RM120,000 (2010: RM Nil) by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to RM141,273,000 (2010: RM88,840,000).

The net carrying amounts of motor vehicles held under finance lease arrangements amounted to RM120,000 (2010: RM53,000).

13. Land use rights

	Group 2011 RM'000	Group 2010 RM'000
At cost		
At 1 September	22,900	15,167
Additions	-	8,140
Transfer to property, plant and equipment (Note 12)	(1,952)	-
Exchange differences	48	(407)
At 31 August	20,996	22,900
Accumulated amortisation		
At 1 September	1,159	967
Amortisation for the year	224	227
Exchange differences	5	(35)
At 31 August	1,388	1,159
Net carrying amount	19,608	21,741
Amount to be amortised:		
- Not later than one year	224	227
- Later than one year but not later than five years	897	908
- Later than five years	18,487	20,606
	19,608	21,741

The Group has land use rights over twelve plots of land in Malaysia and two plots of land in the People's Republic of China where the Group's manufacturing facilities reside. The land use rights have an average remaining tenure range from 41 to 76 years (2010: 42 to 77 years).

14. Investments in subsidiaries

	Company 2011 RM'000	Company 2010 RM'000
Unquoted shares, at cost:		
- In Malaysia	25,620	25,620
Less: Accumulated impairment losses	(845)	(845)
	24,775	24,775
- Outside Malaysia	3,728	3,728
	28,503	28,503

14. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows:

Name	Country of incorporation	Proportion of ownership interest (%) 2011	2010	Principal activities
Held by the Company:				
Top Glove Sdn. Bhd. ("TGSB")*	Malaysia	100	100	Manufacturing and trading of gloves
TG Medical Sdn. Bhd. #	Malaysia	100	100	Manufacturing and trading of gloves
Great Glove Sdn. Bhd. #	Malaysia	100	100	Provision of management services
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
Top Quality Glove Sdn. Bhd. #	Malaysia	100	100	Dormant
Top Care Sdn. Bhd.*	Malaysia	100	100	Investment holding
Held through TGSB:				
Great Glove (Thailand) Co. Ltd.#	Thailand	74	74	Manufacturing of gloves
Top Glove Medical (Thailand) Co. Ltd.#	Thailand	100	100	Manufacturing of gloves
Top Glove Technology (Thailand) Co. Ltd.#	Thailand	100	100	Producing and selling concentrate latex
B Tech Industry Co. Ltd.#	Thailand	100	100	Producing and selling concentrate latex
Top Quality Glove (Thailand) Co Ltd.#	Thailand	100	100	Dormant

14. Investments in subsidiaries (continued)

Name	Country of incorporation	Proportion of ownership interest (%) 2011	2010	Principal activities
Held through TGSB (continued):				
Top Glove Europe GmbH #	Germany	98	-	Trading of gloves
Top Glove (Zhangjiagang) Co. Ltd.#	The People's Republic of China	100	100	Manufacturing of gloves
Great Glove (Xinghua) Co. Ltd.#	The People's Republic of China	100	100	Manufacturing of gloves
TG Medical (Zhangjiagang) Incorporated #	The People's Republic of China	100	100	Trading of gloves
Top Glove International Sdn. Bhd.#	Malaysia	100	100	Dormant
Top Glove Academy Sdn. Bhd.#	Malaysia	100	100	Dormant
Medi-Flex Limited ("Medi-Flex")**	Singapore	80	80	Investment holding
Held through Medi-Flex:				
Flexitech Sdn. Bhd. ("Flexitech") *	Malaysia	80	80	Manufacturing of gloves
Held through Flexitech:				
Techniglove Asia Sdn. Bhd. *	Malaysia	80	80	Temporarily ceased operations
Held through Top Care Sdn. Bhd.:				
Best Advance Resources Limited ("Best Advance") *	British Virgin Islands	100	-	Investment holding
Efficient Plantations Co., Ltd. *	Cambodia	100	-	Plantation of rubber trees

14. Investments in subsidiaries (continued)

Name	Country of incorporation	Proportion of ownership interest (%) 2011	2010	Principal activities
Held through Best Advance:				
Great Plantations Co., Ltd. *	Cambodia	100	-	Plantation of rubber trees

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

Acquisition of Subsidiary

On 23 April 2011, the Company through its wholly owned subsidiary, TGSB acquired 97,500 ordinary shares representing 97.50% of the equity interest in Top Glove Europe GmbH ("TG Europe"), a company incorporated in Germany for a cash consideration of of RM425,744, resulting in the Company to become the ultimate holding company of TG Europe.

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

	Fair value RM'000	Carrying amount RM'000
Property, plant and equipment	21	21
Trade and other receivables	355	355
Inventories	2,017	1,410
Cash and cash equivalents	1,050	1,050
	3,443	2,836
Trade and other payables	1,078	1,078
Income tax payable	116	116
	1,194	1,194
Net identifiable assets	2,249	1,642
Fair value of net identifiable assets	2,249	
Less: Minority interests	(56)	
Group's interest in the fair value of net identifiable assets	2,193	
Negative goodwill on acquisition	(1,767)	
Total cost of acquisition	426	

14. Investments in subsidiaries (continued)

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

	RM'000
Consideration settled in cash	426
Cash and cash equivalents of subsidiary acquired	(1,050)
Net cash inflow on the acquisition	(624)

Impact of acquisition in income statement

From the date of acquisition, TG Europe has contributed RM126,400 to the Group's profit net of tax. If the combination had taken place at the beginning of the financial year, the Group's profit net of tax would have been RM115,292,000 and revenue would have been RM2,055,070,000.

15. Investments in associate

	Group	
	2011 RM'000	2010 RM'000
Unquoted shares at cost	9,013	8,677
Share of post-acquisition reserves	(45)	(962)
Foreign currency translation	917	141
	9,885	7,856
Less: Accumulated impairment losses	(2,846)	(2,800)
	7,039	5,056

Details of the associate are as follows :

Name	Country of incorporation	Proportion of ownership interest (%) 2011	2010	Principal activities
Held through subsidiary:				
Sonic Clean Pte. Ltd.	Singapore	29	28	Provide all kinds of aqueous cleaning services, consumable cleaning and sub-assembly work in clean room environment and investment holding

15. Investments in associate (continued)

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

	Group 2011 RM'000	Group 2010 RM'000
Assets and liabilities		
Current assets	5,534	5,740
Non-current assets	14,787	11,539
Total assets	20,321	17,279
Current liabilities	(3,380)	(2,769)
Non-current liabilities	(229)	(63)
Total liabilities	(3,609)	(2,832)
Results		
Revenue	19,860	15,840
Profit/(loss) for the year	2,238	(2,705)

16. Investment securities

	Group 2011 RM'000 Carrying amount	Group 2011 RM'000 Market value of quoted investments	Group 2010 RM'000 Carrying amount *	Group 2010 RM'000 Market value of quoted investments
Current				
Available-for-sale financial assets				
- Debt securities (quoted in Malaysia)	5,973	5,973	5,052	5,527
- Debt securities (quoted outside Malaysia)	102,539	102,539	35,505	35,671
Total current investment securities	108,512		40,557	
Non-current				
Unquoted investments - golf club membership	146		145	
	108,658		40,702	

* Prior to 1 September 2010, the available-for-sale financial assets were carried at cost less impairment losses. The non-current investments are stated at cost less impairment.

17. Goodwill

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

	Group	
	2011	**2010**
	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	14,789
	20,113	20,113

Key assumptions used in value-in-use calculations

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

	Gross Margin		Discount Rate	
	2011	**2010**	**2011**	**2010**
Top Glove (Zhangjiagang) Co. Ltd.	5%	7%	13%	10%
Top Glove Medical (Thailand) Co. Ltd.	10%	10%	13%	10%
B Tech Industry Co. Ltd.	7%	7%	13%	10%

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.

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.

18. Inventories

	Group 2011 RM'000	Group 2010 RM'000
Cost		
Raw materials	45,179	44,916
Consumables and hardware	18,618	12,488
Work-in-progress	16,147	12,094
Finished goods	93,090	90,273
	173,034	159,771
Net realisable value		
Finished goods	2,498	7,740
	175,532	167,511

19. Trade and other receivables

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Current				
Trade receivables	250,225	247,678	-	-
Less: Allowance for impairment	(13)	(410)	-	-
Trade receivables, net	250,212	247,268	-	-
Other receivables:				
Amounts due from subsidiaries	-	-	463,268	107,722
Sundry receivables	8,826	11,718	-	-
Refundable deposits	3,091	3,489	14	2
	11,917	15,207	463,282	107,724
	262,129	262,475	463,282	107,724
Non-current				
Other receivables: Amount due from a subsidiary	-	-	-	363,856
Total trade and other receivables	262,129	262,475	463,282	471,580
Add: Cash and cash equivalents (Note 22)	148,760	262,930	142	3,015
Total loans and receivables	410,889	525,405	463,424	474,595

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2010: 30 to 90 days) terms. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

19. Trade and other receivables (continued)

(a) Trade receivables (continued)

Ageing analysis of trade receivables

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

	Group	
	2011 RM'000	2010 RM'000
Neither past due nor impaired	228,792	216,357
1 to 30 days past due not impaired	16,294	27,073
31 to 60 days past due not impaired	2,053	1,561
61 to 90 days past due not impaired	-	860
91 to 120 days past due not impaired	-	861
More than 121 days past due not impaired	3,086	966
	21,433	31,321
Impaired	(13)	(410)
	250,212	247,268

Receivables that are neither past due nor impaired

Trade and other receivables that are past due nor impaired are creditworthy debtors with good payment records with the Group and mostly are regular customers that have been transacting with the Group.

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM 21,433,000 (2010: RM31,321,000) that are past due at the reporting date but not impaired. These receivables are unsecured in nature.

Receivables that are impaired

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

	Group	
	2011 RM'000	2010 RM'000
Trade receivables-nominal amounts	13	410
Less: Allowance for impairment loss	(13)	(410)
	-	-

19. Trade and other receivables (continued)

(a) Trade receivables (continued)

Movements in the allowance accounts:

	Group 2011 RM'000	Group 2010 RM'000
1 September	(410)	(424)
Charge for the year	-	14
Reversal of impairment loss	397	-
31 August	(13)	(410)

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Related party balances

Amounts due from subsidiaries are unsecured, non-interest bearing and are repayable upon demand.

20. Other current assets

	Group 2011 RM'000	Group 2010 RM'000
Prepaid operating expenses	4,316	5,142

21. Derivative assets

	2011 RM'000 Contract/ Notional Amount	2011 RM'000 Assets	2010 RM'000 Contract/ Notional Amount	2010 RM'000 Assets
Non-hedging Derivatives:				
Forward currency contracts	635,324	2,954	88,358	-

The Group uses forward currency to manage sales transaction exposure. These contracts are not designated as cash flow or fair value hedges and entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

21. Derivative assets (continued)

Forward currency contracts are used to hedge the Group's sales denominated in USD, extending to August 2012 (2010: November 2010).

During the financial year, the Group recognised a gain of RM1,737,000 arising from fair value changes of derivative assets. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

22. Cash and cash equivalents

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash on hand and at banks	65,833	103,866	142	3,015
Deposits with licensed banks and other financial institutions	43,422	82,203	-	-
Money market funds	39,505	76,861	-	-
Cash and cash equivalents	148,760	262,930	142	3,015

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

	Group	
	2011	**2010**
Weighted average effective interest rates (%)	3.56	1.81
Average maturities (days)	146	219

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

23. Loans and borrowings

		Group	
		2011	**2010**
	Maturity	**RM'000**	**RM'000**
Current			
Secured:			
3.25% p.a. fixed rate USD bank loan	2012	114	521
Obligations under finance leases (Note 33(c))	2012	43	20
		157	541

23. Loans and borrowings (continued)

	Maturity	Group 2011 RM'000	Group 2010 RM'000
Non-current			
Secured:			
3.25% p.a. fixed rate USD bank loan	2012 - 2030	2,774	3,025
Obligations under finance leases (Note 33(c))	2012 - 2014	77	-
		2,851	3,025
Total loans and borrowings		3,008	3,566

The remaining maturities of the loans and borrowings as at 31 August 2011 are as follows:

	Group 2011 RM'000	Group 2010 RM'000
On demand or within one year	157	541
More than 1 year and less than 2 years	161	115
More than 2 years and less than 5 years	414	347
5 years or more	2,276	2,563
	3,008	3,566

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 12). The average discount rate implicit in the leases is 1.57% p.a. (2010: 3.15% p.a.). These obligations are denominated in the respective functional currencies of the relevant entities in the Group.

3.25% p.a. fixed rate USD bank loan

The loan is secured by way of fixed charges over certain property, plant and equipment as disclosed in Note 12.

24. Trade and other payables

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Trade payables	105,955	105,116	-	-
Other payables:				
Accrued operating expenses	29,237	33,702	519	512
Sundry payables	59,419	62,884	12	15
	88,656	96,586	531	527

24. Trade and other payables (continued)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Total trade and other payables	194,611	201,702	531	527
Add: Loans and borrowings (Note 23)	3,008	3,566	-	-
Total financial liabilities carried at amortised cost	197,619	205,268	531	527

(a) Trade payables

These amount are non-interest bearing.The normal trade credit term granted to the Group ranges from 30 to 90 days (2010: range from 30 to 90 days).

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 30 to 90 days (2010: range from 30 to 90 days).

25. Deferred tax liabilities

Deferred income tax as at 31 August 2011 relates to the following:

Group	Deferred tax liabilities Property, plant and equipment RM'000	Deferred tax assets Provisions RM'000	Unabsorbed capital allowances and reinvestment allowances RM'000	Total RM'000
At 1 September 2009	40,955	(527)	(7,015)	33,413
Recognised in profit and loss	2,970	(2,023)	-	947
At 31 August 2010	43,925	(2,550)	(7,015)	34,360
Recognised in profit and loss	7,390	2,643	-	10,033
At 31 August 2011	51,315	93	(7,015)	44,393

Presented after appropriate offsetting as follows:

	Group	
	2011 RM'000	2010 RM'000
Deferred tax assets	(7,015)	(9,565)
Deferred tax liabilities	51,408	43,925
	44,393	34,360

25. Deferred tax liabilities (continued)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2011	2010
	RM'000	RM'000
Unused tax losses	3,831	3,808
Unabsorbed capital allowances	7,815	10,123
Unabsorbed reinvestment allowances	12,545	11,458
	24,191	25,389

26. Share capital

	Group and Company			
	Number of ordinary shares of RM0.50 each		Amount	
	2011	2010	2011	2010
	'000	'000	RM'000	RM'000
Authorised				
At 1 September	800,000	400,000	400,000	200,000
Created during the year	-	400,000	-	200,000
At 31 August	800,000	800,000	400,000	400,000
Issued and fully paid				
At 1 September	618,163	303,759	309,081	151,879
Exercise of ESOS	350	5,651	175	2,826
Bonus issue	-	308,753	-	154,376
At 31 August	618,513	618,163	309,256	309,081

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

27. Share premium

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

	Group and Company	
	2011	2010
	RM'000	RM'000
At 1 September	170,563	243,677
Issuance of ordinary shares pursuant to ESOS	840	28,520
Transfer from share option reserve	383	9,665
Share issue expenses	(6)	(71)
Bonus issue	-	(154,376)
Sale of treasury shares	-	43,148
At 31 August	171,780	170,563

28. 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 12 January 2010, 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. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

29. Other reserves

	Foreign exchange reserve RM'000	Legal reserve RM'000	Share option reserve RM'000	Fair value adjustment reserve RM'000	Total RM'000
Group					
At 1 September 2009	10,581	1,388	9,995	-	21,964
Foreign currency translation	(9,790)	-	-	-	(9,790)
Share options granted under ESOS	-	-	9,930	-	9,930
Transfer to share premium	-	-	(9,665)	-	(9,665)
Transfer from retained earnings	-	1,012	-	-	1,012
At 31 August 2010	791	2,400	10,260	-	13,451
Effects of adopting FRS 139	-	-	-	641	641
	791	2,400	10,260	641	14,092
Loss on fair value changes	-	-	-	(1,057)	(1,057)
Foreign currency translation	975	-	-	-	975
Transfer to share premium	-	-	(383)	-	(383)
Transfer from retained earnings	-	1,204	-	-	1,204
At 31 August 2011	1,766	3,604	9,877	(416)	14,831

29. Other reserves (continued)

Company	Share option reserve RM'000
At 1 September 2009	9,995
Share options granted under ESOS	9,930
Transfer to share premium	(9,665)
At 31 August 2010	10,260
Transfer to share premium	(383)
At 31 August 2011	9,877

(a) Foreign exchange reserve

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

(b) Legal reserve

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

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

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

(c) Share option reserve

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

(d) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

30. Retained earnings

The Company has elected for the irrevocable option under the Finance Act 2007 to disregard the 108 balance as at 31 December 2007. Hence, the Company will be able to distribute dividends out of its entire retained earnings as at 31 August 2011 and 2010 under the single tier system.

31. Employee Share Options Scheme (ESOS)

The Company ESOS 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 of the ESOS are as follows:

(a) The ESOS shall be in force for a period of ten years from the date of the receipt of the last of the requisite approvals.

(b) Eligible persons are employees of the Group (including executive directors) who have been confirmed in the employment of the Group and have served for at least one year before the date of the offer. The eligibility for participation in the ESOS shall be at the discretion of the Options Committee appointed by the Board of Directors.

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

(d) The option price for each share shall be the 5-days weighted average market price of the underlying shares at the time the ESOS Options are granted, with either a premium or a discount of not more than ten percent (10%), 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 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 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.

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

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

2011

Grant Date	Expiry Date	Exercise Price RM	Number of share options over the ordinary shares of RM0.50 each At beginning of year '000	Granted '000	Exercised '000	Lapsed '000	At end of year '000
5.9.2008	1.8.2018	2.01	235.2	-	(112.4)	-	122.8
5.10.2008	1.8.2018	1.99	0.8	-	-	-	0.8
5.3.2009	1.8.2018	2.26	299.8	-	(39.6)	-	260.2
6.4.2009	1.8.2018	2.45	0.8	-	-	-	0.8
5.6.2009	1.8.2018	2.95	5.2	-	(2.0)	-	3.2
5.8.2009	1.8.2018	3.58	2.4	-	-	-	2.4
20.8.2009	1.8.2018	3.52	1,398.2	-	(194.6)	(0.6)	1,203.0
5.10.2009	1.8.2018	3.60	16.8	-	-	-	16.8
5.11.2009	1.8.2018	4.12	41.4	-	-	-	41.4
4.12.2009	1.8.2018	4.60	70.6	-	(2.0)	-	68.6
5.1.2010	1.8.2018	5.04	62.7	-	-	-	62.7
5.2.2010	1.8.2018	5.64	88.8	-	-	-	88.8
5.3.2010	1.8.2018	5.79	5,311.4	-	-	(212.6)	5,098.8
5.4.2010	1.8.2018	6.97	162.8	-	-	(4.0)	158.8
6.5.2010	1.8.2018	6.16	253.4	-	-	(29.4)	224.0
5.6.2010	1.8.2018	6.12	367.4	-	-	(43.0)	324.4
5.7.2010	1.8.2018	6.85	247.8	-	-	(49.6)	198.2
6.8.2010	1.8.2018	6.51	93.1	-	-	(6.5)	86.6
			8,658.6	-	(350.6)	(345.7)	7,962.3

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

2010

Grant Date	Expiry Date	Exercise Price RM	Number of share options over the ordinary shares of RM0.50 each: At beginning of year '000	Granted '000	Exercised '000	Lapsed '000	Balance prior to adjustment for bonus issue* '000
5.9.2008	1.8.2018	4.01	1,138.7	-	(1,015.8)	(2.9)	120.0
5.10.2008	1.8.2018	3.98	0.4	-	-	-	0.4
5.12.2008	1.8.2018	3.58	3.0	-	(3.0)	-	-
5.2.2009	1.8.2018	4.49	2.1	-	(2.1)	-	-
5.3.2009	1.8.2018	4.52	1,738.1	-	(1,585.8)	(0.6)	151.7
6.4.2009	1.8.2018	4.90	28.5	-	(28.1)	-	0.4
5.5.2009	1.8.2018	5.76	32.8	-	(32.8)	-	-
5.6.2009	1.8.2018	5.90	70.7	-	(68.1)	-	2.6
6.7.2009	1.8.2018	6.54	56.9	-	(56.9)	-	-
5.8.2009	1.8.2018	7.15	46.7	-	(45.5)	-	1.2
20.8.2009	1.8.2018	7.03	2,795.8	1.4	(1,815.1)	(20.7)	961.4
5.10.2009	1.8.2018	7.19	-	78.6	(67.8)	(2.4)	8.4
5.11.2009	1.8.2018	8.23	-	69.8	(49.1)	-	20.7
4.12.2009	1.8.2018	9.20	-	90.1	(51.8)	-	38.3
5.1.2010	1.8.2018	10.07	-	57.1	(21.0)	-	36.1
5.2.2010	1.8.2018	11.28	-	52.0	(3.6)	(4.0)	44.4
5.3.2010	1.8.2018	11.58	-	2,890.4	(147.7)	(31.9)	2,710.8
5.4.2010	1.8.2018	13.93	-	95.4	-	(14.0)	81.4
6.5.2010	1.8.2018	12.31	-	127.1	-	(0.4)	126.7
5.6.2010	1.8.2018	12.24	-	191.7	-	-	191.7
5.7.2010	1.8.2018	13.69	-	123.9	-	-	123.9
			5,913.7	3,777.5	(4,994.2)	(76.9)	4,620.1

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

			Number of share options over the ordinary shares of RM0.50 each				
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**
5.9.2008	1.8.2018	2.01	240.0	-	(4.8)	-	235.2
5.10.2008	1.8.2018	1.99	0.8	-	-	-	0.8
5.3.2009	1.8.2018	2.26	303.4	-	(3.6)	-	299.8
6.4.2009	1.8.2018	2.45	0.8	-	-	-	0.8
5.6.2009	1.8.2018	2.95	5.2	-	-	-	5.2
5.8.2009	1.8.2018	3.58	2.4	-	-	-	2.4
20.8.2009	1.8.2018	3.52	1,922.8	-	(524.6)	-	1,398.2
5.10.2009	1.8.2018	3.60	16.8	-	-	-	16.8
5.11.2009	1.8.2018	4.12	41.4	-	-	-	41.4
4.12.2009	1.8.2018	4.60	76.6	-	(6.0)	-	70.6
5.1.2010	1.8.2018	5.04	72.2	-	(9.5)	-	62.7
5.2.2010	1.8.2018	5.64	88.8	-	-	-	88.8
5.3.2010	1.8.2018	5.79	5,421.6	-	(108.2)	(2.0)	5,311.4
5.4.2010	1.8.2018	6.97	162.8	-	-	-	162.8
6.5.2010	1.8.2018	6.16	253.4	-	-	-	253.4
5.6.2010	1.8.2018	6.12	383.4	-	-	(16.0)	367.4
5.7.2010	1.8.2018	6.85	247.8	-	-	-	247.8
6.8.2010	1.8.2018	6.51	-	93.1	-	-	93.1
			9,240.2	93.1	(656.7)	(18.0)	8,658.6

* Bonus issue on the basis of one new ordinary share for every existing ordinary share held.

31. 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	Considerations received RM'000
2011				
September 2010 - August 2011	2.01	4.68 - 5.88	112.4	225
September 2010 - August 2011	2.26	4.68 - 5.88	39.6	90
September 2010 - August 2011	2.95	4.68 - 5.88	2.0	6
September 2010 - August 2011	3.52	4.68 - 5.88	194.6	685
September 2010 - August 2011	4.60	4.68 - 5.88	2.0	9
			350.6	1,015
Less: Par value of ordinary shares				(175)
Share premium				840
2010				
Before bonus issue				
September 2009 - June 2010	4.01	6.90 - 13.92	1,015.8	4,073
September 2009 - June 2010	3.58	6.90 - 13.92	3.0	11
September 2009 - June 2010	4.49	6.90 - 13.92	2.1	9
September 2009 - June 2010	4.52	6.90 - 13.92	1,585.9	7,168
September 2009 - June 2010	4.90	6.90 - 13.92	28.1	138
September 2009 - June 2010	5.76	6.90 - 13.92	32.8	189
September 2009 - June 2010	5.90	6.90 - 13.92	68.1	402
September 2009 - June 2010	6.54	6.90 - 13.92	56.9	372
September 2009 - June 2010	7.15	6.90 - 13.92	45.5	325
September 2009 - June 2010	7.03	6.90 - 13.92	1,815.1	12,760
October 2009 - June 2010	7.19	7.19 - 13.92	67.8	487
November 2009 - June 2010	8.23	8.23 - 13.92	49.1	404
December 2009 - June 2010	9.20	9.20 - 13.92	51.8	477
January 2010 - June 2010	10.07	10.07 - 13.92	21.0	211
February 2010 - June 2010	11.28	11.28 - 13.92	3.6	41
March 2010 - June 2010	11.58	11.58 - 13.92	147.7	1,710

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

Exercise Date	Exercise price RM	Fair value of ordinary shares RM	Number of share options '000	Consider-ations received RM'000
2010				
After bonus issue				
August 2010	2.01	6.06 - 7.22	4.8	10
August 2010	2.26	6.06 - 7.22	3.6	8
August 2010	3.52	6.06 - 7.22	524.6	1,847
August 2010	4.60	6.06 - 7.22	6.0	28
August 2010	5.04	6.06 - 7.22	9.5	48
August 2010	5.79	6.06 - 7.22	108.2	627
			5,651.0	31,345
Add: Administrative fee received				1
Less: Par value of ordinary shares				(2,826)
Share premium				28,520

Fair value of share options granted in prior years

The fair value of share options granted in prior years were estimated by using a binomial 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:

	2011	2010
Fair value of share options at the following grant dates (RM)		
5 October 2009	-	1.48 & 1.61
5 November 2009	-	1.59 & 1.77
4 December 2009	-	1.82 & 2.02
5 January 2010	-	1.93 & 2.15
5 February 2010	-	2.12 & 2.36
5 March 2010	-	2.51, 2.77 & 2.97
5 April 2010	-	2.49 & 2.76
6 May 2010	-	1.89 & 2.14
5 June 2010	-	2.21 & 2.45
5 July 2010	-	2.42 & 2.67
6 August 2010	-	1.06 & 1.19
Weighted average share price (RM)	-	9.89
Weighted average exercise price (RM)	-	5.55
Expected volatility (%)	-	27.30-29.42
Expected life (years)	-	7.99-8.82
Risk free rate (%)	-	3.79-4.23
Expected dividend yield (%)	-	4.39

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

Fair value of share options granted in prior years (continued)

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.

32. Related party transactions

(a) Sales and purchase of goods

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

	Company	
	2011	2010
	RM'000	RM'000
Gross dividends from subsidiaries	83,600	53,767
Management fees from subsidiaries	1,175	1,438
Interest recouped from subsidiaries	-	308
Share options granted under ESOS recouped from subsidiaries	-	10,259

(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	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Salaries and other emoluments	4,433	4,166	680	676
Pension costs - defined	378	371	81	82
Social security contributions	7	6	1	1
Share options granted under ESOS	-	1,905	-	(323)
Fees	318	217	228	217
	5,136	6,665	990	653

33. Commitments

(a) Capital commiments

Capital expenditure as at the reporting date is as follows:

	Group	
	2011	2010
	RM'000	RM'000
Approved and contracted for property, plant and equipment	30,449	59,390

(b) Operating lease arrangements

In addition to the land use rights disclosed in Note 13, the Group has entered into commercial leases on certain office equipment. These leases have an average tenure of between one and five years.

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

	Group	
	2011	2010
	RM'000	RM'000
Future minimum rentals payments:		
Not later than 1 year	933	691
Later than 1 year and not later than 2 years	802	231
Later than 2 years and not later than 5 years	1,860	291
	3,595	1,213

(c) Finance lease commitments

The Group has finance leases for certain items of property, plant and equipment (Note 12). Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group	
	2011	2010
	RM'000	RM'000
Minimum lease payments:		
Not later than 1 year	43	21
Later than 1 year and not later than 2 years	43	-
Later than 2 years and not later than 5 years	35	-
Total minimum lease payments	121	21
Less: Amount representing finance charges	(1)	(1)
Present value of minimum lease payables	120	20

33. Commitments (continued)

(c) Finance lease commitments (continued)

	Group	
	2011	**2010**
	RM'000	**RM'000**
Present value of payments:		
Not later than 1 year	43	20
Later than 1 year and not later than 2 years	43	-
Later than 2 years and not later than 5 years	34	-
Present value of minimum lease payments	120	20
Less: Amount due within 12 months (Note 23)	(43)	(20)
Amount due after 12 months (Note 23)	77	-

34. Contingent liabilities - unsecured

	Company	
	2011	**2010**
	RM'000	**RM'000**
Corporate guarantee issued to financial institutions for credit facilities granted to subsidiaries	-	24,192

35. Fair value of financial instruments

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

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

	Note
Trade and other receivables	19
Loans and borrowings (current)	23
Trade and other payables	24

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

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

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

35. Fair value of financial instruments (continued)

Quoted debt securities

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

Derivatives

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

36. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

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

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

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values.
- A nominal amount of RM20,962,000 (2010: RM24,192,000) relating to a bank guarantee provided by the Company to utilities suppliers.

36. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 19. Deposits with banks and other financial institutions, debt securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 19.

(b) Liquidity risk

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

Analysis of financial instruments by remaining contractual maturities

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

	2011 RM'000			
	On demand or within one year	One to five years	Over five years	Total
Group				
Financial liabilities				
Trade and other payables, excluding bank guarantees *	194,611	-	-	194,611
Loans and borrowings	157	575	2,276	3,008
Total undiscounted financial liabilities	194,768	575	2,276	197,619
Company				
Financial liabilities				
Trade and other payables	531	-	-	531
Total undiscounted financial liabilities	531	-	-	531

36. Financial risk management objectives and policies (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

* At the reporting date, the counterparties to the bank guarantees does not have a right to demand cash as the default has not occurred. Accordingly, financial guarantees under the scope of FRS 139 are not included in the above maturity profile analysis.

(c) Interest rate risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. 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.

(d) Foreign currency risk

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

The Group has transactional currency exposures mainly arising from sales that are denominated in a currency other than the respective functional currencies of the Group entities, primarily RM, Thailand Baht ("Baht") and Chinese Renminbi ("RMB"). The foreign currencies in which these transactions are denominated are mainly US Dollars ("USD") and Australlian Dollars ("AUD").

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

	Net financial assets held in non-functional currency		
Functional currency of Group companies	**USD RM'000**	**AUD RM'000**	**Total RM'000**
At 31 August 2011:			
Ringgit Malaysia	30,105	116,480	146,585
Thailand Baht	32,126	-	32,126
Chinese Renminbi	11,080	-	11,080
	73,311	116,480	189,791

36. Financial risk management objectives and policies (continued)

(d) Foreign currency risk (continued)

Functional currency of Group companies	Net financial assets held in non-functional currency USD RM'000	AUD RM'000	Total RM'000
At 31 August 2010:			
Ringgit Malaysia	49,501	41,075	90,576
Thailand Baht	33,063	-	33,063
Chinese Renminbi	11,828	-	11,828
	94,392	41,075	135,467

Sensitivity analysis for foreign currency risk

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

		2011 RM'000
USD/RM	- strengthened 5%	1,505
	- weakened 5%	(1,505)
USD/Baht	- strengthened 5%	1,606
	- weakened 5%	(1,606)
USD/RMB	- strengthened 5%	554
	- weakened 5%	(554)
AUD/RM	- strengthened 5%	5,824
	- weakened 5%	(5,824)

37. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 August 2011 and 31 August 2010.

As disclosed in Note 29(b), subsidiaries of the Group incorporated in the People's Republic of China and Thailand are required to set aside a statutory reserve fund under local regulations. This externally imposed capital requirement has been complied with by the above-mentioned subsidiaries for the financial years ended 31 August 2011 and 31 August 2010.

37. Capital management (continued)

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

		Group		Company	
		2011	2010	2011	2010
	Note	RM'000	RM'000	RM'000	RM'000
Loans and borrowings	23	3,008	3,566	-	-
Trade and other payables	24	194,611	201,702	531	527
Less: cash and cash equivalents	22	(148,760)	(262,930)	(142)	(3,015)
Net debt		48,859	(57,662)	389	(2,488)
Equity attributable to the owners of the parent		1,121,803	1,092,502	491,576	502,724
Add: - Fair value adjustment reserve	29	416	-	-	-
Less: - Statutory reserve fund	29	(3,604)	(2,400)	-	-
Total capital		1,118,615	1,090,102	491,576	502,724
Capital and net debt		1,167,474	1,032,440	491,965	500,236
Gearing ratio		4.2%	-	0.1%	-

38. Segment information

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

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

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

31 August 2011

	Malaysia RM'000	Thailand RM'000	The People's Republic of China RM'000	Others RM'000	Eliminations RM'000	Notes	Consolidated RM'000
Revenue							
External sales	1,707,269	195,402	61,482	89,763	-		2,053,916
Inter-segment sales	38,410	522,077	41,395	-	(601,882)	A	-
Total revenue	1,745,679	717,479	102,877	89,763	(601,882)		2,053,916
Results							
Interest income	10,502	59	12	-	-		10,573
Depreciation and amortisation	43,628	12,080	5,650	209	-		61,567
Segment profit/(loss)	123,762	21,438	(2,822)	2,417	675	B	145,470
Assets							
Additions to non-current assets	111,092	28,964	1,165	172	-	C	141,393
Segment assets	1,021,103	216,584	102,376	42,586	40,380	D	1,423,029
Liabilities							
Segment liabilities	177,247	29,131	13,638	12,247	44,393	E	276,656

38. Segment information (continued)

31 August 2010

	Malaysia RM'000	Thailand RM'000	The People's Republic of China RM'000	Others RM'000	Eliminations RM'000	Notes	Consolidated RM'000
Revenue							
External sales	1,679,555	206,669	87,209	105,999	-		2,079,432
Inter-segment sales	42,430	481,478	83,287	-	(607,195)	A	-
Total revenue	1,721,985	688,147	170,496	105,999	(607,195)		2,079,432
Results							
Interest income	4,033	55	200	-	-		4,288
Depreciation and amortisation	41,702	11,479	5,651	229	-		59,061
Segment profit/(loss)	281,003	37,468	(7,180)	(3,624)	(2,706)	B	304,961
Assets							
Additions to non-current assets	77,580	11,835	7,263	302	-	C	96,980
Segment assets	959,528	218,675	125,893	37,272	30,642	D	1,372,010
Liabilities							
Segment liabilities	154,414	26,688	30,418	9,764	34,360	E	255,644

38. Segment information (continued)

A Inter-segment revenues are eliminated on consolidation.

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

	2011 RM'000	2010 RM'000
Share of results of associate	917	(947)
Profit/(loss) from inter-segment sales	-	(1,120)
Finance costs	(242)	(639)
	675	(2,706)

C Additions to non-current assets consist of:

	2011 RM'000	2010 RM'000
Property, plant and equipment	141,393	88,840
Land use rights	-	8,140
	141,393	96,980

D The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2011 RM'000	2010 RM'000
Tax recoverable	13,228	5,473
Investments in associate	7,039	5,056
Goodwill	20,113	20,113
	40,380	30,642

E The following items are added to/(deducted from) segment liabilities to arrive at total liabilties reported in the consolidated statement of financial position:

	2011 RM'000	2010 RM'000
Deferred tax liabilities	44,393	34,360

39. Dividends

	Group and Company 2011 RM'000	2010 RM'000
Recognised during the financial year:		
Dividends on ordinary shares:		
- Final single tier dividend for 2009: 9.00 sen per share	-	27,055
- Special single tier dividend for 2009: 6.00 sen per share	-	18,037
- First interim single tier dividend for 2010: 14.00 sen per share	-	43,225
- Final single tier dividend for 2010: 9.00 sen per share	55,652	-
- First interim single tier dividend for 2011: 5.00 sen per share	30,923	-
	86,575	88,317

At the forthcoming Annual General Meeting, a single tier final dividend of 12% on 618,512,962 ordinary shares amounting to RM37,110,777 (6.00 sen per share) in respect of the financial year ended 31 August 2011 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 2012.

40. Authorisation of financial statements for issue

The financial statements for the year ended 31 August 2011 were authorised for issue in accordance with a resolution of the directors on 2 November 2011.

41. Supplementary information – Breakdown of realised and unrealised retained earnings

The breakdown of the retained earnings of the Group and of the Company as at 31 August 2011 into realised and unrealised earnings is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group RM'000	Company RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	665,968	663
- Unrealised	(35,718)	-
	630,250	663
Less: Consolidated adjustments	(4,314)	-
Total Group's retained earnings as per consolidated accounts	625,936	663