Top Glove Corporation Bhd.
(474423-X)
(Incorporated in Malaysia)

Directors' Report and
Audited Financial Statements
31 August 2012

474423-X

Top Glove Corporation Bhd.
(Incorporated in Malaysia)

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Top Glove Corporation Bhd.
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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 2012.

Principal activities

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

The principal activities of the subsidiaries are described in Note 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	207,285	170,251
Profit attributable to:		
Owners of the parent	202,726	170,251
Non-controlling interest	4,559	-
	207,285	170,251

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.

Dividends

The amount of dividends paid by the Company since 31 August 2011 were as follows:

	RM'000
In respect of the financial year ended 31 August 2011:	
Final single tier dividend of 12%, paid on 19 January 2012	37,113
In respect of the financial year ended 31 August 2012:	
First interim single tier dividend of 14%, paid on 19 July 2012	43,308
	80,421

Dividends (continued)

At the forthcoming Annual General Meeting, a single tier final dividend of 18% on 618,879,762 ordinary shares amounting to RM55,699,178 (9.00 sen per share) in respect of the financial year ended 31 August 2012 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 2013.

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 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
Lim Cheong Guan
Lim Han Boon

Directors' benefits

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

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 and options over shares in the Company during the financial year were as follows:

	Number of ordinary shares of RM0.50 each			
	1 September 2011	Acquired	Sold	31 August 2012
Tan Sri Lim Wee Chai				
- direct	179,061,138	-	-	179,061,138
- indirect	57,208,004	-	(300,000)	56,908,004
Tan Sri Dato' Seri Arshad bin Ayub	1,400,000	-	-	1,400,000
Lee Kim Meow				
- direct	1,001,600	40,000	-	1,041,600
- indirect	10,000	-	-	10,000
Puan Sri Tong Siew Bee				
- direct	9,195,748	-	-	9,195,748
- indirect	227,073,394	-	(300,000)	226,773,394
Lim Hooi Sin				
- direct	10,908,462	-	-	10,908,462
- indirect	225,360,680	-	(300,000)	225,060,680
Sekarajasekaran a/l Arasaratnam	12,571,718	-	(170,000)	12,401,718
Lim Cheong Guan	80,000	-	-	80,000

	Number of options over ordinary shares of RM0.50 each			
	1 September 2011	Granted	Exercised	31 August 2012
Tan Sri Lim Wee Chai	420,000	84,000	-	504,000
Lee Kim Meow	252,000	50,400	-	302,400
Puan Sri Tong Siew Bee	192,000	19,200	-	211,200
Lim Hooi Sin	94,400	26,900	-	121,300
Lim Cheong Guan	234,000	25,500	-	259,500

Tan 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 RM309,256,000 to RM309,440,000 by way of issuance of 366,800 ordinary shares of RM0.50 each pursuant to the ESOS at an option price between RM2.01 and RM5.04 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 30 to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of employees who have been granted options to subscribe for less than 86,400 ordinary shares. The list of employees granted options to subscribe for 86,400 or more ordinary shares during the financial year is disclosed in the section on Directors' Interests in this report.

Other statutory information

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

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

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

   (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

   (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

   (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations when they fall due; and

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

Significant events

Details of significant events are disclosed in Note 38 to the financial statements.

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Auditors

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 31 October 2012.

Tan Sri Lim Wee Chai

Lim Han Boon

Selangor, Malaysia

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Top Glove Corporation Bhd.
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Statement by directors
Pursuant to Section 169 (15) of the Companies Act, 1965

We, Tan 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 11 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 2012 and their financial performance and cash flows for the year then ended.

The information set out in Note 40 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 31 October 2012.

Tan Sri Lim Wee Chai　　　　Lim Han Boon

Selangor, Malaysia

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

I, Tan Sri Lim Wee Chai, being the director primarily responsible for the financial management of Top Glove Corporation Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 11 to 85 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 Lim Wee Chai
at Klang in the State of Selangor
on 31 October 2012　　　　Tan 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 of the Group and of the Company as at 31 August 2012, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 11 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 2012 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 by 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.

Other matters

The supplementary information set out in Note 40 to the financial statements 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: 31 October 2012

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Top Glove Corporation Bhd.
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Income statements
For the financial year ended 31 August 2012

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue	4	2,314,454	2,053,916	177,691	84,775
Cost of sales		(1,929,412)	(1,818,767)	-	-
Gross profit		385,042	235,149	177,691	84,775
Other items of income					
Interest income	5	12,340	10,573	6	7
Other income	6	15,634	26,689	-	-
Other items of expense					
Distribution and selling costs		(71,401)	(67,121)	-	-
Administrative and general expenses		(101,062)	(60,495)	(7,309)	(2,364)
Finance costs		(113)	(242)	-	-
Share of results of associate		262	917	-	-
Profit before tax	7	240,702	145,470	170,388	82,418
Income tax expense	10	(33,417)	(30,338)	(137)	(8,000)
Profit net of tax		207,285	115,132	170,251	74,418
Profit attributable to:					
Owners of the parent		202,726	113,091	170,251	74,418
Non-controlling interest		4,559	2,041	-	-
		207,285	115,132	170,251	74,418
Earnings per share attributable to owners of the parent (sen):					
Basic	11	32.77	18.29		
Diluted	11	32.74	18.27		

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 2012

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit net of tax	207,285	115,132	170,251	74,418
Other comprehensive income/(loss):				
Net gain/(loss) on available-for-sale financial assets:				
- gain/(loss) on fair value changes	4,597	(1,057)	-	-
Foreign currency translation	4,039	864	-	-
Other comprehensive income/(loss) for the year, net of tax	8,636	(193)	-	-
Total comprehensive income for the year	215,921	114,939	170,251	74,418
Total comprehensive income attributable to:				
Owners of the parent	210,917	113,009	170,251	74,418
Non-controlling interest	5,004	1,930	-	-
	215,921	114,939	170,251	74,418

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 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Assets					
Non-current assets					
Property, plant and equipment	12	734,386	660,692	-	-
Land use rights	13	22,441	19,608	-	-
Investment in subsidiaries	14	-	-	580,503	28,503
Investment in associate	15	6,729	7,039	-	-
Deferred tax assets	16	3,700	-	-	-
Investment securities	17	145	146	-	-
Goodwill	18	20,113	20,113	-	-
		787,514	707,598	580,503	28,503
Current assets					
Inventories	19	179,440	175,532	-	-
Trade and other receivables	20	293,863	262,129	4,003	463,282
Other current assets	21	25,791	4,316	-	-
Tax recoverable		-	13,228	124	180
Investment securities	17	144,198	108,512	-	-
Derivative assets	22	-	2,954	-	-
Cash and cash equivalents	23	167,246	148,760	874	142
		810,538	715,431	5,001	463,604
Total assets		1,598,052	1,423,029	585,504	492,107
Equity and liabilities					
Current liabilities					
Loans and borrowings	24	161	157	-	-
Trade and other payables	25	231,538	194,611	1,043	531
Other current liabilities		30,940	34,644	-	-
Income tax payable		9,054	-	-	-
Derivative liabilities	22	2,663	-	-	-
		274,356	229,412	1,043	531
Net current assets		536,182	486,019	3,958	463,073

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Statements of financial position
As at 31 August 2012 (continued)

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Non-current liabilities					
Loans and borrowings	24	2,815	2,851	-	-
Deferred tax liabilities	16	41,028	44,393	-	-
		43,843	47,244	-	-
Total liabilities		318,199	276,656	1,043	531
Net assets		1,279,853	1,146,373	584,461	491,576
Equity attributable to owners of the parent					
Share capital	26	309,440	309,256	309,440	309,256
Share premium	27	174,197	171,780	174,197	171,780
Other reserves	28	24,306	14,831	10,331	9,877
Retained earnings	29	747,411	625,936	90,493	663
		1,255,354	1,121,803	584,461	491,576
Non-controlling interest		24,499	24,570	-	-
Total equity		1,279,853	1,146,373	584,461	491,576
Total equity and liabilities		1,598,052	1,423,029	585,504	492,107

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

Top Glove Corporation Bhd.
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Statements of changes in equity
For the financial year ended 31 August 2012

		← Attributable to owners of the parent								→	
		Equity attributable	← Non-distributable					→	Distributable		
2012	Equity, total RM'000	to owners of the parent total RM'000	Share capital RM'000	Share premium 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	Non-controlling interest RM'000
Group										
Opening balance at 1 September 2011	1,146,373	1,121,803	309,256	171,780	1,766	3,604	9,877	(416)	625,936	24,570
Total comprehensive income	215,921	210,917	-	-	3,594	-	-	4,597	202,726	5,004
Transactions with owners										
Issuance of ordinary shares pursuant to ESOS	1,204	1,204	184	1,020	-	-	-	-	-	-
Share options granted under ESOS	1,860	1,860	-	-	-	-	1,860	-	-	-
Transfer from share option reserve	-	-	-	1,406	-	-	(1,406)	-	-	-
Share issue expenses	(9)	(9)	-	(9)	-	-	-	-	-	-
Transfer to legal reserve	-	-	-	-	-	830	-	-	(830)	-
Dividend paid to non-controlling interest	(5,075)	-	-	-	-	-	-	-	-	(5,075)
Dividends on ordinary shares (Note 37)	(80,421)	(80,421)	-	-	-	-	-	-	(80,421)	-
Closing balance at 31 August 2012	1,279,853	1,255,354	309,440	174,197	5,360	4,434	10,331	4,181	747,411	24,499

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Top Glove Corporation Bhd.
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Statements of changes in equity
For the financial year ended 31 August 2012 (continued)

		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**	**Foreign exchange reserve RM'000**	**Legal reserve RM'000**	**Share option reserve RM'000**	**Fair value adjustment reserve RM'000**	**Retained earnings RM'000**	**Non-controlling interest RM'000**
Group										
Opening balance at 1 September 2010	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 non-controlling interest	(1,280)	-	-	-	-	-	-	-	-	(1,280)
Dividends on ordinary shares (Note 37)	(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

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

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Statements of changes in equity
For the financial year ended 31 August 2012 (continued)

		← Non-distributable		→	Distributable
	Equity, total RM'000	**Share capital RM'000**	**Share premium RM'000**	**Share option reserve RM'000**	**Retained earnings RM'000**
Company					
Opening balance at 1 September 2011	491,576	309,256	171,780	9,877	663
Total comprehensive income	170,251	-	-	-	170,251
Transactions with owners					
Issuance of ordinary shares pursuant to ESOS	1,204	184	1,020	-	-
Share options granted under ESOS	1,860	-	-	1,860	-
Transfer from share option reserve	-	-	1,406	(1,406)	-
Share issue expenses	(9)	-	(9)	-	-
Dividends on ordinary shares (Note 37)	(80,421)	-	-	-	(80,421)
	(77,366)	184	2,417	454	(80,421)
Closing balance at 31 August 2012	584,461	309,440	174,197	10,331	90,493
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 37)	(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

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

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Top Glove Corporation Bhd.
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Statements of cash flows
For the financial year ended 31 August 2012

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Operating activities				
Profit before tax	240,702	145,470	170,388	82,418
Adjustments for :				
Gross dividend	-	-	(176,425)	(83,600)
Depreciation and amortisation				
- Property, plant and equipment	68,907	61,343	-	-
- Amortisation of land use rights	280	224	-	-
Loss/(gain) on disposal of property, plant and equipment	2,295	(245)	-	-
Property, plant and equipment written off	739	426	-	-
Share options granted under ESOS	1,860	-	1,860	-
Impairment loss on trade receivables	975	-	-	-
Unrealised foreign exchange loss	509	8,675	-	-
Impairment loss on investment in:				
- Associate	-	46	-	-
- Subsidiary	-	-	4,000	-
Share of results of associate	(262)	(917)	-	-
Net fair value loss/(gain) on derivative	5,617	(1,737)	-	-
Negative goodwill written off	-	(1,767)	-	-
Reversal of impairment loss on trade receivables	-	(397)	-	-
Finance costs	113	242	-	-
Interest income	(12,340)	(10,573)	(6)	(7)
Total adjustments	68,693	55,320	(170,571)	(83,607)
Operating cash flows before changes in working capital	309,395	200,790	(183)	(1,189)
Changes in working capital				
Increase in inventories	(3,908)	(6,004)	-	-
Increase in receivables	(34,268)	(4,423)	-	(12)
(Increase)/decrease in other current assets	(21,475)	826	-	-
Increase in payables	31,175	10,407	512	4
Total changes in working capital	(28,476)	806	512	(8)
Cash flows from/(used in) operation	280,919	201,596	329	(1,197)
Interest paid	(113)	(242)	-	-
Income taxes paid	(15,240)	(28,176)	56	(27)
Net cash flows from/(used in) operating activities	265,566	173,178	385	(1,224)

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(Incorporated in Malaysia)

Statements of cash flows
For the financial year ended 31 August 2012 (continued)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Investing activities				
Purchase of property, plant and equipment	(142,717)	(141,273)	-	-
Purchase of land use rights	(2,940)	-	-	-
Purchase of investment securities	(31,088)	(69,324)	-	-
Interest received	12,340	10,573	6	7
Dividends income from subsidiaries	-	-	176,288	75,600
Proceeds from disposal of property, plant and equipment	936	1,752	-	-
Additional investment in an associate	-	(336)	-	-
Net cash inflow on acquisition of a subsidiary	-	624	-	-
Net cash flows (used in)/from investing activities	(163,469)	(197,984)	176,294	75,607
Financing activities				
Additional investment in subsidiaries	-	-	(556,000)	-
Repayment from subsidiaries	-	-	459,279	8,310
Proceeds from issuance of ordinary shares	1,204	1,015	1,204	1,015
Share issue expenses	(9)	(6)	(9)	(6)
Dividend paid on ordinary shares	(80,421)	(86,575)	(80,421)	(86,575)
Dividend paid to non-controlling shareholders	(5,075)	(1,280)	-	-
Repayment of obligations under finance leases	(33)	(20)	-	-
Repayment of bank loans	(119)	(658)	-	-
Net cash flows used in financing activities	(84,453)	(87,524)	(175,947)	(77,256)
Net increase/(decrease) in cash and cash equivalents	17,644	(112,330)	732	(2,873)
Effects of foreign exchange rate changes	842	(1,840)	-	-
Cash and cash equivalents at 1 September	148,760	262,930	142	3,015
Cash and cash equivalents at 31 August	167,246	148,760	874	142

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

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 provision of management services. The principal activities of the subsidiaries are described in Note 14. There have been 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 also 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.

- Amendments to FRS 1: Limited Exemption for First-time Adopters
- Amendments to FRS 1: Additional Exemptions for First-time Adopters
- Amendments to FRS 2: Group Consolidated Share-based Payment Transactions
- Amendments to FRS 7: Improving Disclosures about Financial Instruments
- IC Interpretation 4: Determining Whether an Arrangement contains a Lease
- IC Interpretation 18: Transfers of Assets from Customers
- IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement
- Improvements to FRS issued in 2010
- TR i-4: Shariah Compliant Sale Contract

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

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

Amendments to FRS 7: Improving Disclosure about Financial Instruments

The amended standard requires enhanced disclosure about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy (Level 1, Level 2 and Level 3), by class, for all financial instruments recognised at fair value. A reconciliation between the beginning and ending balance for Level 3 fair value measurements is required. Any significant transfers between levels of the fair value hierarchy and the reasons for those transfers need to be disclosed. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 33. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 34(b).

2.3 Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called ‘Transitioning Entities’).

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 August 2013. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

2. Summary of significant accounting policies (continued)

2.3 Malaysian Financial Reporting Standards (MFRS Framework) (continued)

At the date of these financial statements, the Group has not completed its assessment and quantification of the financial effects of the differences between the FRS Framework and MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 August 2012 could be different if prepared under the MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 August 2013.

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.

2. Summary of significant accounting policies (continued)

2.4 Basis of consolidation (continued)

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.

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 non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

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

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.

2. Summary of significant accounting policies (continued)

2.6 Foreign currency (continued)

(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.

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. Summary of significant accounting policies (continued)

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.

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.

2. Summary of significant accounting policies (continued)

2.8 Intangible assets - Goodwill (continued)

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

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")).

2. Summary of significant accounting policies (continued)

2.10 Impairment of non-financial assets (continued)

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.

2.12 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.

2. Summary of significant accounting policies (continued)

2.12 Associates (continued)

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.

2.13 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.

2. Summary of significant accounting policies (continued)

2.13 Financial assets (continued)

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.

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.

2. Summary of significant accounting policies (continued)

2.13 Financial assets (continued)

(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)

(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 date 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)

2.23 Income taxes (continued)

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

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

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 36, 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. Summary of significant accounting policies (continued)

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.

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.

3. Significant accounting judgements and estimates (continued)

3.2 Key sources of estimation uncertainty (continued)

(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.

(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 18.

(c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and 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 and reinvestment allowances of the Group was RM41,488,000 (2011: RM28,060,000) and the unrecognised tax losses, capital allowances and reinvestment allowances of the Group was RM46,360,000 (2011: RM63,399,000).

4. Revenue

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Sales of goods	2,314,454	2,053,916	-	-
Management fees from subsidiaries	-	-	1,266	1,175
Dividend income from subsidiaries	-	-	176,425	83,600
	2,314,454	2,053,916	177,691	84,775

5. Interest income

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interest income from:				
Available-for-sale-financial assets	10,406	5,878	-	-
Loans and receivables	1,934	4,695	6	7
	12,340	10,573	6	7

6. Other income

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Gain on foreign exchange				
- realised	5,810	9,784	-	-
- unrealised	-	8,675	-	-
Gain on disposal of property, plant and equipment	-	245	-	-
Gain on fair value changes of derivatives	-	1,737	-	-
Negative goodwill written off	-	1,767	-	-
Sundry income	9,824	4,481	-	-
	15,634	26,689	-	-

7. Profit before tax

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Auditors' remuneration:				
- Statutory audit				
Company's auditors	305	235	50	50
Other auditors	275	170	-	-
Overprovision in prior year	-	(5)	-	-
Reversal of impairment loss on trade receivables	-	(397)	-	-
Depreciation and amortisation:				
- Property, plant and equipment	68,907	61,343	-	-
- Land use rights	280	224	-	-
Impairment on investment in:				
- Associate	-	46	-	-
- Subsidiary	-	-	4,000	-

7. Profit before tax (continued)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Loss on foreign exchange				
- realised	-	-	-	93
- unrealised	509	-	-	-
Employee benefits expense (Note 8)	225,588	186,696	2,279	1,463
Non-executive directors' remuneration (Note 9)	394	358	205	175
Operating lease - Minimum lease payment for building and machinery	2,260	1,471	7	4
Impairment loss on trade receivables	975	-	-	-
Loss on disposal of property, plant and equipment	2,295	-	-	-
Property, plant and equipment written off	739	426	-	-

8. Employee benefits expense

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Wages and salaries	205,823	173,118	1,193	1,103
Social security costs	2,298	1,707	3	3
Pension costs - defined contribution plan	7,233	5,217	136	126
Share options granted under ESOS	1,860	-	183	-
Other staff related expenses	7,519	6,336	10	3
Directors' fees	855	318	754	228
	225,588	186,696	2,279	1,463

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM6,702,000 (2011: RM5,138,000) and RM1,738,000 (2011: RM990,000) respectively as further disclosed in Note 9.

9. Directors' remuneration

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	2,886	2,709	754	680
Pension costs - defined contribution plan	271	263	90	81
Social security contributions	1	1	1	1
Share options granted under ESOS	210	-	139	-
Fees	828	302	754	228
Benefits-in-kind	101	81	51	44
	4,297	3,356	1,789	1,034
Non-executive:				
Fees	205	175	205	175
Other directors				
Executive:				
Salaries and other emoluments	2,238	1,726	-	-
Pension costs - defined contribution plan	176	115	-	-
Social security contributions	7	6	-	-
Share options granted under ESOS	58	-	-	-
Fees	27	16	-	-
Benefits-in-kind	21	18	-	-
	2,527	1,881	-	-
Non-executive:				
Fees	189	183	-	-
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration (Note 8)	6,702	5,138	1,738	990
Total non-executive directors' remuneration	394	358	205	175
Total directors' remuneration	7,096	5,496	1,943	1,165

10. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 August 2012 and 2011 are:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current income tax:				
- Malaysian income tax	44,394	17,166	137	8,000
- Foreign tax	4,533	1,744	-	-
- Real property gain tax	201	-	-	-
- (Over)/under provision in respect of previous years	(8,646)	1,395	-	-
	40,482	20,305	137	8,000
Deferred income tax (Note 16):				
- Relating to origination and reversal of temporary differences	(2,223)	9,310	-	-
- (Over)/under provision in respect of previous years	(4,842)	723	-	-
	(7,065)	10,033	-	-
Income tax expense recognised in profit or loss	33,417	30,338	137	8,000

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 2012 and 2011 are as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit before tax	240,702	145,470	170,388	82,418
Tax at Malaysian statutory tax rate of 25% (2011: 25%)	60,176	36,368	42,597	20,605
Different tax rates in other countries	4,613	1,112	-	-
Adjustments:				
Effects of tax incentives claimed by foreign subsidiaries	(10,233)	(4,957)	-	-
Income not subject to tax	(1,252)	(4,799)	(43,969)	(12,605)
Non-deductible expenses	464	1,164	1,509	-
Effect of income subject to real property gain tax	201	-	-	-

10. Income tax expense (continued)

Reconciliation between tax expense and accounting profit (continued)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Tax savings from utilisation of previously unrecognised:				
- Tax losses	-	(1,225)	-	-
- Reinvestment allowances	(1,429)	-	-	-
Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed reinvestment allowances and unabsorbed capital allowances	-	705	-	-
Deferred tax assets recognised in respect of previously unabsorbed capital allowances and reinvestment allowances	(5,590)	-	-	-
Share of results of associate	(45)	(148)	-	-
(Over)/under provision of deferred tax in respect of previous years	(4,842)	723	-	-
(Over)/under provision of income tax in respect of previous years	(8,646)	1,395	-	-
Income tax expense recognised in profit or loss	33,417	30,338	137	8,000

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 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.

11. Earnings per share (continued)

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

	Group 2012	2011
Profit net of tax attributable to owners of the parent used in the computation of basic and diluted earnings per share (RM'000)	202,726	113,091
Weighted average number of ordinary shares for basic earnings per share computation ('000)	618,609	618,373
Effects of dilution - share options ('000)	670	667
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	619,279	619,040
Basic earnings per share (sen)	32.77	18.29
Diluted earnings per share (sen)	32.74	18.27

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 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 and 1 September 2011	321,662	612,209	49,470	35,674	1,019,015
Additions	20,420	56,008	9,161	57,128	142,717
Disposals	-	(12,262)	(1,134)	-	(13,396)
Written off	-	(1,224)	(106)	(198)	(1,528)
Reclassification	15,120	38,283	1,214	(54,664)	(47)
Exchange differences	2,313	4,178	134	225	6,850
At 31 August 2012	359,515	697,192	58,739	38,165	1,153,611
Accumulated depreciation					
At 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 and 1 September 2011	25,223	309,966	23,134	-	358,323
Depreciation charge for the year	4,890	58,658	5,359	-	68,907
Disposals	-	(9,094)	(1,071)	-	(10,165)
Written off	-	(694)	(95)	-	(789)
Reclassification	2	(30)	(19)	-	(47)
Exchange differences	331	2,701	(36)	-	2,996
At 31 August 2012	30,446	361,507	27,272	-	419,225

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 2011	296,439	302,243	26,336	35,674	660,692
At 31 August 2012	329,069	335,685	31,467	38,165	734,386

** 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 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 and 1 September 2011	115,399	206,263	321,662
Additions	9,591	10,829	20,420
Reclassification	2,236	12,884	15,120
Exchange differences	245	2,068	2,313
At 31 August 2012	127,471	232,044	359,515
Accumulated depreciation			
At 1 September 2010	-	21,260	21,260
Depreciation charge for the year	-	3,981	3,981
Exchange differences	-	(18)	(18)
At 31 August 2011 and 1 September 2011	-	25,223	25,223
Depreciation charge for the year	-	4,890	4,890
Reclassification	-	2	2
Exchange differences	-	331	331
At 31 August 2012	-	30,446	30,446

12. Property, plant and equipment (continued)

	Freehold land RM'000	Buildings RM'000	Total RM'000
Net carrying amount			
At 31 August 2011	115,399	181,040	296,439
At 31 August 2012	127,471	201,598	329,069

(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 24.

	2012 RM'000	2011 RM'000
Land and buildings	7,267	7,072

(b) During the financial year, the Group acquired motor vehicle with an aggregate cost of RM Nil (2011: RM120,000) by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to RM142,717,000 (2011: RM141,273,000).

The net carrying amounts of motor vehicles held under finance lease arrangements amounted to RM75,000 (2011: RM120,000).

13. Land use rights

	Group 2012 RM'000	Group 2011 RM'000
Cost		
At 1 September	20,996	22,900
Additions	2,940	-
Transfer to property, plant and equipment (Note 12)	-	(1,952)
Exchange differences	193	48
At 31 August	24,129	20,996
Accumulated amortisation		
At 1 September	1,388	1,159
Amortisation for the year	280	224
Exchange differences	20	5
At 31 August	1,688	1,388
Net carrying amount	22,441	19,608
Amount to be amortised:		
- Not later than one year	288	224
- Later than one year but not later than five years	1,152	897
- Later than five years	21,001	18,487
	22,441	19,608

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 40 to 75 years (2011: 41 to 76 years).

14. Investment in subsidiaries

	Company 2012 RM'000	Company 2011 RM'000
Unquoted shares, at cost:		
- In Malaysia	581,620	25,620
Less: Accumulated impairment losses	(4,845)	(845)
	576,775	24,775
- Outside Malaysia	3,728	3,728
	580,503	28,503

14. Investment in subsidiaries (continued)

Details of the subsidiaries are as follows:

Name	Country of incorporation	Proportion of ownership interest (%) 2012	2011	Principal activities
Held by the Company:				
Top Glove Sdn. Bhd. ("TGSB")*	Malaysia	100	100	Manufacturing and trading of gloves
TG Medical Sdn. Bhd. ("TGMSB")#	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	Manufacturing and trading of gloves
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

14. Investment in subsidiaries (continued)

Name	Country of incorporation	Proportion of ownership interest (%) 2012	2011	Principal activities
Held through TGSB (continued):				
Top Quality Glove (Thailand) Co Ltd.#	Thailand	100	100	Dormant
Top Glove Europe GmbH #	Germany	98	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 Properties Sdn. Bhd. (formerly known as Top Glove Academy Sdn. Bhd.)#	Malaysia	100	100	Property investment
Medi-Flex Limited ("Medi-Flex")**	Singapore	80	80	Investment holding
Held through TGMSB				
Top Glove Agro Sdn. Bhd.#	Malaysia	100	-	Dormant

14. Investment in subsidiaries (continued)

Name	Country of incorporation	Proportion of ownership interest (%) 2012	2011	Principal activities
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 Island	-	100	Investment holding
Best Advance Resources Limited ("Best Advance")*##	Malaysia	100	-	Investment holding
Green Resources Limited *	Malaysia	100	-	Investment holding
Efficient Plantations Co., Ltd.*	Cambodia	100	100	Plantation of rubber trees
Held through Best Advance:				
Great Plantations Co., Ltd.*	Cambodia	100	100	Plantation of rubber trees
PT. Topglove Indonesia*	Indonesia	100^	-	Investment holding

* Audited by Ernst & Young, Malaysia
** Audited by member firms of Ernst & Young Global in the respective countries
# Audited by firms other than Ernst & Young
During the financial year, the country of incorporation of Best Advance Resources Limited had been re-registered from British Virgin Island to Labuan, Malaysia.
^ The total equity interests held by the Group is 100% and it is held by the following subsidiaries:

(i)	Best Advance Resources Limited	99.99%
(ii)	Green Resources Limited	0.01%

14. Investment in subsidiaries (continued)

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 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	

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)

15. Investment in associate

	Group 2012 RM'000	Group 2011 RM'000
Unquoted shares at cost	9,013	9,013
Share of post-acquisition reserves	217	(45)
Foreign currency translation	345	917
	9,575	9,885
Less: Accumulated impairment losses	(2,846)	(2,846)
	6,729	7,039

Details of the associate are as follows:

Name	Country of incorporation	Proportion of ownership interest (%) 2012	Proportion of ownership interest (%) 2011	Principal activities
Held through subsidiary:				
Sonic Clean Pte. Ltd.	Singapore	29	29	Provide all kinds of aqueous cleaning services, consumable cleaning and sub-assembly work in clean room environment and investment holding

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

	Group 2012 RM'000	Group 2011 RM'000
Assets and liabilities		
Total assets	20,519	20,321
Total liabilities	(2,254)	(3,609)
Results		
Revenue	18,354	19,860
Profit for the year	712	2,238

16. Deferred tax (assets)/liabilities

Deferred income tax as at 31 August 2012 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 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
Recognised in profit and loss	(2,253)	(1,455)	(3,357)	(7,065)
At 31 August 2012	49,062	(1,362)	(10,372)	37,328

Presented after appropriate offsetting as follows:

	Group 2012 RM'000	 2011 RM'000
Deferred tax assets	(3,700)	-
Deferred tax liabilities	41,028	44,393
	37,328	44,393

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

	Group 2012 RM'000	 2011 RM'000
Unutilised tax losses	17,731	17,323
Unabsorbed capital allowances	-	1,313
Unabsorbed increase in export allowances	3,206	-
Unabsorbed reinvestment allowances	25,423	44,763
	46,360	63,399

17. Investment securities

	Group 2012 RM'000 Carrying amount	Group 2012 RM'000 Market value of quoted investments	Group 2011 RM'000 Carrying amount	Group 2011 RM'000 Market value of quoted investments
Current				
Available-for-sale financial assets				
- Debt securities (quoted in Malaysia)	5,835	5,835	5,973	5,973
- Debt securities (quoted outside Malaysia)	138,363	138,363	102,539	102,539
Total current investment securities	144,198		108,512	
Non-current				
Unquoted investments - golf club membership	145	-	146	-
	144,343		108,658	

18. Goodwill

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

	Group 2012 RM'000	Group 2011 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 as follows:

18. Goodwill (continued)

Key assumptions used in value-in-use calculations (continued)

	Gross Margin		Discount Rate	
	2012	**2011**	**2012**	**2011**
Top Glove (Zhangjiagang) Co. Ltd.	8%	5%	11%	13%
Top Glove Medical (Thailand) Co. Ltd.	13%	10%	11%	13%
B Tech Industry Co. Ltd.	7%	7%	11%	13%

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.

19. Inventories

	Group	
	2012	**2011**
	RM'000	**RM'000**
Cost		
Raw materials	51,145	45,179
Consumables and hardware	15,531	18,618
Work-in-progress	17,542	16,147
Finished goods	93,016	93,090
	177,234	173,034
Net realisable value		
Work-in-progress	698	-
Finished goods	1,508	2,498
	179,440	175,532

20. Trade and other receivables

	Group		Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Trade receivables				
Third parties	277,982	250,225	-	-
Less: Allowance for impairment	(975)	(13)	-	-
Trade receivables, net	277,007	250,212	-	-
Other receivables				
Amounts due from subsidiaries	-	-	3,989	463,268
Sundry receivables	9,111	8,826	-	-
Refundable deposits	7,745	3,091	14	14
	16,856	11,917	4,003	463,282
Total trade and other receivables	293,863	262,129	4,003	463,282
Total trade and other receivables	293,863	262,129	4,003	463,282
Add: Cash and cash equivalents (Note 23)	167,246	148,760	874	142
Total loans and receivables	461,109	410,889	4,877	463,424

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2011: 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.

<u>Ageing analysis of trade receivables</u>

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

	Group	
	2012 RM'000	**2011 RM'000**
Neither past due nor impaired	249,994	228,792
1 to 30 days past due not impaired	22,171	16,294
31 to 60 days past due not impaired	2,210	2,053
61 to 90 days past due not impaired	163	-
91 to 120 days past due not impaired	30	-
More than 121 days past due not impaired	2,439	3,073
	27,013	21,420
Impaired	975	13
	277,982	250,225

20. Trade and other receivables (continued)

(a) Trade receivables (continued)

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records 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 RM27,013,000 (2011: RM21,420,000) 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	
	2012	**2011**
	RM'000	**RM'000**
Trade receivables-nominal amounts	975	13
Less: Allowance for impairment loss	(975)	(13)
	-	-

Movements in the allowance accounts:

	Group	
	2012	**2011**
	RM'000	**RM'000**
1 September	(13)	(410)
Written off	13	-
Charge for the year (Note 7)	(975)	-
Reversal of impairment loss	-	397
31 August	(975)	(13)

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.

21. Other current assets

	Group 2012 RM'000	Group 2011 RM'000
Deposits paid for acquisition of a company	21,772	-
Prepaid operating expenses	4,019	4,316
	25,791	4,316

22. Derivative assets/(liabilities)

	2012 RM'000 Contract/ Notional Amount	2012 RM'000 Liabilities	2011 RM'000 Contract/ Notional Amount	2011 RM'000 Assets
Non-hedging derivatives:				
Forward currency contracts	795,564	(2,663)	635,324	2,954

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.

Forward currency contracts are used to hedge the Group's sales denominated in USD, extending to July 2013 (2011: August 2012).

During the financial year, the Group recognised a loss of RM5,617,000 (2011: gain of RM1,737,000) arising from fair value changes of derivative (liabilities)/assets. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

23. Cash and cash equivalents

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Cash on hand and at banks	44,887	65,833	874	142
Deposits with licensed banks and other financial institutions	92,391	43,422	-	-
Money market funds	29,968	39,505	-	-
Cash and cash equivalents	167,246	148,760	874	142

23. Cash and cash equivalents (continued)

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	
	2012	**2011**
Weighted average effective interest rates (%)	2.17	3.56
Average maturities (days)	107	146

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

24. Loans and borrowings

		Group	
	Maturity	**2012 RM'000**	**2011 RM'000**
Current			
Secured:			
3.25% p.a. fixed rate USD bank loan	2013	125	114
Obligations under finance leases (Note 32(c))	2013	36	43
		161	157
Non-current			
Secured:			
3.25% p.a. fixed rate USD bank loan	2014 - 2030	2,776	2,774
Obligations under finance leases (Note 32(c))	2014 - 2015	39	77
		2,815	2,851
Total loans and borrowings		2,976	3,008

The remaining maturities of the loans and borrowings as at 31 August 2012 are as follows:

	Group	
	2012 RM'000	**2011 RM'000**
On demand or within one year	161	157
More than 1 year and less than 2 years	164	161
More than 2 years and less than 5 years	415	414
5 years or more	2,236	2,276
	2,976	3,008

24. Loans and borrowings (continued)

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 3.9% (2011: 1.57%) per annum. 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.

25. Trade and other payables

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade payables	117,005	105,955	-	-
Other payables				
Accrued operating expenses	37,817	29,237	1,042	519
Sundry payables	76,716	59,419	1	12
	114,533	88,656	1,043	531
Total trade and other payables	231,538	194,611	1,043	531
Add: Loans and borrowings (Note 24)	2,976	3,008	-	-
Total financial liabilities carried at amortised cost	234,514	197,619	1,043	531

(a) Trade payables

These amounts are non-interest bearing.The normal trade credit term granted to the Group ranges from 30 to 90 days (2011: 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 (2011: range from 30 to 90 days).

26. Share capital

	Group and Company			
	Number of ordinary shares of RM0.50 each		Amount	
	2012 '000	2011 '000	2012 RM'000	2011 RM'000
Authorised				
At 31 August	800,000	800,000	400,000	400,000
Issued and fully paid				
At 1 September	618,513	618,163	309,256	309,081
Exercise of ESOS	367	350	184	175
At 31 August	618,880	618,513	309,440	309,256

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	
	2012 RM'000	2011 RM'000
At 1 September	171,780	170,563
Issuance of ordinary shares pursuant to ESOS	1,020	840
Transfer from share option reserve	1,406	383
Share issue expenses	(9)	(6)
At 31 August	174,197	171,780

28. 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 2010	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
Gain on fair value changes	-	-	-	4,597	4,597
Foreign currency translation	3,594	-	-	-	3,594
Share options granted under ESOS	-	-	1,860	-	1,860
Transfer to share premium	-	-	(1,406)	-	(1,406)
Transfer from retained earnings	-	830	-	-	830
At 31 August 2012	5,360	4,434	10,331	4,181	24,306

	Share option reserve RM'000
Company	
At 1 September 2010	10,260
Transfer to share premium	(383)
At 31 August 2011	9,877
Share options granted under ESOS	1,860
Transfer to share premium	(1,406)
At 31 August 2012	10,331

28. Other reserves (continued)

(a) Foreign exchange reserve

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

(b) Legal reserve

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

29. 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 2012 and 2011 under the single tier system.

30. 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.

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

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

2012

			Number of share options over the ordinary shares of RM0.50 each				
Grant Date	**Expiry Date**	**Exercise Price RM**	**At beginning of year '000**	**Granted '000**	**Exercised '000**	**Lapsed '000**	**At end of year '000**
05.09.2008	01.08.2018	2.01	122.8	-	(42.2)	(3.4)	77.2
05.10.2008	01.08.2018	1.99	0.8	-	-	-	0.8
05.03.2009	01.08.2018	2.26	260.2	-	(101.0)	(1.0)	158.2
06.04.2009	01.08.2018	2.45	0.8	-	-	-	0.8
05.06.2009	01.08.2018	2.95	3.2	-	(1.2)	-	2.0
05.08.2009	01.08.2018	3.58	2.4	-	-	-	2.4
20.08.2009	01.08.2018	3.52	1,203.0	-	(51.6)	(35.2)	1,116.2
05.10.2009	01.08.2018	3.60	16.8	-	(16.0)	-	0.8
05.11.2009	01.08.2018	4.12	41.4	-	-	-	41.4
04.12.2009	01.08.2018	4.60	68.6	-	-	(6.6)	62.0
05.01.2010	01.08.2018	5.04	62.7	-	(2.0)	-	60.7
05.02.2010	01.08.2018	5.64	88.8	-	-	(0.8)	88.0
05.03.2010	01.08.2018	5.79	5,098.8	-	-	(151.8)	4,947.0
05.04.2010	01.08.2018	6.97	158.8	-	-	(28.0)	130.8
06.05.2010	01.08.2018	6.16	224.0	-	-	(22.0)	202.0
05.06.2010	01.08.2018	6.12	324.4	-	-	(20.8)	303.6
05.07.2010	01.08.2018	6.85	198.2	-	-	(18.0)	180.2
06.08.2010	01.08.2018	6.51	86.6	-	-	(3.4)	83.2
05.10.2011	01.08.2018	4.15	-	1,848.7	(152.8)	(50.8)	1,645.1
			7,962.3	1,848.7	(366.8)	(341.8)	9,102.4

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

2011

			Number of share options over the ordinary shares of RM0.50 each				
Grant Date	**Expiry Date**	**Exercise Price RM**	**At beginning of year '000**	**Granted '000**	**Exercised '000**	**Lapsed '000**	**At end of year '000**
05.09.2008	01.08.2018	2.01	235.2	-	(112.4)	-	122.8
05.10.2008	01.08.2018	1.99	0.8	-	-	-	0.8
05.03.2009	01.08.2018	2.26	299.8	-	(39.6)	-	260.2
06.04.2009	01.08.2018	2.45	0.8	-	-	-	0.8
05.06.2009	01.08.2018	2.95	5.2	-	(2.0)	-	3.2
05.08.2009	01.08.2018	3.58	2.4	-	-	-	2.4
20.08.2009	01.08.2018	3.52	1,398.2	-	(194.6)	(0.6)	1,203.0
05.10.2009	01.08.2018	3.60	16.8	-	-	-	16.8
05.11.2009	01.08.2018	4.12	41.4	-	-	-	41.4
04.12.2009	01.08.2018	4.60	70.6	-	(2.0)	-	68.6
05.01.2010	01.08.2018	5.04	62.7	-	-	-	62.7
05.02.2010	01.08.2018	5.64	88.8	-	-	-	88.8
05.03.2010	01.08.2018	5.79	5,311.4	-	-	(212.6)	5,098.8
05.04.2010	01.08.2018	6.97	162.8	-	-	(4.0)	158.8
06.05.2010	01.08.2018	6.16	253.4	-	-	(29.4)	224.0
05.06.2010	01.08.2018	6.12	367.4	-	-	(43.0)	324.4
05.07.2010	01.08.2018	6.85	247.8	-	-	(49.6)	198.2
06.08.2010	01.08.2018	6.51	93.1	-	-	(6.5)	86.6
			8,658.6	-	(350.6)	(345.7)	7,962.3

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

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

Exercise Date	Exercise price RM	Fair value of ordinary shares RM	Number of share options '000	Consider-ations received RM'000
2012				
September 2011 - August 2012	2.01	3.92 - 5.44	29.0	58
September 2011 - August 2012	2.26	3.92 - 5.44	114.2	258
September 2011 - August 2012	2.95	3.92 - 5.44	1.2	4
September 2011 - August 2012	3.52	3.92 - 5.44	51.6	182
September 2011 - August 2012	3.60	3.92 - 5.44	16.0	58
September 2011 - August 2012	5.04	3.92 - 5.44	2.0	10
September 2011 - August 2012	4.15	3.92 - 5.44	152.8	634
			366.8	1,204
Less: Par value of ordinary shares				(184)
Share premium				1,020
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

Fair value of share options granted during the year

The fair value of share options granted during the year 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:

	2012	2011
Fair value of share options at the following grant dates (RM)		
5 October 2011	0.99, 1.01 & 1.02	-
Weighted average share price (RM)	4.82	-
Weighted average exercise price (RM)	2.90	-
Expected volatility (%)	28.48	-
Expected life (years)	6.82	-
Risk free rate (%)	3.56	-
Expected dividend yield (%)	2.06	-

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

Fair value of share options granted during the year (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.

31. 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	
	2012	2011
	RM'000	RM'000
Gross dividends from subsidiaries	176,425	83,600
Management fees from subsidiaries	1,266	1,175

(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	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Salaries and other emoluments	5,124	4,435	754	680
Pension costs - defined	447	378	90	81
Social security contributions	8	7	1	1
Share options granted under ESOS	268	-	139	-
Fees	855	318	754	228
	6,702	5,138	1,738	990

32. Commitments

(a) Capital commiments

Capital expenditure as at the reporting date is as follows:

	Group 2012 RM'000	Group 2011 RM'000
Approved and contracted for property, plant and equipment	48,795	30,449

(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 2012 RM'000	Group 2011 RM'000
Future minimum rentals payments:		
Not later than 1 year	912	933
Later than 1 year and not later than 2 years	839	802
Later than 2 years and not later than 5 years	1,367	1,860
	3,118	3,595

(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 2012 RM'000	Group 2011 RM'000
Minimum lease payments:		
Not later than 1 year	38	43
Later than 1 year and not later than 2 years	38	43
Later than 2 years and not later than 5 years	3	35
Total minimum lease payments	79	121
Less: Amount representing finance charges	(4)	(1)
Present value of minimum lease payables	75	120

32. Commitments (continued)

(c) Finance lease commitments (continued)

	Group	
	2012	**2011**
	RM'000	**RM'000**
Present value of payments:		
Not later than 1 year	36	43
Later than 1 year and not later than 2 years	36	43
Later than 2 years and not later than 5 years	3	34
Present value of minimum lease payments	75	120
Less: Amount due within 12 months (Note 24)	(36)	(43)
Amount due after 12 months (Note 24)	39	77

33. Fair values of financial assets and liabilities

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

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	20
Loans and borrowings (current)	24
Trade and other payables	25

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.

<u>Quoted debt securities</u>

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

33. Fair values of financial assets and liabilities (continued)

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.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1, that are observable for asset or liability, either directly or indirectly; and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Group **As at 31 August 2012**	**Level 1** **RM'000**	**Level 2** **RM'000**	**Total** **RM'000**
Assets measured at fair value			
Available-for-sale financial assets	144,198	-	144,198
Liabilities measured at fair value			
Derivative liabilities at fair value through profit or loss	-	2,663	2,663

During the reporting period ended 31 August 2012, there were no transfers between Level 1 and Level 2 fair value measurements.

Group **As at 31 August 2011**	**Level 1** **RM'000**	**Level 2** **RM'000**	**Total** **RM'000**
Assets measured at fair value			
Available-for-sale financial assets	108,512	-	108,512
Derivative assets at fair value through profit or loss	-	2,954	2,954
	108,512	2,954	111,466

During the reporting period ended 31 August 2012 and 2011, there were no transfers between Level 1 and Level 2 fair value measurements.

34. 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 the 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 RM26,546,000 (2011: RM20,962,000) relating to a bank guarantee provided by the Company to utilities suppliers.

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 20. 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 20.

34. Financial risk management objectives and policies (continued)

(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.

	2012 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 *	231,538	-	-	231,538
Loans and borrowings	161	579	2,236	2,976
Total undiscounted financial liabilities	231,699	579	2,236	234,514
Company				
Financial liabilities				
Trade and other payables	1,043	-	-	1,043
Total undiscounted financial liabilities	1,043	-	-	1,043

	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

34. Financial risk management objectives and policies (continued)

(b) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

	2011 RM'000			
	On demand or within one year	One to five years	Over five years	Total
Company				
Financial liabilities				
Trade and other payables	531	-	-	531
Total undiscounted financial liabilities	531	-	-	531

* 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 United States Dollars (“USD”) and Australlian Dollars ("AUD").

34. Financial risk management objectives and policies (continued)

(d) Foreign currency risk (continued)

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

	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 2012:			
Ringgit Malaysia	14,057	136,018	150,075
Thailand Baht	40,882	-	40,882
Chinese Renminbi	17,769	-	17,769
	72,708	136,018	208,726
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

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.

		2012 RM'000	2011 RM'000
USD/RM	- strengthened 5%	702	1,505
	- weakened 5%	(702)	(1,505)
USD/Baht	- strengthened 5%	2,044	1,606
	- weakened 5%	(2,044)	(1,606)
USD/RMB	- strengthened 5%	888	554
	- weakened 5%	(888)	(554)
AUD/RM	- strengthened 5%	6,801	5,824
	- weakened 5%	(6,801)	(5,824)

35. 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 2012 and 31 August 2011.

As disclosed in Note 28(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 2012 and 31 August 2011.

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	
		2012	2011	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000
Loans and borrowings	24	2,976	3,008	-	-
Trade and other payables	25	231,538	194,611	1,043	531
Less: cash and cash equivalents	23	(167,246)	(148,760)	(874)	(142)
Net debt		67,268	48,859	169	389
Equity attributable to the owners of the parent		1,255,354	1,121,803	584,461	491,576
Add: Fair value adjustment reserve	28	(4,181)	416	-	-
Less: Statutory reserve fund	28	(4,434)	(3,604)	-	-
Total capital		1,246,739	1,118,615	584,461	491,576
Capital and net debt		1,314,007	1,167,474	584,630	491,965
Gearing ratio		5.12%	4.19%	0.03%	0.08%

36. 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 2012

	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	1,886,484	226,293	80,863	120,814			2,314,454
Inter-segment sales	57,961	470,273	52,111	-	(580,345)	A	-
Total revenue	1,944,445	696,566	132,974	120,814	(580,345)		2,314,454
Results							
Interest income	19,520	141	17	-	(7,338)		12,340
Depreciation and amortisation	49,840	13,966	5,113	268	-		69,187
Segment profit/(loss)	191,561	45,760	(33)	3,265	149	B	240,702
Assets							
Additions to non-current assets	125,596	17,019	2,832	210	-	C	145,657
Segment assets	1,175,448	232,427	113,754	45,881	30,542	D	1,598,052
Liabilities							
Segment liabilities	211,815	25,029	19,480	11,793	50,082	E	318,199

36. Segment information (continued)

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

36. 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.

	2012 RM'000	2011 RM'000
Share of results of associate	262	917
Finance costs	(113)	(242)
	149	675

C Additions to non-current assets consist of:

	2012 RM'000	2011 RM'000
Property, plant and equipment	142,717	141,393
Land used rights	2,940	-
	145,657	141,393

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

	2012 RM'000	2011 RM'000
Deferred tax assets	3,700	-
Tax recoverable	-	13,228
Investments in associate	6,729	7,039
Goodwill	20,113	20,113
	30,542	40,380

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

	2012 RM'000	2011 RM'000
Income tax payable	9,054	-
Deferred tax liabilities	41,028	44,393
	50,082	44,393

37. Dividends

	Group and Company 2012 RM'000	2011 RM'000
Recognised during the financial year:		
Dividends on ordinary shares:		
- Final single tier dividend for 2011: 6.00 sen per share	37,113	-
- First interim single tier dividend for 2012: 7.00 sen per share	43,308	-
- 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
	80,421	86,575

At the forthcoming Annual General Meeting, a single tier final dividend of 18% on 618,879,762 ordinary shares amounting to RM55,699,178 (9.00 sen per share) in respect of the financial year ended 31 August 2012 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 2013.

38. Significant events

(a) On 22 June 2012, Best Advance Resources Limited, a wholly-owned subsidiary of the Company, has entered into a Conditional Share Sale and Purchase Agreement to acquire 5,700 ordinary shares of Indonesia Rupiah 100,000 each in PT Agro Pratama Sejahtera ("PT Agro"), representing 95% of the total issued and paid-up shares of PT Agro. PT Agro was incorporated under the laws of Republic of Indonesia and is principally involved in rubber forest plantation business. The consideration for the proposed acquisition was agreed at RM22,000,000. The said transaction has been completed on 1 October 2012.

(b) On 17 July 2012, the Company has entered into a Conditional Sale and Purchase Agreement to acquire the entire issued and paid-up capital of 24,000,000 ordinary shares of RM1 each in GMP Medicare Sdn. Bhd. ("GMP"). GMP was incorporated in Malaysia and is principally involved in manufacturing and sale of gloves. The total consideration for the proposed acquisition was agreed at RM24,130,000.

39. Authorisation of financial statements for issue

The financial statements for the year ended 31 August 2012 were authorised for issue in accordance with a resolution of the directors on 31 October 2012.

40. Supplementary information – Breakdown of realised and unrealised profits and losses

The breakdown of the retained earnings of the Group and of the Company as at 31 August 2012 into realised and unrealised profits and losses 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		Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Total retained earnings of the Company and its subsidiaries				
- Realised	782,058	665,968	90,493	663
- Unrealised	(40,499)	(35,718)	-	-
	741,559	630,250	90,493	663
Less: Consolidated adjustments	5,852	(4,314)	-	-
Total Group's retained earnings as per consolidated financial statements	747,411	625,936	90,493	663