Top Glove Corporation Bhd.

(474423-X)

(Incorporated in Malaysia)

Directors' Report and
Audited Financial Statements
31 August 2013

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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 2013.

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 17 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	202,829	113,489
Profit attributable to:		
Owners of the parent	196,500	113,489
Non-controlling interest	6,329	-
	202,829	113,489

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 2012 were as follows:

	RM'000
In respect of the financial year ended 31 August 2012:	
Final single tier dividend of 18%, paid on 24 January 2013	55,730
In respect of the financial year ended 31 August 2013:	
First interim single tier dividend of 14%, paid on 18 July 2013	43,404
	99,134

Dividends (continued)

At the forthcoming Annual General Meeting, a single tier final dividend of 18% on 620,219,962 ordinary shares amounting to RM55,819,796 (9.00 sen per share) in respect of the financial year ended 31 August 2013 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 2014.

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
Puan Sri Tong Siew Bee
Lee Kim Meow
Lim Hooi Sin
Lim Cheong Guan
Tan Sri Dato' Seri Utama Arshad bin Ayub
Sekarajasekaran a/l Arasaratnam
Lim Han Boon
Tan Sri Dato' Dr. Lin See Yan
Tan Sri Mohd Sidek Bin Haji Hassan
Tan Sri Rainer Althoff

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 12 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.

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 2012	**Acquired**	**Sold**	**31 August 2013**
Tan Sri Lim Wee Chai				
- direct	179,061,138	-	-	179,061,138
- indirect	56,908,004	26,900	-	56,934,904
Puan Sri Tong Siew Bee				
- direct	9,195,748	-	-	9,195,748
- indirect	226,773,394	26,900	-	226,800,294
Lee Kim Meow				-
- direct	1,041,600	-	400,000	641,600
- indirect	10,000	-	-	10,000
Lim Hooi Sin				
- direct	10,908,462	26,900	-	10,935,362
- indirect	225,060,680	-	-	225,060,680
Lim Cheong Guan	80,000	-	60,000	20,000
Tan Sri Dato' Seri Utama Arshad bin Ayub	1,400,000	-	200,000	1,200,000
Sekarajasekaran a/l Arasaratnam	12,361,718	10,000	586,600	11,785,118

	Number of options over ordinary shares of RM0.50 each			
	1 September 2012	**Granted**	**Exercised**	**31 August 2013**
Tan Sri Lim Wee Chai	504,000	84,000	-	588,000
Puan Sri Tong Siew Bee	211,200	24,000	-	235,200
Lee Kim Meow	302,400	50,400	-	352,800
Lim Hooi Sin	121,300	33,600	26,900	128,000
Lim Cheong Guan	259,500	33,600	-	293,100

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 RM309,440,000 to RM310,110,000 by way of issuance of 1,340,200 ordinary shares of RM0.50 each pursuant to the exercise of ESOS at an option price between RM2.01 and RM5.79 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 33 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 17 and 42 to the financial statements.

Subsequent event

Details of subsequent event are disclosed in Note 43 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 2013.

Tan Sri Lim Wee Chai	Lim Han Boon

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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 12 to 97 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2013 and of their financial performance and cash flows for the year then ended.

The information set out in Note 45 on page 98 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 2013.

Tan Sri Lim Wee Chai

Lim Han Boon

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 12 to 98 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 2013

Tan Sri Lim Wee Chai

Before me,

Goh Cheng Teak
Commissioner for Oaths

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

We have audited the financial statements of Top Glove Corporation Bhd., which comprise the statements of financial position of the Group and of the Company as at 31 August 2013, 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 12 to 97.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is 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.

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

Auditors' responsibility (continued)

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 give a true and fair view of the financial position of the Group and of the Company as at 31 August 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on other legal and regulatory requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 17 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

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

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

Other reporting responsibilities

The supplementary information set out in Note 45 to the financial statements on page 98 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.

Other matters

1. As stated in Note 4 to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards on 1 September 2012 with a transition date of 1 September 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 August 2012 and 1 September 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended 31 August 2012 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 August 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 September 2012 do not contain misstatements that materially affect the financial position as of 31 August 2013 and financial performance and cash flows for the year then ended.

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

Other matters (continued)

2. 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

Ong Chee Wai
2857/07/14(J)
Chartered Accountant

Kuala Lumpur, Malaysia
Date: 31 October 2013

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Top Glove Corporation Bhd.
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Income statements
For the financial year ended 31 August 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Revenue	7	2,313,234	2,314,454	119,382	177,691
Cost of sales		(1,950,016)	(1,929,412)	-	-
Gross profit		363,218	385,042	119,382	177,691
Other items of income					
Interest income	8	12,664	12,340	39	6
Other income	9	36,251	15,634	-	-
Other items of expense					
Distribution and selling costs		(67,001)	(71,401)	-	-
Administrative and general expenses		(99,723)	(101,062)	(3,651)	(7,309)
Finance costs		(733)	(113)	-	-
Share of results of associates		(2,472)	262	-	-
Profit before tax	10	242,204	240,702	115,770	170,388
Income tax expense	13	(39,375)	(33,417)	(2,281)	(137)
Profit net of tax		202,829	207,285	113,489	170,251
Profit attributable to:					
Owners of the parent		196,500	202,726	113,489	170,251
Non-controlling interest		6,329	4,559	-	-
		202,829	207,285	113,489	170,251
Earnings per share attributable to owners of the parent (sen):					
Basic	14	31.72	32.77		
Diluted	14	31.68	32.74		

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 2013

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit net of tax	202,829	207,285	113,489	170,251
Other comprehensive (loss)/income:				
Net fair value (loss)/gain on available-for-sale financial assets	(2,543)	4,597	-	-
Fair value loss on cash flow hedges (Note 31)	(31,393)	-	-	-
Foreign currency translation	5,859	4,039	-	-
Other comprehensive (loss)/income for the year, net of tax	(28,077)	8,636	-	-
Total comprehensive income for the year	174,752	215,921	113,489	170,251
Total comprehensive income attributable to:				
Owners of the parent	168,262	210,917	113,489	170,251
Non-controlling interest	6,490	5,004	-	-
	174,752	215,921	113,489	170,251

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

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Top Glove Corporation Bhd.
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Statements of financial position
As at 31 August 2013

		Group		
	Note	**2013 RM'000**	**2012 RM'000**	**As at 1 September 2011 RM'000**
Assets				
Non-current assets				
Property, plant and equipment	15	928,802	734,386	660,692
Land use rights	16	45,647	22,441	19,608
Investment in associates	18	17,022	6,729	7,039
Deferred tax assets	19	19,165	3,700	-
Investment securities	20	145	145	146
Goodwill	21	25,183	20,113	20,113
		1,035,964	787,514	707,598
Current assets				
Inventories	22	219,685	179,440	175,532
Trade and other receivables	23	295,141	293,863	262,129
Other current assets	24	3,853	25,791	4,316
Tax recoverable		-	-	13,228
Investment securities	20	93,669	144,198	108,512
Derivative financial instruments	25	-	-	2,954
Cash and bank balances	26	123,111	167,246	148,760
		735,459	810,538	715,431
Total assets		1,771,423	1,598,052	1,423,029
Equity and liabilities				
Current liabilities				
Loans and borrowings	27	55,581	161	157
Trade and other payables	28	234,074	231,538	194,611
Other current liabilities	28	28,504	30,940	34,644
Income tax payable		6,013	9,054	-
Derivative financial instruments	25	40,852	2,663	-
		365,024	274,356	229,412
Net current assets		370,435	536,182	486,019

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Statements of financial position
As at 31 August 2013 (continued)

	Note	Group 2013 RM'000	2012 RM'000	1 September 2011 RM'000
Non-current liabilities				
Loans and borrowings	27	2,809	2,815	2,851
Deferred tax liabilities	19	45,749	41,028	44,393
		48,558	43,843	47,244
Total liabilities		413,582	318,199	276,656
Net assets		1,357,841	1,279,853	1,146,373
Equity attributable to owners of the parent				
Share capital	29	310,110	309,440	309,256
Share premium	30	180,174	174,197	171,780
Other reserves	31	(3,209)	24,306	14,831
Retained earnings	32	844,777	747,411	625,936
		1,331,852	1,255,354	1,121,803
Non-controlling interest		25,989	24,499	24,570
Total equity		1,357,841	1,279,853	1,146,373
Total equity and liabilities		1,771,423	1,598,052	1,423,029

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

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Statements of financial position
As at 31 August 2013 (continued)

		Company		
	Note	2013 RM'000	2012 RM'000	As at 1 September 2011 RM'000
Assets				
Non-current assets				
Investment in subsidiaries	17	580,503	580,503	28,503
		580,503	580,503	28,503
Current assets				
Trade and other receivables	23	24,814	4,003	463,282
Tax recoverable		521	124	180
Cash and bank balances	26	1,575	874	142
		26,910	5,001	463,604
Total assets		607,413	585,504	492,107
Equity and liabilities				
Current liabilities				
Trade and other payables	28	1,227	1,043	531
		1,227	1,043	531
Net current assets		25,683	3,958	463,073
Total liabilities		1,227	1,043	531
Net assets		606,186	584,461	491,576
Equity attributable to owners of the parent				
Share capital	29	310,110	309,440	309,256
Share premium	30	180,174	174,197	171,780
Other reserves	31	11,054	10,331	9,877
Retained earnings	32	104,848	90,493	663
Total equity		606,186	584,461	491,576
Total equity and liabilities		607,413	585,504	492,107

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 2013

		Attributable to owners of the parent									
			Non-distributable							Distributable	
2013 Group	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	Cash flow hedge reserve RM'000	Retained earnings RM'000	Non-controlling interest RM'000
Opening balance at 1 September 2012	1,279,853	1,255,354	309,440	174,197	5,360	4,434	10,331	4,181	-	747,411	24,499
Total comprehensive income	174,752	168,262	-	-	5,698	-	-	(2,543)	(31,393)	196,500	6,490
Transactions with owners											
Issuance of ordinary shares pursuant to ESOS	5,507	5,507	670	4,837	-	-	-	-	-	-	-
Share options granted under ESOS	1,867	1,867	-	-	-	-	1,867	-	-	-	-
Transfer from share option reserve	-	-	-	1,144	-	-	(1,144)	-	-	-	-
Share issue expenses	(4)	(4)	-	(4)	-	-	-	-	-	-	-
Acquisition of a subsidiary	1,228	-	-	-	-	-	-	-	-	-	1,228
Dividend paid to non-controlling interest	(6,228)	-	-	-	-	-	-	-	-	-	(6,228)
Dividends on ordinary shares (Note 41)	(99,134)	(99,134)	-	-	-	-	-	-	-	(99,134)	-
Total transactions with owners	(96,764)	(91,764)	670	5,977	-	-	723	-	-	(99,134)	(5,000)
Closing balance at 31 August 2013	1,357,841	1,331,852	310,110	180,174	11,058	4,434	11,054	1,638	(31,393)	844,777	25,989

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Statements of changes in equity
For the financial year ended 31 August 2013 (continued)

		Attributable to owners of the parent									
			Non-distributable							Distributable	
2012	**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**	**Cash flow hedge 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 41)	(80,421)	(80,421)	-	-	-	-	-	-	-	(80,421)	-
Total transactions with owners	(82,441)	(77,366)	184	2,417	-	830	454	-	-	(81,251)	(5,075)
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

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 2013 (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 2012	584,461	309,440	174,197	10,331	90,493
Total comprehensive income	113,489	-	-	-	113,489
Transactions with owners					
Issuance of ordinary shares pursuant to ESOS	5,507	670	4,837	-	-
Share options granted under ESOS	1,867	-	-	1,867	-
Transfer from share option reserve	-	-	1,144	(1,144)	-
Share issue expenses	(4)	-	(4)	-	-
Dividends on ordinary shares (Note 41)	(99,134)	-	-	-	(99,134)
Total transactions with owners	(91,764)	670	5,977	723	(99,134)
Closing balance at 31 August 2013	606,186	310,110	180,174	11,054	104,848
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 41)	(80,421)	-	-	-	(80,421)
Total transactions with owners	(77,366)	184	2,417	454	(80,421)
Closing balance at 31 August 2012	584,461	309,440	174,197	10,331	90,493

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

Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of cash flows
For the financial year ended 31 August 2013

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Operating activities				
Profit before tax	242,204	240,702	115,770	170,388
Adjustments for :				
Gross dividend	-	-	(117,626)	(176,425)
Depreciation and amortisation				
- Property, plant and equipment	79,695	68,907	-	-
- Amortisation of land use rights	650	280	-	-
Loss on disposal of property, plant and equipment	150	2,295	-	-
Gain on disposal of investment securities	(9,062)	(940)	-	-
Property, plant and equipment written off	1,649	739	-	-
Share options granted under ESOS	1,867	1,860	1,867	1,860
Impairment loss on trade receivables	-	975	-	-
Unrealised foreign exchange (gain)/loss	(3,753)	509	-	-
Impairment loss on investment in a subsidiary	-	-	-	4,000
Share of results of associate	2,472	(262)	-	-
Net fair value (gain)/loss on derivative	(886)	5,617	-	-
Finance costs	733	113	-	-
Interest income	(12,664)	(12,340)	(39)	(6)
Total adjustments	60,851	67,753	(115,798)	(170,571)
Operating cash flows before changes in working capital	303,055	308,455	(28)	(183)
Changes in working capital				
Increase in inventories	(40,213)	(3,908)	-	-
Decrease/(increase) in receivables	8,434	(34,268)	(10)	-
Decrease/(increase) in other current assets	22,086	(21,475)	-	-
(Decrease)/increase in payables	(1,091)	31,175	184	512
Total changes in working capital	(10,784)	(28,476)	174	512
Cash flows generated from operation	292,271	279,979	146	329
Interest paid	(733)	(113)	-	-
Income taxes paid/(refunded)	(44,530)	(15,240)	382	56
Net cash flows generated from operating activities	247,008	264,626	528	385

Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of cash flows
For the financial year ended 31 August 2013 (continued)

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Investing activities				
Purchase of property, plant and equipment	(255,760)	(142,717)	-	-
Purchase of land use rights	(23,602)	(2,940)	-	-
Purchase of investment securities	(165,184)	(55,938)	-	-
Proceeds from disposal of investment securities	223,075	25,790	-	-
Placement of deposits pledged with banks	(18,529)	-	-	-
Interest received	9,881	12,340	39	6
Dividends income from subsidiaries	-	-	114,566	176,288
Proceeds from disposal of property, plant and equipment	7,699	936	-	-
Additional investment in a subsidiary	-	-	(23,471)	-
Repayment from/(advances to) subsidiaries	-	-	2,670	(96,721)
Additional investment in an associate	(12,204)	-	-	-
Net cash outflow on acquisition of a subsidiary	(23,384)	-	-	-
Net cash flows (used in)/generated from investing activities	(258,008)	(162,529)	93,804	79,573
Financing activities				
Proceeds from issuance of ordinary shares	5,507	1,204	5,507	1,204
Share issue expenses	(4)	(9)	(4)	(9)
Dividend paid on ordinary shares	(99,134)	(80,421)	(99,134)	(80,421)
Dividend paid to non-controlling shareholders	(6,228)	(5,075)	-	-
Repayment of obligations under finance leases	(57)	(33)	-	-
Drawdown/(repayment) of bank loans	51,901	(119)	-	-
Net cash flows used in financing activities	(48,015)	(84,453)	(93,631)	(79,226)
Net (decrease)/increase in cash and cash equivalents	(59,015)	17,644	701	732
Effects of foreign exchange rate changes	(3,649)	842	-	-
Cash and cash equivalents at 1 September	167,246	148,760	874	142
Cash and cash equivalents at 31 August	104,582	167,246	1,575	874

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

Notes to the financial statements
For the financial year ended 31 August 2013

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

2. Basis of preparation

These financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (MFRS) as issued by the Malaysian Accounting Standards Board (MASB), International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and the requirements of the Companies Act, 1965 in Malaysia. (Refer to Note 4 for detailed information on how the Group and the Company adopted MFRS.)

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

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

3. Significant accounting policies

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and of its subsidiaries as at the reporting date. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

3. Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate

3.2 Business combinations and goodwill

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

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resultant gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be re-measured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

3. Significant accounting policies (continued)

3.2 Business combinations and goodwill (continued)

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

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

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "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.

3.3 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.

3. Significant accounting policies (continued)

3.4 Foreign currencies translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the income statement with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

(c) Group companies

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

3. Significant accounting policies (continued)

3.4 Foreign currencies translation (continued)

(c) Group companies (continued)

Any goodwill arising on the acquisition of a foreign operation subsequent to 1 September 2011 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Prior to 1 September 2011, the date of transition to MFRS, the Group treated goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition as assets and liabilities of the parent. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

3.5 Revenue and other income recognition

Revenue and other income are recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue and other income can be reliably measured, regardless of when the payment is being made. Revenue and other income are measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.
The Company and its subsidiaries assess their revenue arrangements against specific criteria in order to determine if the Company and its subsidiaries are acting as principal or agent. The Group and its subsidiaries have concluded that they are acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue and other income are recognised:

(a) Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

(b) Dividend income

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

(c) Management fees

Management fees are recognised when services are rendered.

3. Significant accounting policies (continued)

3.5 Revenue recognition (continued)

(d) Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the profit or loss.

(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.

3.6 Employee benefits

(a) Short term benefits

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

(b) Defined contribution plans

The Group makes contributions to the Employees 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.

(c) 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. 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.

3. Significant accounting policies (continued)

3.6 Employee benefits (continued)

(c) Employee share option plans (continued)

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.

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

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

3.7 Taxes

(a) Current income tax

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

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

(b) Deferred tax

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

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

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

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

3. Significant accounting policies (continued)

3.7 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:

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

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

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

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

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

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

3. Significant accounting policies (continued)

3.7 Taxes (continued)

(c) Sales tax

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

(i) where the sales tax incurred on 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

(ii) 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.

3.8 Borrowing costs

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

3.9 Property, plant and equipment

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

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

3. Significant accounting policies (continued)

3.9 Property, plant and equipment (continued)

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

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

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

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

3.10 Leases

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

(a) Group as lessee

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

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

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

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

3. Significant accounting policies (continued)

3.10 Leases (continued)

(b) Group as lessor

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

3.11 Investment in 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, investment in subsidiaries is accounted for at cost less impairment losses.

3.12 Investment in associates

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

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

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

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

3. Significant accounting policies (continued)

3.12 Investment in associates (continued)

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

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.

3.13 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.
- Consumables and hardware: purchase costs on a first-in first out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. 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.

3.14 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 indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

3. Significant accounting policies (continued)

3.14 Impairment of non-financial assets (continued)

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

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

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

For assets excluding goodwill, 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. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss.

Goodwill is tested for impairment annually (as at 31 August) and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

3. Significant accounting policies (continued)

3.15 Financial instruments

(a) Financial assets

(i) Initial recognition and measurement

Financial assets within the scope of MFRS 139 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

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

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

The Group's financial assets include cash and short-term deposits, trade and other receivables, investment securities and derivative assets.

(ii) Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 139. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or finance costs in the profit or loss.

3. Significant accounting policies (continued)

3.15 Financial instruments (continued)

(a) Financial assets (continued)

(ii) Subsequent measurement (continued)

The Group evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

The Group and the Company have designated derivatives that do not qualify for hedge accounting as at fair value through profit or loss.

<u>Loans and receivables</u>
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss in finance costs.

Loans and receivables of the Group and Company comprise of trade and other receivables (other than prepaid operating expenses and tax recoverable), due from related companies and cash and bank balances.

3. Significant accounting policies (continued)

3.15 Financial instruments (continued)

(a) Financial assets (continued)

(ii) Subsequent measurement (continued)

Held-to-maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss in finance costs.

The Group and the Company did not have any held-to-maturity investments during the years ended 31 August 2013 and 2012.

Available-for-sale financial investments
Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the profit or loss in finance costs and removed from the available-for-sale reserve. Interest income on available-for-sale debt securities is calculated using the effective interest method and is recognised in profit or loss.

The Group evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

3. Significant accounting policies (continued)

3.15 Financial instruments (continued)

(a) Financial assets (continued)

(ii) Subsequent measurement (continued)

<u>Available-for-sale financial investments (continued)</u>
For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the profit or loss.

All quoted debts securities and golf club membership of the Group and the Company are designated as available-for-sale financial investments.

(iii) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Group's continuing involvement in it.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3. Significant accounting policies (continued)

3.15 Financial instruments (continued)

(b) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

<u>Financial assets carried at amortised cost</u>
For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the profit or loss.

3. Significant accounting policies (continued)

3.15 Financial instruments (continued)

(b) Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)
Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the profit or loss.

Available-for-sale investments
For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the profit or loss - is removed from other comprehensive income and recognised in the profit or loss. Impairment losses on equity investments are not reversed through the profit or loss; increases in their fair value after impairments are recognised directly in other comprehensive income.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit or loss, the impairment loss is reversed through the profit or loss.

(c) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities within the scope of MFRS 139 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

3. Significant accounting policies (continued)

3.15 Financial instruments (continued)

(c) Financial liabilities (continued)

(i) Initial recognition and measurement (continued)

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

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

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

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

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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

The Group and the Company have designated derivatives that do not qualify for hedge accounting as at fair value through profit or loss.

<u>Other financial liabilities</u>
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 rate method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

3. Significant accounting policies (continued)

3.15 Financial instruments (continued)

(c) Financial liabilities (continued)

(ii) Subsequent measurement (continued)

<u>Other financial liabilities (continued)</u>
Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the profit or loss.

<u>Financial guarantee contracts</u>
Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, 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 recognised less cumulative amortisation.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

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 the profit or loss.

(d) Offsetting of financial instruments

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

(e) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

3. Significant accounting policies (continued)

3.15 Financial instruments (continued)

(e) Fair value of financial instruments (continued)

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 37.

3.16 Derivative financial instruments and hedge accounting

(a) Initial recognition and subsequent measurement

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

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accouting are accounted for as decribed below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly as other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the profit or loss as other operating expenses.

3. Significant accounting policies (continued)

3.16 Derivative financial instruments and hedge accounting (continued)

(a) Initial recognition and subsequent measurement (continued)

Cash flow hedges (continued)

Amounts recognised as other comprehensive income are transferred to the profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expenses is recognised or when a forecast sales occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity is transferred to the profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedged is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecasted transactions and firm commitments. Refer to Note 25 for more details.

(b) Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into a current and non-current portion based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

Where the Group will hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the reporting date, the derivative is classified as non-current (or separated into current and non-current portions) consistent with the classification of the underlying item.

Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instrument is separated into a current portion and a non-current portion only if a reliable allocation can be made.

3.17 Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

3. Significant accounting policies (continued)

3.18 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of 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.

3.19 Dividend distributions

The Group recognises a liability to make cash or non-cash distributions to owners of equity when the distribution is authorised and is no longer at the discretion of the Group. A corresponding amount is recognised directly in equity. Non-cash distributions are measured at the fair value of the assets to be distributed. Upon settlement of the distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in income as a separate line in statement of comprehensive income.

3.20 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 resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement.

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

3.21 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 and of the Company.

3. Significant accounting policies (continued)

3.22 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 40, including the factors used to identify the reportable segments and the measurement basis of segment information.

4. First-time adoption of MFRS

For periods up to and including the year ended 31 August 2012, the Group and the Company had previously prepared financial statements in accordance with Financial Reporting Standards (FRS).

These financial statements are the first the Group and the Company have prepared in accordance with MFRS. Accordingly, the Group and the Company have prepared financial statements which comply with MFRS together with the comparative period data as at, and for the year ended, 31 August 2012, as described in the accounting policies. In preparing these financial statements, the Group's and the Company's opening statements of financial position were prepared as at 1 September 2011, being the date of transition to MFRS. No adjustments were required to be made to the FRS statements of financial position as at 1 September 2011 and the previously published FRS financial statements as at, and for the year ended, 31 August 2012. Hence, the following are not presented:

(a) Reconciliations of equity reported under FRS to equity reported under MFRS as at 1 September 2011 and 31 August 2012; and

(b) Reconciliations of profit or loss reported under FRS for the financial year ended 31 August 2012 to profit or loss reported under MFRS for the same period.

MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards allows first-time adopters certain exemptions from the retrospective application of certain MFRS and the Group and the Company have applied the following exemptions:

(a) MFRS 1 provides the option to apply MFRS 3 Business Combinations prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition. The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition:

4. First-time adoption of MFRS (continued)

(i) The classification of former business combinations under FRS is maintained;

(ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and

(iii) The carrying amount of goodwill recognised under FRS is not adjusted.

(b) Property, plant and equipment were carried in the statements of financial position prepared in accordance with FRS on the cost basis. The Group continues to regard those values as cost at the date of the transition to MFRS.

(c) The FRS carrying amount of goodwill is used in the opening MFRS statement of financial position and the Group has tested goodwill for impairment at the date of transition to MFRS. No goodwill impairment was deemed necessary at 1 September 2011.

(d) The estimates at 1 September 2011 and at 31 August 2012 are consistent with those made for the same dates in accordance with FRS and the estimates used by the Group and the Company to present these amounts in accordance with MFRS reflect conditions at 1 September 2011, and as of 31 August 2012.

5. Standards, amendments and interpretations issued but not yet effective

Standards, amendments and interpretations issued but not yet effective up to the date of issuance of the Group and the Company's financial statements are listed below. The Group and the Company intend to adopt, where applicable, these standards, amendments and interpretations as and when they become effective:

(a) Effective for annual periods beginning on or after 1 January 2013

MFRS 1	Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (Government Loans)
MFRS 1	Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009 - 2011 Cycle)
MFRS 3	MFRS 3 Business Combinations (IFRS 3 issued by IASB in March 2004)
MFRS 7	Amendments to MFRS 7 Financial Instruments: Disclosures (Offsetting Financial Assets and Financial Liabilities)
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 11	Amendments to MFRS 11 Joint Arrangements (Transition Guidance)
MFRS 12	Disclosure of Interests in Other Entities
MFRS 12	Amendments to MFRS 12 Disclosure of Interests in Other Entities (Transition Guidance)
MFRS 13	Fair Value Measurement

5. Standards, amendments and interpretations issued but not yet effective (continued)

(a) Effective for annual periods beginning on or after 1 January 2013 (continued)

MFRS 101	Amendments to MFRS 101 Presentation of Financial Statements (Annual Improvements 2009 - 2011 Cycle)
MFRS 116	Amendments to MFRS 116 Property, Plant and Equipment (Annual Improvements 2009 - 2011 Cycle)
MFRS 119	Employee Benefits
MFRS 127	Consolidated and Separate Financial Statements (IAS 27 as amended by IASB in December 2003)
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
MFRS 132	Amendments to MFRS 132 Financial Instruments: Presentation (Annual Improvements 2009 - 2011 Cycle)
MFRS 134	Amendments to MFRS 134 Interim Financial Reporting (Annual Improvements 2009 - 2011 Cycle)
IC Int. 2	Amendments to IC Int. 2 Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009 - 2011 Cycle)
IC Int. 20	Stripping Costs in the Production Phase of a Surface Mine

(b) Effective for annual periods beginning on or after 1 January 2014

MFRS 10	Amendments to MFRS 10 Consolidated Financial Statements (Investment Entities)
MFRS 12	Amendments to MFRS 12 Disclosure of Interests in Other Entities (Investment Entities)
MFRS 127	Amendments to MFRS 127 Consolidated and Separate Financial Statements (Investment Entities)
MFRS 132	Amendments to MFRS 132 Financial Instruments: Presentation (Offsetting Financial Assets and Financial Liabilities)

(c) Effective for annual periods beginning on or after 1 January 2015

MFRS 9	Financial Instruments

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

(a) MFRS 9 Financial Instruments

MFRS 9 reflects the first phase of the work on the replacement of MFRS 139 Financial Instruments: Recognition and Measurement and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139 Financial Instruments: Recognition and Measurement. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group’s financial assets. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

5. Standards, amendments and interpretations issued but not yet effective (continued)

(b) Amendments to MFRS 101 Presentation of Financial Statements (Annual Improvements 2009 - 2011 Cycle)

The amendments to MFRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position and performance.

6. Significant accounting judgments, estimates and assumptions

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

6.1 Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has not made any critical judgments, apart from those involving estimations, which could have a significant effect on the amounts recognised in the financial statements.

6.2 Estimates and assumptions

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

6. Significant accounting judgments, estimates and assumptions (continued)

6.2 Estimates and assumptions (continued)

(a) Impairment of goodwill

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

When value in use calculations are undertaken, management must estimate future cash flows from the cash-generating unit and choose a suitable discount rate in order to calculate the present values of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment and sensitivity analysis to changes in the assumptions are disclosed in Note 21.

(b) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of loans and receivables at the reporting date are disclosed in Note 23. If the present value of estimated future cash flows increases/decreases by 5% from management's estimates, the Group's allowance for impairment will increase/decrease by RM12,845,000 (2012: RM12,580,000).

(c) 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.

(d) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

6. Significant accounting judgments, estimates and assumptions (continued)

6.2 Estimates and assumptions (continued)

(d) Taxes (continued)

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group and its subsidiaries domicile. As the Group assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognised.

Deferred tax assets are recognised for all unutilised tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the losses and credits can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The amount of deferred tax assets recognised in respect of unutilised tax losses, capital allowances and reinvestment allowances and the amounts of such losses and allowances for which deferred tax assets were not recognised are disclosed in Note 19.

7. Revenue

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Sales of goods	2,313,234	2,314,454	-	-
Management fees from subsidiaries	-	-	1,756	1,266
Dividend income from subsidiaries	-	-	117,626	176,425
	2,313,234	2,314,454	119,382	177,691

8. Interest income

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest income from:				
Available-for-sale-financial assets	8,423	10,406	-	-
Loans and receivables	1,458	1,934	39	6
Others	2,783	-	-	-
	12,664	12,340	39	6

9. Other income

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Gain on foreign exchange				
- realised	12,814	5,810	-	-
- unrealised	3,753	-	-	-
Net gain on fair value changes of derivatives	886	-	-	-
Rental income	73	-	-	-
Gain on disposal of investment securities	9,062	940	-	-
Sundry income	9,663	8,884	-	-
	36,251	15,634	-	-

10. Profit before tax

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

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Auditors' remuneration:				
- Statutory audit				
Company's auditors	336	305	55	50
Other auditors	242	275	-	-
Depreciation and amortisation:				
- Property, plant and equipment	79,695	68,907	-	-
- Land use rights	650	280	-	-
Impairment on investment in subsidiaries	-	-	-	4,000
Unrealised loss on foreign exchange	-	509	-	-
Net loss on fair value changes of derivatives	-	5,617	-	-
Employee benefits expense(Note 11)	275,060	225,588	2,273	2,279
Non-executive directors' remuneration (Note 12)	543	394	263	205
Operating lease - Minimum lease payment for building and machinery	1,000	967	-	7
Impairment loss on trade receivables	-	975	-	-
Loss on disposal of property, plant and equipment	150	2,295	-	-
Property, plant and equipment written off	1,649	739	-	-

11. Employee benefits expense

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Wages and salaries	252,344	205,823	1,272	1,193
Social security costs	2,624	2,298	3	3
Pension costs - defined contribution plan	9,368	7,233	158	136
Share options granted under ESOS	1,867	1,860	64	183
Other staff related expenses	7,986	7,519	14	10
Directors' fees	871	855	762	754
	275,060	225,588	2,273	2,279

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM7,546,000 (2012: RM6,702,000) and RM1,839,000 (2012: RM1,738,000) respectively as further disclosed in Note 12.

12. Directors' remuneration

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Directors of the Company				
Executive:				
Salaries and other emoluments	3,228	2,886	931	754
Pension costs - defined contribution plan	318	271	111	90
Social security contributions	1	1	1	1
Share options granted under ESOS	230	210	34	139
Fees	837	828	762	754
Benefits-in-kind	97	101	49	51
	4,711	4,297	1,888	1,789
Non-executive:				
Fees	263	205	263	205
Other directors				
Executive:				
Salaries and other emoluments	2,607	2,238	-	-
Pension costs - defined contribution plan	203	176	-	-
Social security contributions	7	7	-	-
Share options granted under ESOS	81	58	-	-
Fees	34	27	-	-
Benefits-in-kind	28	21	-	-
	2,960	2,527	-	-

12. Directors' remuneration (continued)

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-executive:				
Fees	280	189	-	-
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration (Note 11)	7,546	6,702	1,839	1,738
Total non-executive directors' remuneration	543	394	263	205
Total directors' remuneration	8,089	7,096	2,102	1,943

13. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 August 2013 and 2012 are:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current income tax:				
- Malaysian income tax	44,495	44,394	3,060	137
- Foreign tax	1,882	4,533	-	-
- Real property gain tax	2	201	-	-
- Overprovision in respect of previous years	(4,884)	(8,646)	(779)	-
	41,495	40,482	2,281	137
Deferred income tax (Note 19):				
- Relating to origination and reversal of temporary differences	(87)	(2,223)	-	-
- Overprovision in respect of previous years	(2,033)	(4,842)	-	-
	(2,120)	(7,065)	-	-
Income tax expense recognised in profit or loss	39,375	33,417	2,281	137

13. Income tax expense (continued)

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 2013 and 2012 are as follows:

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Profit before tax	242,204	240,702	115,770	170,388
Tax at Malaysian statutory tax rate of 25% (2012: 25%)	60,551	60,176	28,943	42,597
Different tax rates in other countries	(214)	4,613	-	-
Adjustments:				
Effects of tax incentives claimed by foreign subsidiaries	(3,805)	(10,233)	-	-
Income not subject to tax	(4,957)	(1,252)	(26,347)	(43,969)
Non-deductible expenses	3,709	464	464	1,509
Effect of income subject to real property gain tax	2	201	-	-
Tax savings from utilisation of previously unrecognised reinvestment allowances	-	(1,429)	-	-
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	1,300	-	-	-
Deferred tax assets recognised in respect of previously unabsorbed capital allowances and reinvestment allowances	(10,244)	(5,590)	-	-
Share of results of associate	(50)	(45)	-	-
Overprovision of deferred tax in respect of previous years	(2,033)	(4,842)	-	-
Overprovision of income tax in respect of previous years	(4,884)	(8,646)	(779)	-
Income tax expense recognised in profit or loss	39,375	33,417	2,281	137

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 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.

14. Earnings per share

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

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

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

	Group	
	2013	**2012**
Profit net of tax attributable to owners of the parent used in the computation of basic and diluted earnings per share (RM'000)	196,500	202,726
Weighted average number of ordinary shares for basic earnings per share computation ('000)	619,493	618,609
Effects of dilution - share options ('000)	794	670
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	620,287	619,279
Basic earnings per share (sen)	31.72	32.77
Diluted earnings per share (sen)	31.68	32.74

15. 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 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 and 1 September 2012	359,515	697,192	58,739	38,165	1,153,611
Acquisition of a subsidiary	33,657	3,102	250	-	37,009
Additions	71,790	95,107	11,304	77,559	255,760
Disposals	(6,904)	(2,961)	(1,223)	(21)	(11,109)
Written off	(143)	(7,319)	(1,501)	-	(8,963)
Reclassification	5,691	29,650	126	(35,467)	-
Exchange differences	3,826	7,541	593	91	12,051
At 31 August 2013	467,432	822,312	68,288	80,327	1,438,359
Accumulated depreciation					
At 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 and 1 September 2012	30,446	361,507	27,272	-	419,225
Acquisition of a subsidiary	15,157	741	165	-	16,063
Depreciation charge for the year	5,910	65,075	8,710	-	79,695
Disposals	-	(2,171)	(1,089)	-	(3,260)
Written off	(19)	(5,942)	(1,353)	-	(7,314)
Reclassification	-	(12)	12	-	-
Exchange differences	515	5,714	(1,081)	-	5,148
At 31 August 2013	52,009	424,912	32,636	-	509,557

15. 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 2012	329,069	335,685	31,467	38,165	734,386
At 31 August 2013	415,423	397,400	35,652	80,327	928,802

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

*** Land and buildings**

	Freehold land RM'000	Buildings RM'000	Total RM'000
Cost			
At 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 and 1 September 2012	127,471	232,044	359,515
Acquisition of a subsidiary	6,800	26,857	33,657
Additions	37,225	34,565	71,790
Reclassification	-	5,691	5,691
Written off	-	(143)	(143)
Disposals	(6,904)	-	(6,904)
Exchange differences	405	3,421	3,826
At 31 August 2013	164,997	302,435	467,432
Accumulated depreciation			
At 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 and 1 September 2012	-	30,446	30,446
Acquisition of a subsidiary	-	15,157	15,157
Depreciation charge for the year	-	5,910	5,910
Written off	-	(19)	(19)
Exchange differences	-	515	515
At 31 August 2013	-	52,009	52,009

15. Property, plant and equipment (continued)

	Freehold land RM'000	Buildings RM'000	Total RM'000
Net carrying amount			
At 31 August 2012	127,471	201,598	329,069
At 31 August 2013	164,997	250,426	415,423

(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 27.

	2013 RM'000	2012 RM'000
Land and buildings	18,030	7,267

(b) The net carrying amounts of motor vehicles held under finance lease arrangements amounted to RM205,000 (2012: RM75,000).

16. Land use rights

	Group	
	2013	**2012**
	RM'000	**RM'000**
Cost		
At 1 September 2012/2011	24,129	20,996
Additions	23,602	2,940
Exchange differences	301	193
At 31 August	48,032	24,129
Accumulated amortisation		
At 1 September 2012/2011	1,688	1,388
Amortisation for the year	650	280
Exchange differences	47	20
At 31 August	2,385	1,688
Net carrying amount	45,647	22,441
Amount to be amortised:		
- Not later than one year	655	288
- Later than one year but not later than five years	2,622	1,152
- Later than five years	42,370	21,001
	45,647	22,441

17. Investment in subsidiaries

	Company	
	2013	**2012**
	RM'000	**RM'000**
Unquoted shares, at cost:		
- In Malaysia	581,620	581,620
Less: Accumulated impairment losses	(4,845)	(4,845)
	576,775	576,775
- Outside Malaysia	3,728	3,728
	580,503	580,503

17. Investment in subsidiaries (continued)

Details of the subsidiaries are as follows:

Name	Country of incorporation	Proportion of ownership interest (%) 2013	2012	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
GMP Medicare Sdn. Bhd.*	Malaysia	100	-	Manufacturing and trading of gloves
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

17. Investment in subsidiaries (continued)

Name	Country of incorporation	Proportion of ownership interest (%) 2013	2012	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.#	Malaysia	100	100	Property investment
Medi-Flex Limited ("Medi-Flex")**	Singapore	80	80	Investment holding
BestStar Enterprise Ltd.*	The British Virgin Islands	100	-	Investment holding
Held through TGMSB				
Top Glove Agro Sdn. Bhd.#	Malaysia	100	100	Dormant
Held through Medi-Flex:				
Flexitech Sdn. Bhd. ("Flexitech")*	Malaysia	80	80	Manufacturing of gloves

17. Investment in subsidiaries (continued)

Name	Country of incorporation	Proportion of ownership interest (%) 2013	2012	Principal activities
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")*	Malaysia	100	100	Investment holding
Green Resources Limited (Green Resources)*	Malaysia	100	100	Investment holding
Held through Best Advance:				
Great Plantations Co., Ltd.*	Cambodia	100	100	Plantation of rubber trees
PT. Topglove Indonesia ("PT Top Glove")#	Indonesia	100	100	Investment holding
Held through Green Resources:				
Efficient Plantations Co., Ltd.*	Cambodia	100	100	Plantation of rubber trees
Held through PT Top Glove:				
PT. Agro Pratama Sejahtera#	Indonesia	95	-	Plantation of rubber trees

* Audited by Ernst & Young, Malaysia
** Audited by member firms of Ernst & Young Global in the respective countries
\# Audited by firms other than Ernst & Young
^ The total equity interests held by the Group is 100% and it is held by the following subsidiaries:

	2013	2012
(i) Best Advance Resources Limited	99.90%	99.99%
(ii) Green Resources Limited	0.10%	0.01%

17. Investment in subsidiaries (continued)

Acquisition of a Subsidiary

On 17 December 2012, the Company acquired 24,000,000 ordinary shares representing 100% of the equity interest in GMP Medicare Sdn. Bhd. ("GMP"), a company incorporated in Malaysia for a cash consideration of RM23,471,000, resulting in the Company became the holding company of GMP.

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

	2013 RM'000
Revenue	11,574
Loss for the year	(1,580)

If the acquisition had occurred on 1 September 2012, the Group's revenue and profit for the year would have been RM2,320,102,000 and RM201,520,000 respectively.

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

	Fair value RM'000	**Carrying amount RM'000**
Property, plant and equipment	20,946	13,279
Trade and other receivables	268	268
Inventories	32	32
Tax recoverable	7	7
Cash and bank balances	87	87
	21,340	13,673
Trade and other payables	1,022	1,022
Loans and borrowings	76	76
Deferred tax liabilities	1,841	-
	2,939	1,098
Net identifiable assets	18,401	12,575
Group's interest in the fair value of net identifiable assets	18,401	
Goodwill on acquisition	5,070	
Total cost of acquisition	23,471	

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

	RM'000
Consideration settled in cash	23,471
Cash and cash equivalents of subsidiary acquired	(87)
Net cash outflow on the acquisition	23,384

18. Investment in associates

	Group 2013 RM'000	Group 2012 RM'000
Unquoted shares at cost	21,217	9,013
Share of post-acquisition reserves	(2,255)	217
Foreign currency translation	906	345
	19,868	9,575
Less: Accumulated impairment losses	(2,846)	(2,846)
	17,022	6,729

Details of the associates are as follows:

Name	Country of incorporation	Proportion of ownership interest (%) 2013	Proportion of ownership interest (%) 2012	Principal activities
Held through Medi-Flex:				
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
Held through TGSB:				
Value Add Sdn. Bhd.	Malaysia	27	-	Investment holding

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

	Group 2013 RM'000	Group 2012 RM'000
Assets and liabilities		
Total assets	258,406	20,519
Total liabilities	(202,865)	(2,254)
Results		
Revenue	22,427	18,354
Profit for the year	(9,448)	712

19. Deferred tax (assets)/liabilities

Deferred income tax as at 31 August 2013 relates to the following:

	Deferred tax liabilities		***Deferred tax assets***		
Group	**Property, plant and equipment RM'000**	**Provisions RM'000**	**Unabsorbed capital allowances and reinvestment allowances RM'000**	**Cash flow hedges RM'000**	**Total RM'000**
At 1 September 2011	51,315	93	(7,015)	-	44,393
Recognised in profit or loss	(2,253)	(1,455)	(3,357)	-	(7,065)
At 31 August 2012	49,062	(1,362)	(10,372)	-	37,328
Recognised in profit or loss	(5,200)	3,080	-	-	(2,120)
Recognised in other comprehensive income	-	-	-	(10,465)	(10,465)
Acquisition of a subsidiary	-	1,841	-	-	1,841
At 31 August 2013	43,862	3,559	(10,372)	(10,465)	26,584

Presented after appropriate offsetting as follows:

	Group 2013 RM'000	**Group 2012 RM'000**
Deferred tax assets	(19,165)	(3,700)
Deferred tax liabilities	45,749	41,028
	26,584	37,328

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

	Group 2013 RM'000	**Group 2012 RM'000**
Unutilised tax losses	104,675	29,903
Unabsorbed capital allowances	40,165	-
Unabsorbed increase in export allowances	-	3,206
Unabsorbed reinvestment allowances	16,840	25,423
	161,680	58,532

20. Investment securities

	Group			
	2013 RM'000		2012 RM'000	
	Carrying amount	Market value of quoted investments	Carrying amount	Market value of quoted investments
Current				
Available-for-sale financial assets				
- Debt securities (quoted in Malaysia)	-	-	5,835	5,835
- Debt securities (quoted outside Malaysia)	93,669	93,669	138,363	138,363
Total current investment securities	93,669		144,198	
Non-current				
Unquoted investments - golf club membership	145	-	145	-
	93,814		144,343	

Investment securities of the Group amounting to RM89,850,000 (2012: RM Nil) are pledged to bank for credit facility granted to the Group as disclosed in Note 27.

21. Goodwill

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

	Group	
	2013 RM'000	2012 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
GMP Medicare Sdn. Bhd.	5,070	-
	25,183	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:

21. Goodwill (continued)

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

	Gross Margin		Discount Rate	
	2013	2012	2013	2012
Top Glove (Zhangjiagang) Co. Ltd.	6%	8%	10%	11%
Top Glove Medical (Thailand) Co. Ltd.	10%	13%	10%	11%
B Tech Industry Co. Ltd.	7%	7%	10%	11%
GMP Medicare Sdn. Bhd.	14%	-	10%	-

The following describes each key assumption 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.

22. Inventories

	Group	
	2013	2012
	RM'000	RM'000
Cost		
Raw materials	45,792	51,145
Consumables and hardware	21,263	15,531
Work-in-progress	19,403	17,542
Finished goods	131,580	93,016
	218,038	177,234
Net realisable value		
Work-in-progress	-	698
Finished goods	1,647	1,508
	219,685	179,440

23. Trade and other receivables

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade receivables				
Third parties	283,826	277,982	-	-
Less: Allowance for impairment	(975)	(975)	-	-
Trade receivables, net	282,851	277,007	-	-
Other receivables				
Amounts due from subsidiaries	-	-	24,790	3,989
Sundry receivables	9,528	9,111	24	-
Refundable deposits	2,762	7,745	-	14
	12,290	16,856	24,814	4,003
Total trade and other receivables	295,141	293,863	24,814	4,003
Total trade and other receivables	295,141	293,863	24,814	4,003
Add: Cash and bank balances (Note 26)	123,111	167,246	1,575	874
Total loans and receivables	418,252	461,109	26,389	4,877

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2012: 30 to 90 days) terms. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

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

	Group	
	2013	**2012**
	RM'000	**RM'000**
Neither past due nor impaired	256,119	249,994
1 to 30 days past due not impaired	12,113	22,171
31 to 60 days past due not impaired	4,215	2,210
61 to 90 days past due not impaired	4,398	163
91 to 120 days past due not impaired	2,065	30
More than 121 days past due not impaired	3,941	2,439
	26,732	27,013
Impaired	975	975
	283,826	277,982

23. 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 RM26,732,000 (2012: RM27,013,000) 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	
	2013	**2012**
	RM'000	**RM'000**
Trade receivables-nominal amounts	2,802	975
Less: Allowance for impairment loss	(975)	(975)
	1,827	-

Movements in the allowance accounts:

	Group	
	2013	**2012**
	RM'000	**RM'000**
1 September	(975)	(13)
Written off	-	13
Charge for the year (Note 10)	-	(975)
31 August	(975)	(975)

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.

24. Other current assets

	Group 2013 RM'000	Group 2012 RM'000
Deposits paid for acquisition of a company	-	21,772
Prepaid operating expenses	3,853	4,019
	3,853	25,791

25. Derivative financial instruments and hedging activities

	Group 2013 RM'000		Group 2012 RM'000	
	Contract/ Notional Amount	Fair value Liabilities	Contract/ Notional Amount	Fair value Liabilities
Forward currency contracts	819,798	(40,852)	795,564	(2,663)

At 31 August 2013, the Group held forward currency contracts designated as hedges of expected future sales to customers for which the Group has firm commitments. Forward currency contracts are used to hedge the Company's sales denominated in USD for which firm commitments existed at the reporting date, extending to July 2014 (2012: July 2013).

The cash flow hedges of the expected future sales were assessed to be highly effective and a net unrealised loss of RM41,858,000 (2012: RM Nil), with deferred tax asset of RM10,465,000 relating to the hedging instruments is included in other comprehensive income.

During the financial year, the Group recognised a profit of RM886,000 (2012: loss of RM5,617,000) in the profit or loss arising from ineffectiveness recognised in the profit or loss.

26. Cash and bank balances

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Cash on hand and at banks	91,254	44,887	1,575	874
Deposits with licensed banks and other financial institutions	26,822	92,391	-	-
Money market funds	5,035	29,968	-	-
Cash and bank balances	123,111	167,246	1,575	874
Less: Deposits pledged with banks	(18,529)	-	-	-
Cash and cash equivalents	104,582	167,246	1,575	874

26. Cash and bank balances (continued)

Cash at banks and deposits with licensed banks and other financial institutions of the Group amounting to RM18,529,000 (2012: RM Nil) are pledged to banks for credit facility granted to the Group as disclosed in Note 27.

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	
	2013	**2012**
Weighted average effective interest rates (%)	2.51	2.17
Average maturities (days)	195	107

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

27. Loans and borrowings

		Group	
	Maturity	**2013 RM'000**	**2012 RM'000**
Current			
Unsecured:			
Trust receipt at 3.38%	2014	9,135	-
Secured:			
Bank loans:			
- USD loan at 0.96% p.a.	2014	26,449	-
- USD loan 0.68% p.a.	2014	19,787	-
- 3.25% p.a. fixed rate USD bank loan	2014	135	125
Obligations under finance leases (Note 35(c))	2014	75	36
		46,446	161
		55,581	161
Non-current			
Secured:			
Bank loan:			
-3.25% p.a. fixed rate USD bank loan	2015 - 2030	2,791	2,776
Obligations under finance leases (Note 35(c))	2015	18	39
		2,809	2,815
Total loans and borrowings		58,390	2,976

27. Loans and borrowings (continued)

The remaining maturities of the loans and borrowings as at 31 August 2013 are as follows:

	Group	
	2013	**2012**
	RM'000	**RM'000**
On demand or within one year	55,581	161
More than 1 year and less than 2 years	159	164
More than 2 years and less than 5 years	448	415
5 years or more	2,202	2,236
	58,390	2,976

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 15). The average discount rate implicit in the leases is 3.9% (2012: 3.9%) 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 15.

USD loan at 0.96% p.a. and USD loan 0.68% p.a.

The loans are secured by way of charges over cash at banks and deposits with licensed banks and other financial institutions and investment securities of the Group as disclosed in Note 20 and 26.

28. Trade and other payables/other current liabilities

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade payables	117,619	117,005	-	-
Other payables				
Accrued operating expenses	37,616	37,817	1,227	1,042
Sundry payables	78,839	76,716	-	1
	116,455	114,533	1,227	1,043
Total trade and other payables	234,074	231,538	1,227	1,043
Add: Loans and borrowings (Note 27)	58,390	2,976	-	-
Total financial liabilities carried at amortised cost	292,464	234,514	1,227	1,043

28. Trade and other payables (continued)

(a) Trade payables

These amounts are non-interest bearing.The normal trade credit term granted to the Group ranges from 30 to 90 days (2012: 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 (2012: range from 30 to 90 days).

(c) Other current liabilities

These amounts represent advances received from customers for goods purchased.

29. Share capital

	Group and Company			
	Number of ordinary shares of RM0.50 each		Amount	
	2013	2012	2013	2012
	'000	'000	RM'000	RM'000
Authorised				
At 31 August	800,000	800,000	400,000	400,000
Issued and fully paid				
At 1 September	618,880	618,513	309,440	309,256
Exercise of ESOS	1,340	367	670	184
At 31 August	620,220	618,880	310,110	309,440

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

30. Share premium

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

	Group and Company	
	2013	2012
	RM'000	RM'000
At 1 September	174,197	171,780
Issuance of ordinary shares pursuant to ESOS	4,837	1,020
Transfer from share option reserve	1,144	1,406
Share issue expenses	(4)	(9)
At 31 August	180,174	174,197

31. Other reserves

	Foreign exchange reserve RM'000	Legal reserve RM'000	Share option reserve RM'000	Fair value adjustment reserve RM'000	Cash flow hedge reserve RM'000	Total RM'000
Group						
At 1 September 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
Loss on fair value changes	-	-	-	(2,543)	(31,393)	(33,936)
Foreign currency translation	5,698	-	-	-	-	5,698
Share options granted under ESOS	-	-	1,867	-	-	1,867
Transfer to share premium	-	-	(1,144)	-	-	(1,144)
At 31 August 2013	11,058	4,434	11,054	1,638	(31,393)	(3,209)

31. Other reserves (continued)

Company	Share option reserve RM'000
At 1 September 2011	9,877
Share options granted under ESOS	1,860
Transfer to share premium	(1,406)
At 31 August 2012	10,331
Share options granted under ESOS	1,867
Transfer to share premium	(1,144)
At 31 August 2013	11,054

(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.

31. Other reserves (continued)

(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.

(e) Cash flow hedge reserve

The cash flow hedge reserve represents the cumulative portion of gains and losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative deferred gain or loss arising on changes in the fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy.

32. 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 2013 and 2012 under the single tier system.

33. 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.

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

(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.

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

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

2013

Grant Date	Expiry Date	Exercise Price RM	Number of share options over the ordinary shares of RM0.50 each At beginning of year '000	Granted '000	Exercised '000	Lapsed '000	At end of year '000
5.9.2008	1.8.2018	2.01	77.2	-	(14.6)	(32.4)	30.2
5.10.2008	1.8.2018	1.99	0.8	-	-	-	0.8
5.3.2009	1.8.2018	2.26	158.2	-	(49.2)	(58.8)	50.2
6.4.2009	1.8.2018	2.45	0.8	-	-	-	0.8
5.6.2009	1.8.2018	2.95	2.0	-	-	-	2.0
5.8.2009	1.8.2018	3.58	2.4	-	(2.0)	-	0.4
20.8.2009	1.8.2018	3.52	1,116.2	-	(395.0)	(45.0)	676.2
5.10.2009	1.8.2018	3.60	0.8	-	-	-	0.8
5.11.2009	1.8.2018	4.12	41.4	-	(6.6)	-	34.8
4.12.2009	1.8.2018	4.60	62.0	-	(30.4)	-	31.6
5.1.2010	1.8.2018	5.04	60.7	-	(15.1)	(2.0)	43.6
5.2.2010	1.8.2018	5.64	88.0	-	(0.8)	(3.4)	83.8
5.3.2010	1.8.2018	5.79	4,947.0	-	(108.7)	(147.4)	4,690.9
5.4.2010	1.8.2018	6.97	130.8	-	-	(2.4)	128.4
6.5.2010	1.8.2018	6.16	202.0	-	-	(30.4)	171.6
5.6.2010	1.8.2018	6.12	303.6	-	-	(36.2)	267.4
5.7.2010	1.8.2018	6.85	180.2	-	-	(31.2)	149.0
6.8.2010	1.8.2018	6.51	83.2	-	-	(7.1)	76.1
5.10.2011	1.8.2018	4.15	1,645.1	-	(634.8)	(34.9)	975.4
3.4.2013	1.8.2018	5.51	-	2,546.8	(83.0)	(22.4)	2,441.4
			9,102.4	2,546.8	(1,340.2)	(453.6)	9,855.4

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

2012

Grant Date	Expiry Date	Exercise Price RM	At beginning of year '000	Granted '000	Exercised '000	Lapsed '000	At end of year '000
			Number of share options over the ordinary shares of RM0.50 each				
5.9.2008	1.8.2018	2.01	122.80	-	(42.20)	(3.40)	77.2
5.10.2008	1.8.2018	1.99	0.80	-	-	-	0.8
5.3.2009	1.8.2018	2.26	260.20	-	(101.00)	(1.00)	158.2
6.4.2009	1.8.2018	2.45	0.8	-	-	-	0.8
5.6.2009	1.8.2018	2.95	3.2	-	(1.2)	-	2.0
5.8.2009	1.8.2018	3.58	2.4	-	-	-	2.4
20.8.2009	1.8.2018	3.52	1,203.0	-	(51.6)	(35.2)	1,116.2
5.10.2009	1.8.2018	3.60	16.8	-	(16.0)	-	0.8
5.11.2009	1.8.2018	4.12	41.4	-	-	-	41.4
4.12.2009	1.8.2018	4.60	68.6	-	-	(6.6)	62.0
5.1.2010	1.8.2018	5.04	62.7	-	(2.0)	-	60.7
5.2.2010	1.8.2018	5.64	88.8	-	-	(0.8)	88.0
5.3.2010	1.8.2018	5.79	5,098.8	-	-	(151.8)	4,947.0
5.4.2010	1.8.2018	6.97	158.8	-	-	(28.0)	130.8
6.5.2010	1.8.2018	6.16	224.0	-	-	(22.0)	202.0
5.6.2010	1.8.2018	6.12	324.4	-	-	(20.8)	303.6
5.7.2010	1.8.2018	6.85	198.2	-	-	(18.0)	180.2
6.8.2010	1.8.2018	6.51	86.6	-	-	(3.4)	83.2
5.10.2011	1.8.2018	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

33. 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
2013				
September 2012 - August 2013	2.01	4.84 - 6.60	14.6	29.3
September 2012 - August 2013	2.26	4.84 - 6.60	49.2	111.2
September 2012 - August 2013	3.58	4.84 - 6.60	2.0	7.2
September 2012 - August 2013	3.52	4.84 - 6.60	395.0	1,390.4
September 2012 - August 2013	4.12	4.84 - 6.60	6.6	27.2
September 2012 - August 2013	4.60	4.84 - 6.60	30.4	139.8
September 2012 - August 2013	5.04	4.84 - 6.60	15.1	76.1
September 2012 - August 2013	5.64	4.84 - 6.60	0.8	4.5
September 2012 - August 2013	5.79	4.84 - 6.60	108.7	629.4
September 2012 - August 2013	4.15	4.84 - 6.60	634.8	2,634.4
September 2012 - August 2013	5.51	4.84 - 6.60	83.0	457.3
			1,340.2	5,507
Less: Par value of ordinary shares				(670)
Share premium				4,837
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

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

Fair value of share options granted during the year

The fair value of share options granted during the year 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:

	2013	2012
Fair value of share options at the following grant dates (RM)		
5 October 2011	-	0.99,1.01 &1.02
3 April 2013	0.90, 1.01, 1.02, 1.03, 1.10,1.11, 1.15, & 1.16	
Weighted average share price (RM)	5.83	4.82
Weighted average exercise price (RM)	4.11	3.28
Expected volatility (%)	28.59	28.48
Expected life (years)	5.33	6.82
Risk free rate (%)	3.22	3.56
Expected dividend yield (%)	3.32	2.06

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.

34. 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	
	2013 RM'000	2012 RM'000
Gross dividends from subsidiaries	117,626	176,425
Management fees from subsidiaries	1,756	1,266

34. Related party transactions (continued)

(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	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Salaries and other emoluments	5,835	5,124	931	754
Pension costs - defined	521	447	111	90
Social security contributions	8	8	1	1
Share options granted under ESOS	311	268	34	139
Fees	871	855	762	754
	7,546	6,702	1,839	1,738

35. Commitments

(a) Capital commiments

Capital expenditure as at the reporting date is as follows:

	Group	
	2013	2012
	RM'000	RM'000
Property, plant and equipment:		
Approved and contracted for	129,483	48,795

(b) Operating lease arrangements

In addition to the land use rights disclosed in Note 16, 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	
	2013	2012
	RM'000	RM'000
Future minimum rentals payments:		
Not later than 1 year	855	912
Later than 1 year and not later than 2 years	774	839
Later than 2 years and not later than 5 years	782	1,367
	2,411	3,118

35. Commitments (continued)

(c) Finance lease commitments

The Group has finance leases for certain items of property, plant and equipment (Note 15). Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group	
	2013	**2012**
	RM'000	**RM'000**
Minimum lease payments:		
Not later than 1 year	83	38
Later than 1 year and not later than 2 years	19	38
Later than 2 years and not later than 5 years	-	3
Total minimum lease payments	102	79
Less: Amount representing finance charges	(9)	(4)
Present value of minimum lease payables	93	75
Present value of payments:		
Not later than 1 year	75	36
Later than 1 year and not later than 2 years	18	36
Later than 2 years and not later than 5 years	-	3
Present value of minimum lease payments	93	75
Less: Amount due within 12 months (Note 27)	(75)	(36)
Amount due after 12 months (Note 27)	18	39

36. Contingent liabilities

Certain subsidiaries of the Company, namely Top Glove Sdn. Bhd., TG Medical Sdn. Bhd. and Flexitech Sdn. Bhd. were served a writ of summons on 18 January 2013 by Sentinel Engineering Sdn. Bhd. and Hartalega Sdn. Bhd., claiming damages (unspecified) on the alleged infringement of the arrangement of assembling former holders, claimed in features of Patent No. MY 140770-A. The writ of summons was also served on 3 other third party glove manufacturing companies and 2 suppliers of glove machinery parts or components.

As at the date of the financial statements, based on the advice received from its legal advisors, the directors are of the opinion that this claim is unsustainable. Accordingly, no provision for loss has been made in the financial statements.

37. Fair values of financial assets and liabilities

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

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

	Note
Trade and other receivables	23
Loans and borrowings (current)	27
Loans and borrowings (non-current)	27
Trade and other payables	28

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 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.

Quoted debt securities

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

Derivatives

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

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)

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

Group As at 31 August 2013	Level 1 RM'000	Level 2 RM'000	Total RM'000
Assets measured at fair value			
Available-for-sale financial assets	93,669	-	93,669
Liabilities measured at fair value			
Derivative liabilities	-	40,852	40,852
As at 31 August 2012			
Assets measured at fair value			
Available-for-sale financial assets	144,198	-	144,198
Liabilities measured at fair value			
Derivative liabilities	-	2,663	2,663

During the reporting period ended 31 August 2013 and 2012, there were no transfers between Level 1 and Level 2 fair value measurements.

38. 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, market price 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.

38. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

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 RM28,554,000(2012: RM26,546,000) relating to a bank guarantee provided by the Group 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 23. 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 23.

(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.

38. Financial risk management objectives and policies (continued)

(b) Liquidity risk (continued)

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.

	2013 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 *	234,074	-	-	234,074
Loans and borrowings	55,581	934	2,646	59,161
Total undiscounted financial liabilities	289,655	934	2,646	293,235
Company				
Financial liabilities				
Trade and other payables excluding bank guarantees *	1,227	-	-	1,227
Total undiscounted financial liabilities	1,227	-	-	1,227

	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	912	2,728	3,801
Total undiscounted financial liabilities	231,699	912	2,728	235,339

38. Financial risk management objectives and policies (continued)

(b) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

	2012 RM'000			
	On demand or within one year	**One to five years**	**Over five years**	**Total**
Company				
Financial liabilities				
Trade and other payables	1,043	-	-	1,043
Total undiscounted financial liabilities	1,043	-	-	1,043

* At the reporting date, the counterparties to the bank guarantees do not have a right to demand cash as the default has not occurred. Accordingly, financial guarantees under the scope of MFRS 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.

<u>Sensitivity analysis for interest rate risk</u>

At the reporting date, if interest rates had been 10 basis point lower/higher, will all other variables held constant, the Group's profit before tax would have been RM91,000 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

38. Financial risk management objectives and policies (continued)

(d) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's investment securities will fluctuate because of changes in market prices (other than interest or exchange rates). Any significant dereases in the prices for investment securities will have a material adverse impact on the financial position and results of operation.

The Group monitors the market price fluctuation closely in order to reduce the impact of market price risk.

Sensitivity analysis for market price risk

At the reporting date, if the market price had been 5% higher/lower, with all other variables held constant, the Company's investment securities and fair value adjustment reserve would have been RM4,683,000 (2012: RM7,209,000) higher/lower, arising as a result of higher/lower fair value gains on available-for-sale financial assets in equity instruments.

(e) 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"), Chinese Renminbi ("RMB") and Australian Dollars ("AUD"). The foreign currencies in which these transactions are denominated are mainly United States Dollars ("USD") and Australlian Dollars.

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/(liabilities) held in non-functional currency		
	USD RM'000	**AUD RM'000**	**Total RM'000**
Functional currency of Group companies			
At 31 August 2013:			
Ringgit Malaysia	51,704	5,761	57,465
Thailand Baht	29,123	-	29,123
Chinese Renminbi	14,334	-	14,334
Australlian Dollars	(43,644)	-	(43,644)
	51,517	5,761	57,278

38. Financial risk management objectives and policies (continued)

(e) Foreign currency risk (continued)

	Net financial assets/(liabilities) held in non-functional currency		
	USD RM'000	AUD RM'000	Total RM'000
Functional currency of Group companies (continued)			
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

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.

		2013 RM'000	2012 RM'000
USD/RM	- strengthened 5%	2,585	702
	- weakened 5%	(2,585)	(702)
USD/Baht	- strengthened 5%	1,456	2,044
	- weakened 5%	(1,456)	(2,044)
USD/RMB	- strengthened 5%	717	888
	- weakened 5%	(717)	(888)
USD/AUD	- strengthened 5%	(741)	-
	- weakened 5%	741	-
AUD/RM	- strengthened 5%	288	6,801
	- weakened 5%	(288)	(6,801)

39. 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 2013 and 31 August 2012.

As disclosed in Note 31(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 2013 and 31 August 2012.

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, cash flow hedge reserve, and the above-mentioned restricted statutory reserve fund.

		Group		Company	
		2013	2012	2013	2012
	Note	RM'000	RM'000	RM'000	RM'000
Loans and borrowings	27	58,390	2,976	-	-
Trade and other payables	28	234,074	231,538	1,227	1,043
Other current liabilities	28	28,504	30,940	-	-
Less: cash and cash equivalents	26	(104,582)	(167,246)	(1,575)	(874)
Net debt		216,386	98,208	(348)	169
Equity attributable to the owners of the parent		1,331,852	1,255,354	606,186	584,461
(Less)/add:					
-Fair value adjustment reserve	31	(1,638)	(4,181)	-	-
-Cash flow hedge reserve	31	31,393	-	-	-
-Statutory reserve fund	31	(4,434)	(4,434)	-	-
Total capital		1,357,173	1,246,739	606,186	584,461
Capital and net debt		1,573,559	1,344,947	605,838	584,630
Gearing ratio		13.75%	7.30%	-0.06%	0.03%

40. 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 2013

	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	1,841,221	215,571	135,211	121,231	-		2,313,234
Inter-segment sales	43,834	346,415	22,297	-	(412,546)	A	-
Total revenue	1,885,055	561,986	157,508	121,231	(412,546)		2,313,234
Results							
Interest income	14,164	167	11	2,766	(4,444)		12,664
Depreciation and amortisation	58,667	14,777	6,282	619	-		80,345
Segment profit/(loss)	215,779	25,476	562	3,592	(3,205)	B	242,204
Assets							
Additions to non-current assets	228,367	14,425	2,399	34,171	-	C	279,362
Segment assets	1,179,622	206,457	128,358	195,616	61,370	D	1,771,423
Liabilities							
Segment liabilities	247,491	26,975	26,902	60,452	51,762	E	413,582
Other segment information							
Capital commitments	128,152	1,142	-	189	-		129,483

40. Segment information (continued)

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
Other segment information							
Capital commitments	46,826	1,352	617	-	-		48,795

40. 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.

	2013 RM'000	**2012 RM'000**
Share of results of associates	(2,472)	262
Finance costs	(733)	(113)
	(3,205)	149

C Additions to non-current assets consist of:

	2013 RM'000	**2012 RM'000**
Property, plant and equipment	255,760	142,717
Land used rights	23,602	2,940
	279,362	145,657

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

	2013 RM'000	**2012 RM'000**
Deferred tax assets	19,165	3,700
Investments in associates	17,022	6,729
Goodwill	25,183	20,113
	61,370	30,542

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

	2013 RM'000	**2012 RM'000**
Income tax payable	6,013	9,054
Deferred tax liabilities	45,749	41,028
	51,762	50,082

41. Dividends

	Group and Company	
	2013	2012
	RM'000	RM'000
Recognised during the financial year:		
Dividends on ordinary shares:		
- Final single tier dividend for 2012: 9.00 sen per share	55,730	-
- First interim single tier dividend for 2013: 7.00 sen per share	43,404	-
- 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
	99,134	80,421

At the forthcoming Annual General Meeting, a single tier final dividend of 18% on 620,219,962 ordinary shares amounting to RM55,819,796 (9.00 sen per share) in respect of the financial year ended 31 August 2013 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 2014.

42. Significant event

On 22 June 2012, Best Advance Resources Limited, a wholly-owned subsidiary of the Company, 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.

43. Subsequent event

On 11 October 2013, Top Glove Sdn. Bhd.("TGSB"), a wholly-owned subsidiary of the Company announced the proposal of voluntary delisting of its subsidiary, Medi-Flex Limited ("Medi-Flex"), a company incorporated in Singapore and listed at the Singapore Exchange Trading Limited Dealing and Automated System. TGSB will make the exit offer for all the offer shares at an offer price of SGD0.15 per share not currently held.

The proposed voluntary delisting is subject to the approval of the shareholders of Medi-Flex at an Extraordinary General Meeting ("EGM"). The resolution for the proposed voluntary delisting must be approved by a majority of at least 75% and must not be voted against by 10% or more of the total number of issued Medi-Flex shares held by the shareholders of Medi-Flex present and voting, on a poll, either in person or by proxy at the EGM.

44. Authorisation of financial statements for issue

The financial statements for the year ended 31 August 2013 were authorised for issue in accordance with a resolution of the directors on 31 October 2013.

45. 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 2013 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total retained earnings of the Company and its subsidiaries				
- Realised	863,956	779,396	104,848	90,493
- Unrealised	(22,831)	(37,837)	-	-
	841,125	741,559	104,848	90,493
Less: Consolidated adjustments	3,652	5,852	-	-
Total Group's retained earnings as per consolidated financial statements	844,777	747,411	104,848	90,493