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

Directors' Report and
Audited Financial Statements
31 August 2015

474423-X

Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Contents	**Pages**

474423-X

Top Glove Corporation Bhd.
(Incorporated in Malaysia)

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 2015.

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 19 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	281,192	288,688
Profit attributable to:		
Owners of the parent	279,781	288,688
Non-controlling interest	1,411	-
	281,192	288,688

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 2014 were as follows:

	RM'000
In respect of the financial year ended 31 August 2014:	
Final single tier dividend of 18%, paid on 29 January 2015	55,565
In respect of the financial year ended 31 August 2015:	
First interim single tier dividend of 16%, paid on 15 July 2015	49,419
	104,984

Dividends (continued)

At the forthcoming Annual General Meeting, a single tier final dividend of 24% on 620,859,762 ordinary shares amounting to RM74,503,171 (12.00 sen per share) in respect of the financial year ended 31 August 2015 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 2016.

Directors

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

Tan Sri Dr Lim Wee Chai	
Tan Sri Dato' Seri Utama Arshad bin Ayub	
Tan Sri Mohd Sidek bin Haji Hassan	
Tan Sri Rainer Althoff	
Lee Kim Meow	
Puan Sri Tong Siew Bee	
Lim Hooi Sin	
Lim Cheong Guan	
Dato' Lim Han Boon	
Datuk Noripah Binti Kamso	(appointed on 18 March 2015)
Sharmila Sekarajasekaran	(appointed on 18 March 2015)
Tan Sri Dato' Dr Lin See Yan	(retired on 8 January 2015)
Sekarajasekaran a/l Arasaratnam	(retired on 18 March 2015)

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 13 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 the director is a member, or with a company in which the director 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 2014	**Acquired**	**Sold**	**31 August 2015**
Tan Sri Dr Lim Wee Chai				
- direct	179,061,138	4,659,500	-	183,720,638
- indirect	55,934,904	32,251,894	36,803,794	51,383,004
Puan Sri Tong Siew Bee				
- direct	13,845,748	600	4,650,000	9,196,348
- indirect	221,150,294	36,910,794	32,153,794	225,907,294
Lee Kim Meow				
- direct	441,600	53,500	160,000	335,100
- indirect	10,000	-	-	10,000
Lim Hooi Sin				
- direct	9,935,362	97,200	-	10,032,562
- indirect	225,060,680	36,813,894	36,803,794	225,070,780
Lim Cheong Guan	-	119,700	-	119,700
Tan Sri Dato' Seri Utama Arshad bin Ayub	1,200,000	-	400,000	800,000

	Number of options over ordinary shares of RM0.50 each			
	1 September 2014	**Granted**	**Exercised**	**31 August 2015**
Tan Sri Dr Lim Wee Chai	672,000	-	-	672,000
Puan Sri Tong Siew Bee	259,200	-	-	259,200
Lee Kim Meow	403,200	-	50,400	352,800
Lim Hooi Sin	161,600	-	94,400	67,200
Lim Cheong Guan	326,700	-	117,000	209,700

Tan Sri Dr Lim Wee Chai, Puan Sri Tong Siew Bee and Lim Hooi Sin by virtue of their interest in shares of the Company are also deemed interested in shares of all the subsidiaries to the extent the Company has an interest.

The other 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 RM310,332,000 to RM312,092,000 by way of issuance of 3,520,100 ordinary shares of RM0.50 each pursuant to the exercise of ESOS at an option price between RM2.01 and RM6.97 per ordinary share.

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

Treasury shares

During the financial year, the Company repurchased 3,324,000 of its issued ordinary shares from the open market at the average price of RM4.43 per share. The total consideration paid for the repurchase including transaction costs was RM14,722,000. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965. Further relevant details are disclosed in Note 34 to the financial statements.

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 37 to the financial statements.

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 all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

    (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

    (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

Other statutory information (continued)

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

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

(d) At the date of this report, the directors are not aware of any circumstances 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 their 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.

Subsequent events

Details of subsequent events are disclosed in Note 46 to the financial statements.

474423-X

Top Glove Corporation Bhd.
(Incorporated in Malaysia)

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 30 October 2015.

Lee Kim Meow   Dato' Lim Han Boon

Top Glove Corporation Bhd.
(Incorporated in Malaysia)

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

We, Lee Kim Meow and Dato' Lim Han Boon, being two of the directors of Top Glove Corporation Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 11 to 98 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 2015 and of their financial performance and cash flows for the year then ended.

The information set out in Note 48 on page 99 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 30 October 2015.

Lee Kim Meow

Dato' Lim Han Boon

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

I, Lee Kim Meow, being the director primarily responsible for the financial management of Top Glove Corporation Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 11 to 99 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, Lee Kim Meow
at Klang in the State of Selangor
on 30 October 2015

Lee Kim Meow

Before me,

Goh Cheng Teak
Commissioner for Oaths

474423-X

Independent auditors' report to the members of
Top Glove Corporation Bhd.
(Incorporated in Malaysia)

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 2015, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 11 to 98.

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 2015 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 19 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.

474423-X

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

Other reporting responsibilities

The supplementary information set out in Note 48 to the financial statements on page 99 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 has been prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

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

Ernst & Young
AF: 0039
Chartered Accountants

Ong Chee Wai
2857/07/16(J)
Chartered Accountant

Kuala Lumpur, Malaysia
Date: 30 October 2015

474423-X

Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Income statements
For the financial year ended 31 August 2015

		Group		Company	
	Note	**2015 RM'000**	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Revenue	8	2,510,510	2,275,366	293,467	62,732
Cost of sales		(1,955,610)	(1,891,915)	-	-
Gross profit		554,900	383,451	293,467	62,732
Other items of income					
Interest income	9	23,920	10,307	752	13
Other income	10	18,697	32,464	86	23
Other items of expense					
Distribution and selling costs		(82,127)	(70,158)	-	-
Administrative and general expenses		(135,973)	(138,794)	(5,617)	(4,729)
Finance costs		(4,170)	(4,226)	-	-
Share of results of associates		(11,709)	3,266	-	-
Profit before tax	11	363,538	216,310	288,688	58,039
Income tax expense	14	(82,346)	(32,745)	-	4
Profit net of tax		281,192	183,565	288,688	58,043
Profit attributable to:					
Owners of the parent		279,781	180,523	288,688	58,043
Non-controlling interest		1,411	3,042	-	-
		281,192	183,565	288,688	58,043
Earnings per share attributable to owners of the parent (sen):					
Basic	15	45.22	29.09		
Diluted	15	45.17	29.05		

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

474423-X

Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of comprehensive income
For the financial year ended 31 August 2015

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit net of tax	281,192	183,565	288,688	58,043
Other comprehensive income/ (loss):				
Net movement on available-for-sale financial assets	(1,132)	(584)	-	-
Net movement on cash flow hedge (Note 35)	-	31,393	-	-
Foreign currency translation	36,664	(4,461)	-	-
Other comprehensive income for the year, net of tax	35,532	26,348	-	-
Total comprehensive income for the year	316,724	209,913	288,688	58,043
Total comprehensive income attributable to:				
Owners of the parent	314,456	206,759	288,688	58,043
Non-controlling interest	2,268	3,154	-	-
	316,724	209,913	288,688	58,043

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

474423-X

Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of financial position
As at 31 August 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Assets					
Non-current assets					
Property, plant and equipment	16	1,026,490	995,242	-	-
Land use rights	17	40,315	42,068	-	-
Investment properties	18	111,178	-	-	-
Investment in subsidiaries	19	-	-	580,503	580,503
Investment in associates	20	5,140	20,058	-	-
Deferred tax assets	21	8,762	12,825	-	-
Investment securities	22	145	145	-	-
Goodwill	23	22,805	22,805	-	-
		1,214,835	1,093,143	580,503	580,503
Current assets					
Inventories	24	252,115	207,377	-	-
Trade and other receivables	25	380,700	288,863	134,672	2,841
Other current assets	26	24,148	2,770	6	-
Tax recoverable		-	-	2	-
Investment securities	22	669,672	154,322	31,337	-
Derivative financial instruments	27	-	2,662	-	-
Cash and bank balances	28	146,460	184,030	12,137	638
		1,473,095	840,024	178,154	3,479
Total assets		2,687,930	1,933,167	758,657	583,982
Equity and liabilities					
Current liabilities					
Loans and borrowings	29	530,333	178,179	-	-
Trade and other payables	30	326,174	267,006	2,065	16,197
Other current liabilities	31	29,625	38,112	-	-
Income tax payable		25,348	2,530	-	-
Derivative financial instruments	27	9,211	-	-	-
		920,691	485,827	2,065	16,197
Net current assets/(liabilities)		552,404	354,197	176,089	(12,718)

Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of financial position
As at 31 August 2015 (continued)

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Non-current liabilities					
Loans and borrowings	29	105,693	2,540	-	-
Deferred tax liabilities	21	47,153	47,250	-	-
		152,846	49,790	-	-
Total liabilities		1,073,537	535,617	2,065	16,197
Net assets		1,614,393	1,397,550	756,592	567,785
Equity attributable to owners of the parent					
Share capital	32	312,092	310,332	312,092	310,332
Share premium	33	200,302	180,673	200,302	180,673
Treasury shares	34	(14,722)	-	(14,722)	-
Other reserves	35	53,709	21,520	7,714	10,200
Retained earnings	36	1,056,583	880,864	251,206	66,580
		1,607,964	1,393,389	756,592	567,785
Non-controlling interest		6,429	4,161	-	-
Total equity		1,614,393	1,397,550	756,592	567,785
Total equity and liabilities		2,687,930	1,933,167	758,657	583,982

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

474423-X

Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 31 August 2015

		Attributable to owners of the parent										
			Non-distributable								Distributable	
2015	**Equity, total RM'000**	**Equity attributable to owners of the parent total RM'000**	**Share capital RM'000**	**Share premium RM'000**	**Treasury shares RM'000**	**Foreign exchange reserve RM'000**	**Legal reserve RM'000**	**Share option reserve RM'000**	**Fair value adjustment reserve RM'000**	**Cash flow hedge reserve RM'000**	**Retained earnings RM'000**	**Non-controlling interest RM'000**
Group												
Opening balance at 1 September 2014	1,397,550	1,393,389	310,332	180,673	-	6,485	3,781	10,200	1,054	-	880,864	4,161
Total comprehensive income	316,724	314,456	-	-	-	35,807	-	-	(1,132)	-	279,781	2,268
Transactions with owners												
Issuance of ordinary shares pursuant to ESOS	17,637	17,637	1,760	15,877	-	-	-	-	-	-	-	-
Share options granted under ESOS	2,188	2,188	-	-	-	-	-	2,188	-	-	-	-
Transfer from share option reserve	-	-	-	3,752	-	-	-	(3,752)	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	(922)	-	-	922	-
Purchase of treasury shares	(14,722)	(14,722)	-	-	(14,722)	-	-	-	-	-	-	-
Dividends on ordinary shares (Note 44)	(104,984)	(104,984)	-	-	-	-	-	-	-	-	(104,984)	-
Total transactions with owners	(99,881)	(99,881)	1,760	19,629	(14,722)	-	-	(2,486)	-	-	(104,062)	-
Closing balance at 31 August 2015	1,614,393	1,607,964	312,092	200,302	(14,722)	42,292	3,781	7,714	(78)	-	1,056,583	6,429

Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 31 August 2015 (continued)

		← Attributable to owners of the parent									→	
		Equity attributable	← Non-distributable						→	Distributable		
2014	Equity, total RM'000	to owners of the parent total RM'000	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Foreign exchange reserve RM'000	Legal reserve RM'000	Share option reserve RM'000	Fair value adjustment reserve RM'000	Cash flow hedge reserve RM'000	Retained earnings RM'000	Non-controlling interest RM'000
Group												
Opening balance at 1 September 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
Total comprehensive income	209,913	206,759	-	-	-	(4,573)	-	-	(584)	31,393	180,523	3,154
Transactions with owners												
Issuance of ordinary shares pursuant to ESOS	1,977	1,977	222	1,755	-	-	-	-	-	-	-	-
Share options granted under ESOS	873	873	-	-	-	-	-	873	-	-	-	-
Transfer from share option reserve	2,981	2,981	-	474	-	-	-	(474)	-	-	2,981	-
Accretion of interest in a subsidiary	(73,181)	(48,778)	-	-	-	-	-	-	-	-	(48,778)	(24,403)
Share issue expenses	(2)	(2)	-	(2)	-	-	-	-	-	-	-	-
Transfer to retained earnings	(2,981)	(2,981)	-	(1,728)	-	-	(653)	(1,253)	-	-	653	-
Dividends paid to non-controlling interest	(579)	-	-	-	-	-	-	-	-	-	-	(579)
Dividends on ordinary shares (Note 44)	(99,292)	(99,292)	-	-	-	-	-	-	-	-	(99,292)	-
Total transactions with owners	(170,204)	(145,222)	222	499	-	-	(653)	(854)	-	-	(144,436)	(24,982)
Closing balance at 31 August 2014	1,397,550	1,393,389	310,332	180,673	-	6,485	3,781	10,200	1,054	-	880,864	4,161

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

Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 31 August 2015 (continued)

		← Non-distributable			→	Distributable
	Equity, total RM'000	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Share option reserve RM'000	Retained earnings RM'000
Company						
Opening balance at 1 September 2014	567,785	310,332	180,673	-	10,200	66,580
Total comprehensive income	288,688	-	-	-	-	288,688
Transactions with owners						
Issuance of ordinary shares pursuant to ESOS	17,637	1,760	15,877	-	-	-
Share options granted under ESOS	2,188	-	-	-	2,188	-
Transfer from share option reserve	-	-	3,752	-	(3,752)	-
Transfer to retained earnings	-	-	-	-	(922)	922
Purchase of treasury shares	(14,722)	-	-	(14,722)	-	-
Dividends on ordinary shares (Note 44)	(104,984)	-	-	-	-	(104,984)
Total transactions with owners	(99,881)	1,760	19,629	(14,722)	(2,486)	(104,062)
Closing balance at 31 August 2015	756,592	312,092	200,302	(14,722)	7,714	251,206
Opening balance at 1 September 2013	606,186	310,110	180,174	-	11,054	104,848
Total comprehensive income	58,043	-	-	-	-	58,043
Transactions with owners						
Issuance of ordinary shares pursuant to ESOS	1,977	222	1,755	-	-	-
Share options granted under ESOS	873	-	-	-	873	-
Transfer from share option reserve	2,981	-	474	-	(474)	2,981
Share issue expenses	(2)	-	(2)	-	-	-
Transfer to retained earnings	(2,981)	-	(1,728)	-	(1,253)	-
Dividends on ordinary shares (Note 44)	(99,292)	-	-	-	-	(99,292)
Total transactions with owners	(96,444)	222	499	-	(854)	(96,311)
Closing balance at 31 August 2014	567,785	310,332	180,673	-	10,200	66,580

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 2015

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Operating activities				
Profit before tax	363,538	216,310	288,688	58,039
Adjustments for :				
Gross dividends	-	-	(289,400)	(59,950)
Depreciation and amortisation				
- Property, plant and equipment	96,616	90,863	-	-
- Land use rights	695	708	-	-
- Investment properties	1,469	-	-	-
Loss on disposal of property, plant and equipment	48	12,677	-	-
Bad debts written off	2,052	-	-	-
Gain on disposal of investment securities	(911)	(6,962)	-	-
Property, plant and equipment written off	1,872	2,009	-	-
Share options granted under ESOS	2,188	873	2,188	873
Unrealised foreign exchange gain	(8,360)	(1,856)	-	-
Gain on disposal of a subsidiary	-	(10,537)	-	-
Gain on disposal of land use rights	(811)	(494)	-	-
Share of results of associates	11,709	(3,266)	-	-
Net fair value loss/(gain) on derivative	11,873	(2,394)	-	-
Finance costs	4,170	4,226	-	-
Interest income	(23,920)	(10,307)	(752)	(13)
Total adjustments	98,690	75,540	(287,964)	(59,090)
Operating cash flows before changes in working capital	462,228	291,850	724	(1,051)
Changes in working capital				
(Increase)/decrease in inventories	(44,738)	12,308	-	-
(Increase)/decrease in receivables	(49,700)	1,289	-	10
(Increase)/decrease in other current assets	(21,475)	1,086	(6)	-
Increase in payables	49,611	45,065	633	205
Total changes in working capital	(66,302)	59,748	627	215
Cash flows from operations	395,926	351,598	1,351	(836)
Interest paid	(4,170)	(4,226)	-	-
Income taxes (paid)/refunded	(55,562)	(38,852)	(2)	525
Net cash flows generated from/(used in) operating activities	336,194	308,520	1,349	(311)
Investing activities				
Purchase of property, plant and equipment	(205,642)	(192,238)	-	-
Purchase of land use rights	(50)	(171)	-	-
Purchase of investment properties	(6,139)	-	-	-
Purchase of investment securities	(424,114)	(212,027)	-	-

Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of cash flows
For the financial year ended 31 August 2015 (continued)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Investing activities (continued)				
Proceeds from disposal of investment securities	47,018	216,256	-	-
Proceeds from disposal of land use rights	2,428	1,675	-	-
Decrease/(increase) in bank balances pledged with banks	53,038	(35,757)	-	-
Interest received	23,920	10,307	752	13
Dividend income from subsidiaries	-	-	163,900	59,950
Dividend from associate	3,983	-	-	-
Proceeds from disposal of property, plant and equipment	3,715	3,815	-	-
Additional investment in a subsidiary	-	(73,181)	-	-
(Advances to)/repayment from subsidiaries	-	-	(21,096)	36,728
Net cash inflow on disposal of a subsidiary	-	21,020	-	-
Net cash flows (used in)/generated from investing activities	(501,843)	(260,301)	143,556	96,691
Financing activities				
Proceeds from issuance of ordinary shares	17,637	1,977	17,637	1,977
Purchase of treasury shares	(14,722)	-	(14,722)	-
Share issue expenses	-	(2)	-	(2)
Dividends paid on ordinary shares	(104,984)	(99,292)	(104,984)	(99,292)
Dividends paid to non-controlling shareholders	-	(579)	-	-
Repayment of obligations under finance leases	(18)	(75)	-	-
Proceeds from loans and borrowings	364,122	130,129	-	-
Net cash flows generated from/(used in) financing activities	262,035	32,158	(102,069)	(97,317)
Net increase/(decrease) in cash and cash equivalents	96,386	80,377	42,836	(937)
Effects of foreign exchange rate changes	2,878	2,705	-	-
Cash and cash equivalents at 1 September	187,664	104,582	638	1,575
Cash and cash equivalents at 31 August (Note 28)	286,928	187,664	43,474	638

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 2015

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 19. 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.

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. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and of its subsidiaries as at 31 August 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group’s voting rights and potential voting rights.

3. Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

4. Summary of significant accounting policies

4.1 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-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

4. Summary of significant accounting policies (continued)

4.1 Business combinations and goodwill (continued)

If the business combination is achieved in stages, the previously held equity interest is re-measured at its acquisition date fair value and any resultant gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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 has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

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

4. Summary of significant accounting policies (continued)

4.2 Current versus non-current classification

Assets and liabilities in the statement of financial position are presented based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

4.3 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

4. Summary of significant accounting policies (continued)

4.3 Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the senior management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed according to the accounting policies of the Group. For this analysis, the senior management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The senior management, in conjunction with the external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4.4 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.

4. Summary of significant accounting policies (continued)

4.4 Transactions with non-controlling interest (continued)

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.

4.5 Foreign currencies

(a) Functional and presentation currency

The Group's and the Company's financial statements are presented in Ringgit Malaysia 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 spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates 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 measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operation 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 spot rate of exchange at the reporting date.

4. Summary of significant accounting policies (continued)

4.5 Foreign currencies (continued)

(c) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into RM at the rate of exchange 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 translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

4.6 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 Group and the Company have concluded that they are the principals in all of their revenue arrangements since they are the primary obligors in all the revenue arrangements, have pricing latitude and are also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is 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.

(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 profit or loss.

4. Summary of significant accounting policies (continued)

4.6 Revenue and other income recognition (continued)

(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.

4.7 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.

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.

4. Summary of significant accounting policies (continued)

4.8 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 Group 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.

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

4. Summary of significant accounting policies (continued)

4.8 Taxes (continued)

(b) Deferred tax (continued)

(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.

4.9 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 asset. 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.

4.10 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.

4. Summary of significant accounting policies (continued)

4.10 Property, plant and equipment

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.

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.

4.11 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. The depreciation policy for investment properties are in accordance with that for property, plant and equipment as described in Note 4.10.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying amount at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 4.10 up to the date of change in use.

4. Summary of significant accounting policies (continued)

4.12 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 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 as follows:

Leasehold lands	50 to 100 years

(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.

4.13 Investment in subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

4. Summary of significant accounting policies (continued)

4.13 Investment in subsidiaries (continued)

In the Company's separate financial statements, investments in subsidiaries are accounted for 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.

4.14 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.

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.

4. Summary of significant accounting policies (continued)

4.15 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, packing materials and consumables: purchase costs on a weighted average basis.

- Former: 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, excluding borrowing costs. These costs are assigned on a weighted average 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.

4.16 Impairment of non-financial assets

At each reporting date, an assessment is made as to 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 asset's recoverable amount is estimated. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount 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. When 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 of disposal, recent market transactions are taken into account. 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 companies or other available fair value indicators.

Impairment calculation are based on detailed budgets and forecast calculations, which are prepared separately for each CGU to which the individual assets are allocated. These budgets and forecast calculations generally cover 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 profit or loss in expense categories consistent with the function of the impaired asset.

4. Summary of significant accounting policies (continued)

4.16 Impairment of non-financial assets (continued)

Goodwill is tested for impairment annually at reporting date and when circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

For assets other than goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the recoverable amount of the asset or CGU is estimated. 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 profit or loss.

4.17 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.18 Financial assets

(a) Initial recognition and measurement

Financial assets are classified, at initial recognition, 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. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

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, i.e., 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.

4. Summary of significant accounting policies (continued)

4.18 Financial assets (continued)

(b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

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

Financial assets at fair value through profit or loss include 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.

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 through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Re-assessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of fair value through profit or loss.

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

(ii) Loans and receivables

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 profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables. The category generally applies to trade and other receivables.

4. Summary of significant accounting policies (continued)

4.18 Financial assets (continued)

(b) Subsequent measurement (continued)

(ii) Loans and receivables (continued)

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

(iii) 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 an ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the 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 as finance income in profit or loss. The losses arising from impairment are recognised in profit or loss as finance costs.

The Group and the Company did not have any held-to-maturity investments during the years ended 31 August 2015 and 2014.

(iv) Available-for-sale (AFS) financial investments

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

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to profit or loss in finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

4. Summary of significant accounting policies (continued)

4.18 Financial assets (continued)

(b) Subsequent measurement (continued)

(iv) Available-for-sale (AFS) financial investments (continued)

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the 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 maturity amount 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 profit or loss.

All quoted debts securities and golf club membership of the Group and the Company are designated as AFS financial investments.

(c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the statements of financial position) 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, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise 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.

4. Summary of significant accounting policies (continued)

4.18 Financial assets (continued)

(d) 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. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred '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.

The amount of any impairment loss identified is measured as the difference between the asset's 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.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income (recorded as finance income in profit or loss) 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. 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 write-off is later recovered, the recovery is credited to finance costs in profit or loss.

4. Summary of significant accounting policies (continued)

4.18 Financial assets (continued)

(d) Impairment of financial assets (continued)

Available-for-sale ("AFS") investments

For AFS financial investments, an assessment is made 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 AFS, 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. When 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 profit or loss) is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in other comprehensive income.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss.

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 profit or loss, the impairment loss is reversed through profit or loss.

4.19 Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group’s financial liabilities include trade and other payables, loans and borrowings, derivative liabilities and financial guarantee contracts.

4. Summary of significant accounting policies (continued)

4.19 Financial liabilities (continued)

(b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

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

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

Financial liabilities 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 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.

(ii) Other financial liabilities

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

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

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest 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.

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 profit or loss.

4. Summary of significant accounting policies (continued)

4.19 Financial liabilities (continued)

(c) Financial guarantee contracts

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.

(d) 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

(e) Offsetting of financial instruments

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

4.20 Derivative financial instruments

(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.

4. Summary of significant accounting policies (continued)

4.20 Derivative financial instruments (continued)

(a) Initial recognition and subsequent measurement (continued)

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 accounting are accounted for as described 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.

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 27 for more details.

4. Summary of significant accounting policies (continued)

4.21 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.

Money market funds are investments in extremely short-term money market securities, undergo only minor value fluctuations and can be readily converted within one day into known amounts of cash.

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

4.22 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 their liabilities. Ordinary shares are equity instruments and are recorded at the proceeds received, net of directly attributable incremental transaction costs.

4.23 Cash dividend and non-cash distribution to equity holders of the Group

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the shareholders and a corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon 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 profit or loss.

4.24 Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event and 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. When it is expected that 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 a provision is presented in the statements of 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. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

4. Summary of significant accounting policies (continued)

4.25 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.

4.26 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 43, including the factors used to identify the reportable segments and the measurement basis of segment information.

5. New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 September 2014, the Group and the Company adopted the following new and amended MFRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 September 2014:

Description	**Effective for annual periods beginning on or after**
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014

Adoption of the above standards and interpretation did not have any effect on the financial performance or position of the Group and the Company.

6. New and amended standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group and the Company financial statements are discussed below. The Group and the Company intends to adopt these standards if applicable, when they become effective.

Description	**Effective for annual periods beginning on or after**
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 141 Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 9 Financial Instruments	1 January 2018

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 disclosed below:

Amendments to MFRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

6. New and amended standards issued but not yet effective (continued)

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFR 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group’s financial assets, but no impact on the classification and measurement of the Group’s financial liabilities.

7. 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.

7.1 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.

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

7.1 Judgments made in applying accounting policies (continued)

Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 in making judgment whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

7.2 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.

(a) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when 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 23.

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

7.2 Estimates and assumptions (continued)

(b) Impairment of loans and receivables

The impairment loss on trade receivables of the Group is based on the evaluation of collectability and ageing analysis of the receivables and on management's judgment. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current credit-worthiness and the past collection history on each receivables. If the financial conditions of the receivables of the Group were to deteriorate, additional provision may be required.

(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.

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 Group and its respective 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.

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

7.2 Estimates and assumptions (continued)

(d) Taxes (continued)

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, export allowances and reinvestment allowances and the amounts of such losses and allowances for which deferred tax assets were not recognised are disclosed in Note 21.

8. Revenue

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Sales of goods	2,510,510	2,275,366	-	-
Management fees from subsidiaries	-	-	4,067	2,782
Dividend income from subsidiaries	-	-	289,400	59,950
	2,510,510	2,275,366	293,467	62,732

9. Interest income

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest income from:				
Available-for-sale financial assets	20,064	8,382	-	-
Loans and receivables	3,856	1,811	752	13
Others	-	114	-	-
	23,920	10,307	752	13

10. Other income

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Gain on foreign exchange - unrealised	8,360	1,856	-	-
Net gain on fair value changes of derivatives	-	2,394	-	-
Fair value gain on financial asset at fair value through profit or loss	1,263	-	86	-
Rental income	772	114	-	-
Gain on disposal of investment securities	911	6,962	-	-
Gain on disposal of land use rights	811	494	-	-
Gain on disposal of subsidiary (Note 19)	-	10,537	-	-
Sundry income	6,580	10,107	-	23
	18,697	32,464	86	23

11. Profit before tax

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

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Auditors' remuneration:				
- Statutory audit				
Company's auditors				
- Current year	221	233	58	55
- Under provision in prior year	1	1	-	-
Other auditors				
- Current year	288	258	-	-
- Under provision in prior year	8	-	-	-
Depreciation and amortisation:				
- Property, plant and equipment	96,616	90,863	-	-
- Land use rights	695	708	-	-
- Investment properties	1,469	-	-	-
Bad debts written off	2,052	-	-	-
Direct operating expenses arising from investment properties				
- Rental generating properties	161	-	-	-

11. Profit before tax (continued)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Net loss on foreign exchange - realised	7,097	18,520	-	-
Net loss on fair value changes of derivatives	11,873	-	-	-
Employee benefits expense (Note 12)	288,256	272,137	3,944	3,700
Non-executive directors' remuneration (Note 13)	396	567	395	353
Operating lease - Minimum lease payment for building and machinery	1,010	771	-	-
Loss on disposal of property, plant and equipment	48	12,677	-	-
Property, plant and equipment written off	1,872	2,009	-	-

12. Employee benefits expense

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	264,774	252,116	2,590	2,484
Social security costs	2,585	1,601	2	2
Pension costs - defined contribution plan	10,243	10,476	294	271
Share options granted under ESOS	2,188	873	165	149
Other staff related expenses	7,574	6,215	28	7
Directors' fees	892	856	865	787
	288,256	272,137	3,944	3,700

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM7,754,000 (2014: RM7,435,000) and RM3,585,000 (2014: RM3,118,000) respectively as further disclosed in Note 13.

13. Directors' remuneration

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	3,614	3,209	2,322	2,070
Pension costs - defined contribution plan	359	333	269	248
Social security contributions	1	1	1	1
Share options granted under ESOS	190	17	128	12
Fees	865	826	865	787
Benefits-in-kind	98	74	49	49
	5,127	4,460	3,634	3,167
Non-executive:				
Fees	395	353	395	353
Other directors				
Executive:				
Salaries and other emoluments	2,433	2,766	-	-
Pension costs - defined contribution plan	184	238	-	-
Social security contributions	7	7	-	-
Share options granted under ESOS	74	8	-	-
Fees	27	30	-	-
Benefits-in-kind	58	43	-	-
	2,783	3,092	-	-
Non-executive:				
Fees	1	214	-	-
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration (Note 12)	7,754	7,435	3,585	3,118
Total non-executive directors' remuneration (Note 11)	396	567	395	353
Total directors' remuneration	8,150	8,002	3,980	3,471

14. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 August 2015 and 2014 are:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current income tax:				
- Malaysian income tax	68,484	35,929	-	-
- Foreign tax	7,129	2,777	-	-
- Real property gain tax	80	115	-	-
- Under/(over)provision in respect of previous years	2,687	(3,452)	-	(4)
	78,380	35,369	-	(4)
Deferred income tax (Note 21):				
- Relating to origination and reversal of temporary differences	7,708	(3,776)	-	-
- Relating to reduction in Malaysia income tax rate	(837)	-	-	-
- (Over)/underprovision in respect of previous years	(2,905)	1,152	-	-
	3,966	(2,624)	-	-
Income tax expense recognised in profit or loss	82,346	32,745	-	(4)

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 2015 and 2014 are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit before tax	363,538	216,310	288,688	58,039

14. Income tax expense (continued)

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Tax at Malaysian statutory tax rate of 25% (2014: 25%)	90,885	54,078	72,172	14,510
Adjustments:				
Different tax rates in other countries	(1,396)	(1,327)	-	-
Effects of tax incentives claimed by foreign subsidiaries	(661)	(1,979)	-	-
Income not subject to tax	(6,673)	(8,244)	(72,253)	(14,988)
Effect of change in tax rate	(1,069)	(230)	-	-
Non-deductible expenses	10,828	842	81	478
Effect of income subject to real property gain tax	80	115	-	-
Deferred tax assets not recognised in respect of current year's tax losses, and unabsorbed capital allowance	545	5,669	-	-
Deferred tax assets recognised in respect of previously unabsorbed capital allowance and reinvestment allowance	(9,922)	(9,307)	-	-
Deferred tax assets recognised in respect of current year's unabsorbed export allowance	(227)	(3,756)	-	-
Share of results of associates	2,927	(816)	-	-
Utilisation of unabsorbed loss and capital allowance	(2,753)	-	-	-
(Over)/underprovision of deferred tax in respect of previous years	(2,905)	1,152	-	-
Under/(over)provision of income tax in respect of previous years	2,687	(3,452)	-	(4)
Income tax expense recognised in profit or loss	82,346	32,745	-	(4)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the year. The Malaysian statutory tax rate will be reduced to 24% from the current year's rate of 25%, effective year of assessment 2016. The computation of deferred tax as at 31 August 2015 has reflected these changes.

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

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

15. 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, excluding treasury shares held by the Company.

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 reflects the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 August 2015 and 2014:

	Group	
	2015	**2014**
Profit net of tax attributable to owners of the parent used in the computation of basic and diluted earnings per share (RM'000)	279,781	180,523
Weighted average number of ordinary shares for basic earnings per share computation ('000)	618,644	620,475
Effects of dilution - share options ('000)	800	1,028
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	619,444	621,503
Basic earnings per share (sen)	45.22	29.09
Diluted earnings per share (sen)	45.17	29.05

16. 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 2013	467,432	822,312	68,288	80,327	1,438,359
Additions	51,098	52,839	11,775	76,526	192,238
Reclassification	(8,558)	54,233	13,489	(59,164)	-
Written off	(46)	(4,233)	(633)	-	(4,912)
Disposals	(3,381)	(40,464)	(1,760)	(256)	(45,861)
Disposal of a subsidiary	(13,780)	-	(237)	-	(14,017)
Exchange differences	(3,239)	(5,856)	(232)	(170)	(9,497)
At 31 August 2014 and 1 September 2014	489,526	878,831	90,690	97,263	1,556,310
Additions	33,816	64,220	13,014	94,689	205,739
Transfer to investment properties (Note 18)	(14,002)	-	-	(92,506)	(106,508)
Reclassification	13,605	15,100	117	(28,822)	-
Written off	-	(5,058)	(725)	(1)	(5,784)
Disposals	(1,127)	(12,950)	(618)	(801)	(15,496)
Exchange differences	21,045	42,811	2,890	614	67,360
At 31 August 2015	542,863	982,954	105,368	70,436	1,701,621
Accumulated depreciation					
At 1 September 2013	52,009	424,912	32,636	-	509,557
Depreciation charge for the year	5,938	74,304	10,621	-	90,863
Disposals	(4)	(27,912)	(1,453)	-	(29,369)
Written off	(2)	(2,370)	(531)	-	(2,903)
Reclassification	(4,737)	2,450	2,287	-	-
Disposal of a subsidiary	(2,925)	-	(160)	-	(3,085)
Exchange differences	(276)	(3,368)	(351)	-	(3,995)
At 31 August 2014 and 1 September 2014	50,003	468,016	43,049	-	561,068
Depreciation charge for the year	6,235	78,140	12,241	-	96,616
Disposals	(129)	(11,036)	(568)	-	(11,733)
Written off	-	(3,288)	(624)	-	(3,912)
Exchange differences	2,633	28,452	2,007	-	33,092
At 31 August 2015	58,742	560,284	56,105	-	675,131

16. 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 2014	439,523	410,815	47,641	97,263	995,242
At 31 August 2015	484,121	422,670	49,263	70,436	1,026,490

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

*** Land and buildings**

	Freehold land RM'000	Buildings RM'000	Total RM'000
Cost			
At 1 September 2013	164,997	302,435	467,432
Additions	44,905	6,193	51,098
Reclassification	1,788	(10,346)	(8,558)
Written off	-	(46)	(46)
Disposals	(3,242)	(139)	(3,381)
Disposal of a subsidiary	-	(13,780)	(13,780)
Exchange differences	(448)	(2,791)	(3,239)
At 31 August 2014 and 1 September 2014	208,000	281,526	489,526
Additions	32,893	923	33,816
Transfer to investment properties	(14,002)	-	(14,002)
Reclassification	3,497	10,108	13,605
Disposals	-	(1,127)	(1,127)
Exchange differences	3,566	17,479	21,045
At 31 August 2015	233,954	308,909	542,863
Accumulated depreciation			
At 1 September 2013	-	52,009	52,009
Depreciation charge for the year	-	5,938	5,938
Disposals	-	(4)	(4)
Written off	-	(2)	(2)
Disposal of a subsidiary	-	(2,925)	(2,925)
Reclassification	-	(4,737)	(4,737)
Exchange differences	-	(276)	(276)
At 31 August 2014 and 1 September 2014	-	50,003	50,003

16. Property, plant and equipment (continued)

	Freehold land RM'000	Buildings RM'000	Total RM'000
Depreciation charge for the year	-	6,235	6,235
Disposals	-	(129)	(129)
Exchange differences	-	2,633	2,633
At 31 August 2015	-	58,742	58,742
Net carrying amount			
At 31 August 2014	208,000	231,523	439,523
At 31 August 2015	233,954	250,167	484,121

(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 29.

	2015 RM'000	2014 RM'000
Land and buildings	22,257	16,988

(b) The net carrying amounts of motor vehicles held under finance lease arrangements amounted to RM Nil (2014: RM138,000) as disclosed in Note 29.

17. Land use rights

	Group 2015 RM'000	Group 2014 RM'000
Cost		
At 1 September 2014/2013	44,655	48,032
Additions	50	171
Disposals	(1,810)	(1,185)
Disposal of a subsidiary	-	(2,085)
Exchange differences	588	(278)
At 31 August	43,483	44,655
Accumulated amortisation		
At 1 September 2014/2013	2,587	2,385
Amortisation for the year	695	708
Disposals	(193)	(4)
Disposal of a subsidiary	-	(452)
Exchange differences	79	(50)
At 31 August	3,168	2,587
Net carrying amount	40,315	42,068
Amount to be amortised:		
- Not later than one year	727	648
- Later than one year but not later than five years	2,908	2,593
- Later than five years	36,680	38,827
	40,315	42,068

18. Investment properties

	Group 2015 RM'000	Group 2014 RM'000
Freehold land and building		
Cost		
At 1 September 2014/2013	-	-
Transfer from property, plant and equipment (Note 16)	106,508	-
Additions	6,139	-
At 31 August	112,647	-
Accumulated depreciation		
At 1 September 2014/2013	-	-
Depreciation charge for the year (Note 11)	1,469	-
At 31 August	1,469	-
Net carrying amount	111,178	-
Fair value of investment properties (Note 40)	124,184	-

19. Investment in subsidiaries

	Company 2015 RM'000	Company 2014 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

Details of the subsidiaries are as follows:

Name	Country of incorporation	Proportion of ownership interest (%) 2015	Proportion of ownership interest (%) 2014	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
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	100	Manufacturing and trading of gloves
Held through TGSB:				
Great Glove (Thailand) Co. Ltd.#	Thailand	74	74	Manufacturing and trading of gloves

19. Investment in subsidiaries (continued)

Name	Country of incorporation	Proportion of ownership interest (%) 2015	2014	Principal activities
Held through TGSB:				
Top Glove Medical (Thailand) Co. Ltd.#	Thailand	100	100	Manufacturing and trading of gloves
Top Glove Technology (Thailand) Co. Ltd.#	Thailand	100	100	Producing and selling concentrate latex
B Tech Industry Co. Ltd.#	Thailand	100	100	Producing and selling concentrate latex
Top Quality Gloves (Thailand) Co Ltd.#	Thailand	100	100	Dormant
Top Glove Europe GmbH #	Germany	98	98	Trading of gloves
Great Glove (Xinghua) Co. Ltd.#	The People's Republic of China	100	100	Manufacturing and trading 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	100	100	Investment holding
BestStar Enterprise Ltd.*	The British Virgin Islands	100	100	Investment holding
Flexitech Sdn. Bhd. ("Flexitech")*	Malaysia	100	100	Manufacturing and trading of gloves

19. Investment in subsidiaries (continued)

Name	Country of incorporation	Proportion of ownership interest (%) 2015	2014	Principal activities
Held through TGMSB				
Top Glove Agro Sdn. Bhd.#	Malaysia	100	100	Dormant
Held through Flexitech:				
Techniglove Asia Sdn. Bhd.*	Malaysia	100	100	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
Efficient Plantations Co., Ltd.*	Cambodia	100	100	Dormant
Held through Best Advance:				
Great Plantations Co., Ltd.*	Cambodia	100	100	Dormant
PT. Topglove Indonesia ("PT Top Glove")# ^	Indonesia	100	100	Investment holding
Held through PT Top Glove:				
PT. Agro Pratama Sejahtera#	Indonesia	95	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

19. Investment in subsidiaries (continued)

^ The total equity interests held by the Group is 100% and it is held by the following subsidiaries:

		2015	2014
(i)	Best Advance Resources Limited	99.90%	99.90%
(ii)	Green Resources Limited	0.10%	0.10%

(a) Disposal of a subsidiary in prior year

On 13 June 2014, the Group disposed of its 100% equity interest in Top Glove (Zhangjiagang) Co. Ltd. for a total consideration of RM21,510,000.

The disposal had the following effects on the financial position of the Group as at the end of the year:

	2014 RM'000
Property, plant and equipment	10,932
Land use rights	1,633
Cash and bank balances	490
Trade and other payables	(2,107)
Net assets disposed	10,948
Attributable goodwill (Note 23)	2,378
Transfer from foreign exchange reserve	(2,353)
	10,973
Total disposal proceeds	21,510
Gain on disposal to the Group	10,537
Disposal proceeds settled by:	
Cash	21,510
Cash inflow arising from disposal:	
Cash consideration	21,510
Cash and bank balances of the subsidiary disposed	(490)
Net cash inflow to the Group	21,020

(b) As at reporting date, the Group did not have any material non-controlling interests.

20. Investment in associates

	Group 2015 RM'000	Group 2014 RM'000
Unquoted shares at cost	21,217	21,217
Share of post-acquisition reserves	(10,699)	1,011
Dividend received from associate	(3,983)	-
Foreign currency translation	1,451	676
	7,986	22,904
Less: Accumulated impairment losses	(2,846)	(2,846)
	5,140	20,058

Details of the associates are as follows:

Name	Country of incorporation	Proportion of ownership interest (%) 2015	Proportion of ownership interest (%) 2014	Principal activities
Held through Medi-Flex:				
Sonic Clean Pte. Ltd. ("Sonic Clean")	Singapore	37	37	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. ("Value Add")	Malaysia	27	27	Investment holding

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

	Group 2015 RM'000	Group 2014 RM'000
Assets and liabilities		
Total assets	241,406	253,387
Total liabilities	(233,791)	(186,306)
Net assets	7,615	67,081
Results		
Revenue	28,050	28,588
(Loss)/profit for the year	(50,540)	12,163

20. Investment in associates (continued)

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates:

	Group 2015 RM'000	Group 2014 RM'000
Net assets of associates as at 1 September 2014/2013	67,081	55,541
(Loss)/profit for the year	(50,540)	12,163
Dividend paid	(12,630)	-
Other comprehensive income/(loss)	3,704	(623)
Net assets of associates as at 31 August	7,615	67,081
Group's share of net assets	7,986	22,904

21. Deferred tax (assets)/liabilities

Deferred income tax as at 31 August 2015 relates to the following:

	Deferred tax liabilities		*Deferred tax assets*		
Group	Property, plant and equipment RM'000	Provisions RM'000	Unabsorbed export allowance, business losses, capital allowances and reinvestment allowances RM'000	Cash flow hedges RM'000	Total RM'000
At 1 September 2013	43,862	3,559	(10,372)	(10,465)	26,584
Recognised in profit or loss	10,239	1,442	(14,305)	-	(2,624)
Recognised in other comprehensive income	-	-	-	10,465	10,465
At 31 August 2014	54,101	5,001	(24,677)	-	34,425
Recognised in profit or loss	528	5,468	(2,030)	-	3,966
At 31 August 2015	54,629	10,469	(26,707)	-	38,391

21. Deferred tax (assets)/liabilities (continued)

Presented after appropriate offsetting as follows:

	Group 2015 RM'000	Group 2014 RM'000
Deferred tax assets	(8,762)	(12,825)
Deferred tax liabilities	47,153	47,250
	38,391	34,425

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

	Group 2015 RM'000	Group 2014 RM'000
Unutilised tax losses	53,217	93,581
Unabsorbed capital allowances	-	8,165
Unabsorbed increase in export allowances	27,841	-
Unabsorbed reinvestment allowances	20,569	20,568
	101,627	122,314

22. Investment securities

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Current				
Available-for-sale financial assets				
- Debt securities (quoted outside Malaysia)	527,956	96,402	-	-
Fair value through profit or loss financial assets				
- Money market funds (quoted in Malaysia) (Note 28)	141,716	57,920	31,337	-
Total current investment securities	669,672	154,322	31,337	-
Non-current				
Unquoted investments - golf club membership	145	145	-	-
	669,817	154,467	31,337	-

Investment securities of the Group amounting to RM208,859,000 (2014: RM71,400,000) are pledged to bank for credit facility granted to the Group as disclosed in Note 29.

23. Goodwill

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

	Group 2015 RM'000	Group 2014 RM'000
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	5,070
	22,805	22,805

Movement in goodwill:

	Group 2015 RM'000	Group 2014 RM'000
As at 1 September 2014/2013	22,805	25,183
Disposal of a subsidiary (Note 19(a))	-	(2,378)
As at 31 August	22,805	22,805

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:

	Gross Margin 2015	Gross Margin 2014	Discount Rate 2015	Discount Rate 2014
Top Glove Medical (Thailand) Co. Ltd.	10%	10%	5%	8%
B Tech Industry Co. Ltd.	7%	7%	5%	8%
GMP Medicare Sdn. Bhd.	16%	20%	5%	8%

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 post-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.

24. Inventories

	Group	
	2015	**2014**
	RM'000	**RM'000**
Cost		
Raw materials	52,956	41,219
Consumables and hardware	20,148	22,159
Work-in-progress	26,465	36,021
Finished goods	145,903	105,708
	245,472	205,107
Net realisable value		
Work-in-progress	1,790	-
Finished goods	4,853	2,270
	252,115	207,377

During the year, the amount of inventories recognised as an expense of the Group amounted to RM1,956 million (2014: RM1,892 million).

25. Trade and other receivables

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade receivables				
Third parties	365,117	268,842	-	-
Less: Allowance for impairment	(975)	(975)	-	-
Trade receivables, net	364,142	267,867	-	-
Other receivables				
Amounts due from subsidiaries	-	-	134,658	2,827
Sundry receivables	10,254	12,258	14	14
Refundable deposits	6,304	8,738	-	-
	16,558	20,996	134,672	2,841
Total trade and other receivables	380,700	288,863	134,672	2,841
Total trade and other receivables	380,700	288,863	134,672	2,841
Add: Cash and bank balances (Note 28)	146,460	184,030	12,137	638
Total loans and receivables	527,160	472,893	146,809	3,479

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2014: 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.

25. Trade and other receivables (continued)

(a) Trade receivables (continued)

Ageing analysis of trade receivables

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

	Group 2015 RM'000	Group 2014 RM'000
Neither past due nor impaired	314,700	224,455
1 to 30 days past due not impaired	41,806	25,905
31 to 60 days past due not impaired	5,579	899
61 to 90 days past due not impaired	-	562
91 to 120 days past due not impaired	1	2,039
More than 121 days past due not impaired	2,056	14,007
	49,442	43,412
Impaired	975	975
	365,117	268,842

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 RM49,442,000 (2014: RM43,412,000) 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 2015 RM'000	Group 2014 RM'000
Trade receivables-nominal amounts	975	2,802
Less: Allowance for impairment loss	(975)	(975)
	-	1,827

25. Trade and other receivables (continued)

(a) Trade receivables (continued)

Movements in the allowance accounts:

	Group 2015 RM'000	Group 2014 RM'000
1 September/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.

26. Other current assets

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Prepaid operating expenses	8,189	2,625	-	-
Goods and service tax refundable	13,302	-	6	-
Advances to suppliers for raw materials	2,609	-	-	-
Advances to suppliers for property, plant and equipment	48	145	-	-
	24,148	2,770	6	-

27. Derivative financial instruments and hedging activities

	Group 2015 RM'000 Contract/ Notional amount	Group 2015 RM'000 Fair value liabilities	Group 2014 RM'000 Contract/ Notional amount	Group 2014 RM'000 Fair value assets
Forward currency contracts	211,888	(9,211)	275,334	2,662

At 31 August 2015, 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 and EURO for which firm commitments existed at the reporting date, extending to January 2016 (2014: December 2014).

During the financial year, the Group recognised a loss of RM11,873,000 (2014: gain of RM2,394,000) in the profit or loss arising from ineffectiveness recognised in the profit or loss.

28. Cash and bank balances

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash on hand and at banks	144,876	176,058	12,137	638
Deposits with licensed banks and other financial institutions	1,584	7,972	-	-
Cash and bank balances	146,460	184,030	12,137	638
Add: Cash and cash equivalents included in fair value through profit or loss financial assets (Note 22)	141,716	57,920	31,337	-
Less: Deposits pledged with banks	(1,248)	(54,286)	-	-
Cash and cash equivalents	286,928	187,664	43,474	638

Cash at banks and deposits with licensed banks and other financial institutions of the Group amounting to RM1,248,000 (2014: RM54,286,000) are pledged to banks for credit facilities granted to the Group as disclosed in Note 29.

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	
	2015	**2014**
Weighted average effective interest rates (%)	1.79	1.50
Average maturities (days)	8	7

29. Loans and borrowings

		Group	
		2015	**2014**
	Maturity	**RM'000**	**RM'000**
Current			
Unsecured:			
Import loan at 2.50% p.a.	2016	211	-
Revolving credit at 0.79% to 1.08% p.a. (2014: 0.84% to 1.32% p.a.)	2016	170,084	142,132
Revolving credit at 0.80% p.a.	2016	44,626	-
Revolving credit at 1.10% p.a.	2016	4,210	-
Revolving credit at 1.00% p.a.	2016	46,310	-
Bank loans:			
- USD loan at 0.75% to 1.45% p.a.	2016	10,457	-
- Thai Baht loan at 2.15% to 2.19% p.a.	2016	23,414	-
- Term loan at 1.08% p.a.	2016	21,976	-
		321,288	142,132

29. Loans and borrowings (continued)

	Maturity	Group 2015 RM'000	Group 2014 RM'000
Secured:			
Bank loans:			
- USD loan at 0.80% to 1.11% p.a. (2014: 0.65% to 0.94% p.a.)	2016	173,927	35,895
- British Pound loan at 1.15% p.a.	2016	12,574	-
- Euro loan at 0.75% to 0.95% p.a.	2016	22,359	-
- Fixed rate USD bank loan at 3.25% p.a.	2016	185	134
Obligations under finance leases (Note 39(c))	2015	-	18
		209,045	36,047
		530,333	178,179
Non-current			
Unsecured:			
- Term loan at 1.08% p.a.	2017 - 2021	102,492	-
Secured:			
Bank loan:			
- 3.25% p.a. fixed rate USD bank loan	2017 - 2030	3,201	2,540
		105,693	2,540
Total loans and borrowings (Note 30)		636,026	180,719

The remaining maturities of the loans and borrowings as at 31 August 2015 are as follows:

	Group 2015 RM'000	Group 2014 RM'000
On demand or within one year	530,333	178,179
More than 1 year and less than 2 years	22,167	138
More than 2 years and less than 5 years	66,329	291
5 years or more	17,197	2,111
	636,026	180,719

Obligations under finance leases

This obligation was secured by a charge over the leased asset as disclosed in Note 16. The prior year average discount rate implicit in the leases was 3.45% per annum.

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 16.

29. Loans and borrowings (continued)

Other secured bank loans

The loans are secured by way of charges over investment securities and cash at banks of the Group as disclosed in Note 22 and 28.

30. Trade and other payables

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade payables	179,782	131,233	-	-
Other payables				
Amounts due to subsidiaries	-	-	-	14,765
Accrued operating expenses	49,525	61,400	2,032	1,432
Sundry payables	96,867	74,373	33	-
	146,392	135,773	2,065	16,197
Total trade and other payables	326,174	267,006	2,065	16,197
Add: Loans and borrowings (Note 29)	636,026	180,719	-	-
Total financial liabilities carried at amortised cost	962,200	447,725	2,065	16,197

(a) Trade payables

These amounts are non-interest bearing. The normal trade credit term granted to the Group ranges from 30 to 90 days (2014: 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 (2014: 30 to 90 days).

(c) Amounts due to subsidiaries

These amounts are unsecured, non-interest bearing and repayable on demand.

31. Other current liabilities

These amounts represent advances received from customers for goods purchased.

32. Share capital

	Group and Company			
	Number of ordinary shares of RM0.50 each		Amount	
	2015	2014	2015	2014
	'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 2014/2013	620,664	620,220	310,332	310,110
Exercise of ESOS	3,520	444	1,760	222
At 31 August	624,184	620,664	312,092	310,332

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

33. Share premium

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

	Group and Company	
	2015	2014
	RM'000	RM'000
At 1 September 2014/2013	180,673	180,174
Issuance of ordinary shares pursuant to ESOS	15,877	1,755
Transfer from share option reserve	3,752	474
Transfer to retained earnings	-	(1,728)
Share issue expenses	-	(2)
At 31 August	200,302	180,673

34. Treasury shares

This amount relates to the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

The shareholders of the Company, by an ordinary resolution passed in an annual general meeting held on 8 January 2015, renewed their approval for the Company's plan to repurchase its own shares. The Directors of the Company are committed in enhancing the value of the Company to its shareholders and believe that the Share Buy Back can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 3,324,000 of its issued ordinary shares from the open market at the average price of RM4.43 per share. The total consideration paid for the repurchase including transaction costs was RM14,722,000. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

Of the total 624,184,000 issued and fully paid ordinary shares as at 31 August 2015, 3,324,000 are held as treasury shares by the Company. As at 31 August 2015, the number of outstanding ordinary shares in issue and fully paid is therefore 620,860,000 ordinary shares of RM0.50 each.

35. 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 2013	11,058	4,434	11,054	1,638	(31,393)	(3,209)
Reclassification during the year to profit or loss	-	-	-	(1,630)	31,393	29,763
Gain on fair value changes	-	-	-	1,046	-	1,046
Net gain during the year of not-yet matured contract	-	-	-	-	(219)	(219)
Reclassification adjustment	-	-	-	-	219	219
Foreign currency translation	(2,220)	-	-	-	-	(2,220)
Gain reclassified to profit or loss on disposal of foreign operation	(2,353)	-	-	-	-	(2,353)
Share options granted under ESOS	-	-	873	-	-	873
Transfer to retained earnings	-	(653)	(1,253)	-	-	(1,906)
Transfer to share premium	-	-	(474)	-	-	(474)
At 31 August 2014	6,485	3,781	10,200	1,054	-	21,520
Foreign currency translation	35,807	-	-	-	-	35,807
Loss on fair value changes	-	-	-	(1,132)	-	(1,132)
Share options granted under ESOS	-	-	2,188	-	-	2,188
Transfer to retained earnings	-	-	(922)	-	-	(922)
Transfer to share premium	-	-	(3,752)	-	-	(3,752)
At 31 August 2015	42,292	3,781	7,714	(78)	-	53,709

35. Other reserves (continued)

	Share option reserve RM'000
Company	
At 1 September 2013	11,054
Share options granted under ESOS	873
Transfer to share premium	(474)
Transfer to retained earnings	(1,253)
At 31 August 2014	10,200
Share options granted under ESOS	2,188
Transfer to share premium	(3,752)
Transfer to retained earnings	(922)
At 31 August 2015	7,714

(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.

35. 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.

36. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 August 2015 and 2014 under the single tier system.

37. 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.

37. 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 vest date 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.

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

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

2015

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	16.8	-	(10.8)	(1.0)	5.0
5.10.2008	1.8.2018	1.99	0.8	-	-	-	0.8
5.3.2009	1.8.2018	2.26	43.4	-	(35.0)	-	8.4
6.4.2009	1.8.2018	2.45	0.8	-	-	-	0.8
5.9.2009	1.8.2018	3.52	546.0	-	(331.3)	-	214.7
5.10.2009	1.8.2018	3.60	0.8	-	-	-	0.8
5.11.2009	1.8.2018	4.12	29.8	-	(13.4)	-	16.4
4.12.2009	1.8.2018	4.60	24.6	-	(6.0)	(16.6)	2.0
5.1.2010	1.8.2018	5.04	35.6	-	(20.4)	(7.2)	8.0
5.2.2010	1.8.2018	5.64	65.2	-	(23.8)	(5.0)	36.4
5.3.2010	1.8.2018	5.79	4,076.7	-	(957.4)	(222.0)	2,897.3
5.4.2010	1.8.2018	6.97	114.8	-	(3.6)	(22.0)	89.2
6.5.2010	1.8.2018	6.16	142.8	-	(5.4)	(12.6)	124.8
5.6.2010	1.8.2018	6.12	231.4	-	(66.0)	(57.8)	107.6
5.7.2010	1.8.2018	6.85	118.0	-	(10.4)	(15.6)	92.0
6.8.2010	1.8.2018	6.51	65.3	-	(9.3)	(10.3)	45.7
5.10.2011	1.8.2018	4.15	748.7	-	(333.9)	(21.6)	393.2
3.4.2013	1.8.2018	5.51	2,053.6	-	(769.7)	(240.4)	1,043.5
2.8.2014	1.8.2018	4.64	2,734.4	-	(923.7)	(383.8)	1,426.9
			11,049.5	-	(3,520.1)	(1,015.9)	6,513.5

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

2014

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	30.2	-	(13.4)	-	16.8
5.10.2008	1.8.2018	1.99	0.8	-	-	-	0.8
5.3.2009	1.8.2018	2.26	50.2	-	(6.6)	(0.2)	43.4
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	0.4	-	(0.4)	-	-
5.9.2009	1.8.2018	3.52	676.2	-	(84.3)	(45.9)	546.0
5.10.2009	1.8.2018	3.60	0.8	-	-	-	0.8
5.11.2009	1.8.2018	4.12	34.8	-	(5.0)	-	29.8
4.12.2009	1.8.2018	4.60	31.6	-	(4.0)	(3.0)	24.6
5.1.2010	1.8.2018	5.04	43.6	-	(3.0)	(5.0)	35.6
5.2.2010	1.8.2018	5.64	83.8	-	-	(18.6)	65.2
5.3.2010	1.8.2018	5.79	4,690.9	-	(102.6)	(511.6)	4,076.7
5.4.2010	1.8.2018	6.97	128.4	-	-	(13.6)	114.8
6.5.2010	1.8.2018	6.16	171.6	-	-	(28.8)	142.8
5.6.2010	1.8.2018	6.12	267.4	-	-	(36.0)	231.4
5.7.2010	1.8.2018	6.85	149.0	-	-	(31.0)	118.0
6.8.2010	1.8.2018	6.51	76.1	-	-	(10.8)	65.3
5.10.2011	1.8.2018	4.15	975.4	-	(180.7)	(46.0)	748.7
3.4.2013	1.8.2018	5.51	2,441.4	-	(42.1)	(345.7)	2,053.6
2.8.2014	1.8.2018	4.64	-	2,734.4	-	-	2,734.4
			9,855.4	2,734.4	(444.1)	(1,096.2)	11,049.5

37. 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
2015				
September 2014 - August 2015	2.01	4.26 - 8.50	10.8	21.7
September 2014 - August 2015	2.26	4.26 - 8.50	35.0	79.1
September 2014 - August 2015	3.52	4.26 - 8.50	331.3	1,166.2
September 2014 - August 2015	4.12	4.26 - 8.50	13.4	55.2
September 2014 - August 2015	4.60	4.26 - 8.50	6.0	27.6
September 2014 - August 2015	5.04	4.26 - 8.50	20.4	102.8
September 2014 - August 2015	5.64	4.26 - 8.50	23.8	134.2
September 2014 - August 2015	5.79	4.26 - 8.50	957.4	5,543.3
September 2014 - August 2015	6.97	4.26 - 8.50	3.6	25.1
September 2014 - August 2015	6.16	4.26 - 8.50	5.4	33.2
September 2014 - August 2015	6.12	4.26 - 8.50	66.0	403.9
September 2014 - August 2015	6.85	4.26 - 8.50	10.4	71.2
September 2014 - August 2015	6.51	4.26 - 8.50	9.3	60.5
September 2014 - August 2015	4.15	4.26 - 8.50	333.9	1,385.7
September 2014 - August 2015	5.51	4.26 - 8.50	769.7	4,241.0
September 2014 - August 2015	4.64	4.26 - 8.50	923.7	4,286.0
			3,520.1	17,637
Less: Par value of ordinary shares				(1,760)
Share premium				15,877
2014				
September 2013 - August 2014	2.01	4.50 - 4.88	13.4	26.9
September 2013 - August 2014	2.26	4.50 - 4.88	6.6	14.9
September 2013 - August 2014	2.95	4.50 - 4.88	2.0	5.9
September 2013 - August 2014	3.58	4.50 - 4.88	0.4	1.4
September 2013 - August 2014	3.52	4.50 - 4.88	84.3	296.7
September 2013 - August 2014	4.12	4.50 - 4.88	5.0	20.6
September 2013 - August 2014	4.60	4.50 - 4.88	4.0	18.4
September 2013 - August 2014	5.04	4.50 - 4.88	3.0	15.1
September 2013 - August 2014	5.79	4.50 - 4.88	102.6	594.1
September 2013 - August 2014	4.15	4.50 - 4.88	180.7	749.9
September 2013 - August 2014	5.51	4.50 - 4.88	42.1	232.6
			444.1	1,977
Less: Par value of ordinary shares				(222)
Share premium				1,755

37. 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:

	2015	2014
Fair value of share options at the following grant dates (RM)		
2 August 2014	-	0.85, 0.88, 0.89, 0.91 & 0.92
Weighted average share price (RM)	-	5.70
Weighted average exercise price (RM)	-	4.40
Expected volatility (%)	-	25.41
Expected life (years)	-	4.00
Risk free rate (%)	-	3.54
Expected dividend yield (%)	-	3.35

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.

38. 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	
	2015 RM'000	2014 RM'000
Gross dividends from subsidiaries	289,400	59,950
Management fees from subsidiaries	4,067	2,782

38. 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Salaries and other emoluments	6,047	5,975	2,322	2,070
Pension costs - defined contribution plan	543	571	269	248
Social security contributions	8	8	1	1
Share options granted under ESOS	264	25	128	12
Fees	892	856	865	787
	7,754	7,435	3,585	3,118

39. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group	
	2015 RM'000	2014 RM'000
Property, plant and equipment:		
Approved and contracted for	90,026	107,154

(b) Operating lease arrangements

In addition to the land use rights disclosed in Note 17, 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	
	2015 RM'000	2014 RM'000
Future minimum rentals payments:		
Not later than 1 year	862	851
Later than 1 year and not later than 2 years	203	665
Later than 2 years and not later than 5 years	157	219
	1,222	1,735

39. Commitments (continued)

(c) Finance lease commitments

The Group has finance leases for certain items of property, plant and equipment as disclosed in Note 16. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Minimum lease payments:		
Not later than 1 year	-	19
Total minimum lease payments	-	19
Less: Amount representing finance charges	-	(1)
Present value of minimum lease payables	-	18
Present value of payments:		
Not later than 1 year	-	18
Present value of minimum lease payments	-	18
Less: Amount due within 12 months (Note 29)	-	(18)
Amount due after 12 months (Note 29)	-	-

40. Fair value of financial instruments

Determination of fair value

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

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

	Note
Trade and other receivables	25
Loans and borrowings (current)	29
Loans and borrowings (non-current)	29
Trade and other payables	30

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.

40. Fair value of financial instruments (continued)

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.

Investment properties

For investment properties, the Group used the fair value which has been determined based on prior transaction and third party pricing information.

Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities as at reporting date:

Group **As at 31 August 2015**	**Quoted prices in active market (Level 1)** **RM'000**	**Significant observable inputs (Level 2)** **RM'000**	**Significant unobservable inputs (Level 3)** **RM'000**	**Total** **RM'000**
Current				
Assets measured at fair value				
Available-for-sale financial assets	527,956	-	-	527,956
Fair value through profit or loss financial assets	141,716	-	-	141,716
Liabilities measured at fair value				
Derivative liabilities	-	(9,211)	-	(9,211)
Non-current				
Assets measured at fair value				
Unquoted investment - golf club membership	-	-	145	145
Assets for which fair values are disclosed:				
Investment properties	-	-	124,184	124,184

40. Fair value of financial instruments (continued)

Group As at 31 August 2014	Quoted prices in active market (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	Total RM'000
Current				
Assets measured at fair value				
Available-for-sale financial assets	96,402	-	-	96,402
Fair value through profit or loss financial assets	57,920	-	-	57,920
Derivative asset	-	2,662	-	2,662
Non-current				
Assets measured at fair value				
Unquoted investment - golf club membership	-	-	145	145
Company **As at 31 August 2015**				
Current				
Assets measured at fair value				
Fair value through profit or loss	31,337	-	-	31,337

During the reporting period ended 31 August 2015 and 2014, there were no transfers between Level 1 and Level 2 fair value measurements.

41. Financial risk management objectives and policies

Financial liabilities comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's and the Company's operations and to provide guarantees to support their operations. Financial assets include trade and other receivables, debts securities and cash and short-term deposits that derive directly from their operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks and ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by senior management who have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

41. Financial risk management objectives and policies (continued)

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk, foreign exchange currency risk and other price risk such as equity price risk. Financial instruments affected by market risk include trade and other receivables, trade and other payables, loans and borrowings, deposits, available-for-sales and derivative financial instruments.

(b) Credit risk

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

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

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values.

Credit risk concentration profile

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

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 25. 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 25.

41. Financial risk management objectives and policies (continued)

(c) Liquidity risk

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

Analysis of financial instruments by remaining contractual maturities

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

	2015			
	On demand or within one year RM'000	**One to five years RM'000**	**Over five years RM'000**	**Total RM'000**
Group				
Financial liabilities				
Trade and other payables excluding bank guarantees *	326,174	-	-	326,174
Loans and borrowings	530,333	91,555	17,465	639,353
Total undiscounted financial liabilities	856,507	91,555	17,465	965,527
Company				
Financial liabilities				
Trade and other payables excluding bank guarantees *	2,065	-	-	2,065
Total undiscounted financial liabilities	2,065	-	-	2,065

	2014			
	On demand or within one year RM'000	**One to five years RM'000**	**Over five years RM'000**	**Total RM'000**
Group				
Financial liabilities				
Trade and other payables, excluding bank guarantees *	267,006	-	-	267,006
Loans and borrowings	178,179	724	2,469	181,372
Total undiscounted financial liabilities	445,185	724	2,469	448,378

41. Financial risk management objectives and policies (continued)

(c) Liquidity risk (continued)

	2014			
	On demand or within one year RM'000	**One to five years RM'000**	**Over five years RM'000**	**Total RM'000**
Company				
Financial liabilities				
Trade and other payables excluding bank guarantees *	16,197	-	-	16,197
Total undiscounted financial liabilities	16,197	-	-	16,197

* 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.

(d) 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 RM633,000 (2014: RM178,000) 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.

(e) Market price risk

The Group's quoted investment securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the market price risk through diversification and by placing limits on individual and total debt instruments. Reports on the investment portfolio are submitted to the Company’s senior management on a regular basis. The Company’s Board of Directors reviews and approves all investment decisions.

At the reporting date, the exposure to quoted investment securities at fair value was disclosed in Note 22.

41. Financial risk management objectives and policies (continued)

(e) Market price risk (continued)

Sensitivity analysis for market price risk

The following table demonstrates the sensitivity of the Group's debt investments to reasonably possible price movements in investments classified as available-for-sale at the reporting date:

Group		2015 RM'000	2014 RM'000
Debt investments	- strengthened 5% (2014: 5%)	26,398	4,820
	- weakened 5% (2014: 5%)	(26,398)	(4,820)

(f) 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 revenue 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 Dollar ("AUD"). The foreign currencies in which these transactions are denominated are mainly United States Dollars ("USD") and Euro.

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	Euro RM'000	Total RM'000
Functional currency of Group companies			
At 31 August 2015:			
Ringgit Malaysia	(296,846)	(946)	(297,792)
Thailand Baht	7,417	(451)	6,966
Chinese Renminbi	18,176	-	18,176
Australian Dollars	169,060	622	169,682
	(102,193)	(775)	(102,968)

41. Financial risk management objectives and policies (continued)

(f) Foreign currency risk (continued)

	Net financial assets/(liabilities) held in non-functional currency		
	USD RM'000	Euro RM'000	Total RM'000
Functional currency of Group companies			
At 31 August 2014:			
Ringgit Malaysia	(96,256)	895	(95,361)
Thailand Baht	11,918	-	11,918
Chinese Renminbi	12,254	-	12,254
Australian Dollars	(12,470)	-	(12,470)
	(84,554)	895	(83,659)

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 EURO exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		2015 RM'000	2014 RM'000
USD/RM	- strengthened 5% (2014: 5%)	(14,842)	(4,813)
	- weakened 5% (2014: 5%)	14,842	4,813
USD/Baht	- strengthened 5% (2014: 5%)	371	596
	- weakened 5% (2014: 5%)	(371)	(596)
USD/RMB	- strengthened 5% (2014: 5%)	909	613
	- weakened 5% (2014: 5%)	(909)	(613)
USD/AUD	- strengthened 5% (2014: 5%)	8,453	(624)
	- weakened 5% (2014: 5%)	(8,453)	624
EURO/RM	- strengthened 5% (2014: 5%)	(47)	45
	- weakened 5% (2014: 5%)	47	(45)
EURO/Baht	- strengthened 5%	(23)	-
	- weakened 5%	23	-
EURO/AUD	- strengthened 5%	31	-
	- weakened 5%	(31)	-

42. 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 2015 and 31 August 2014.

As disclosed in Note 35(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 2015 and 31 August 2014.

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

		Group		**Company**	
		2015	**2014**	**2015**	**2014**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Loans and borrowings	29	636,026	180,719	-	-
Trade and other payables	30	326,174	267,006	2,065	16,197
Other current liabilities	31	29,625	38,112	-	-
Less: cash and cash equivalents	28	(286,928)	(187,664)	(43,474)	(638)
Net debt		704,897	298,173	-	15,559
Equity attributable to the owners of the parent		1,607,964	1,393,389	756,592	567,785
Add/(less):					
- Fair value adjustment reserve	35	78	(1,054)	-	-
- Statutory reserve fund	35	(3,781)	(3,781)	-	-
Total capital		1,604,261	1,388,554	756,592	567,785
Capital and net debt		2,309,158	1,686,727	756,592	583,344
Gearing ratio		30.53%	17.68%	0.00%	2.67%

43. Segment information

For management purposes, the Group is organised into business units based on their geographical areas, and has five 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 2015

	Malaysia RM'000	Thailand RM'000	The People's Republic of China RM'000	The British Virgin Islands RM'000	Others RM'000	Eliminations RM'000	Notes	Consolidated RM'000
Revenue								
External sales	2,072,889	186,437	95,589	-	155,595	-		2,510,510
Inter-segment sales	67,317	272,589	2,404	-	-	(342,310)	A	-
Total revenue	2,140,206	459,026	97,993	-	155,595	(342,310)		2,510,510
Results								
Interest income	7,801	74	9	20,111	-	(4,075)		23,920
Depreciation and amortisation	78,876	15,200	3,798	-	906	-		98,780
Segment profit	329,400	23,548	6,145	15,366	4,958	(15,879)	B	363,538

43. Segment information (continued)

31 August 2015

	Malaysia RM'000	Thailand RM'000	The People's Republic of China RM'000	The British Virgin Islands RM'000	Others RM'000	Eliminations RM'000	Notes	Consolidated RM'000
Assets								
Additions to non-current assets	197,613	12,814	1,050	-	451	-	C	211,928
Segment assets	1,718,000	229,427	72,205	538,205	93,386	36,707	D	2,687,930
Liabilities								
Segment liabilities	706,132	55,383	10,967	208,877	19,677	72,501	E	1,073,537
Other segment information								
Capital commitments	62,878	27,148	-	-	-	-		90,026

43. Segment information (continued)

31 August 2014

	Malaysia RM'000	Thailand RM'000	The People's Republic of China RM'000	The British Virgin Islands RM'000	Others RM'000	Eliminations RM'000	Notes	Consolidated RM'000
Revenue								
External sales	1,842,211	213,163	101,961	-	118,031	-		2,275,366
Inter-segment sales	40,762	326,207	3,222	-	-	(370,191)	A	-
Total revenue	1,882,973	539,370	105,183	-	118,031	(370,191)		2,275,366
Results								
Interest income	7,403	87	114	7,479	-	(4,776)		10,307
Depreciation and amortisation	72,441	14,758	3,493	-	879	-		91,571
Segment profit/(loss)	196,858	23,463	(18,499)	15,150	298	(960)	B	216,310
Assets								
Additions to non-current assets	186,158	5,678	92	-	481	-	C	192,409
Segment assets	1,380,871	202,787	59,334	160,896	73,591	55,688	D	1,933,167
Liabilities								
Segment liabilities	396,226	31,452	9,043	35,905	13,211	49,780	E	535,617
Other segment information								
Capital commitments	103,796	3,358	-	-	-	-		107,154

43. 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.

	2015 RM'000	2014 RM'000
Share of results of associates	(11,709)	3,266
Finance costs	(4,170)	(4,226)
	(15,879)	(960)

C Additions to non-current assets consist of:

	2015 RM'000	2014 RM'000
Property, plant and equipment	205,739	192,238
Land used rights	50	171
Investment properties	6,139	-
	211,928	192,409

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

	2015 RM'000	2014 RM'000
Deferred tax assets	8,762	12,825
Investments in associates	5,140	20,058
Goodwill	22,805	22,805
	36,707	55,688

E The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2015 RM'000	2014 RM'000
Income tax payable	25,348	2,530
Deferred tax liabilities	47,153	47,250
	72,501	49,780

44. Dividends

	Group and Company 2015 RM'000	2014 RM'000
Recognised during the financial year:		
Dividends on ordinary shares:		
- Final single tier dividend for 2014: 9.00 sen per share	55,565	-
- First interim single tier dividend for 2015: 8.00 sen per share	49,419	-
- Final single tier dividend for 2013: 9.00 sen per share	-	55,848
- First interim single tier dividend for 2014: 7.00 sen per share	-	43,444
	104,984	99,292

At the forthcoming Annual General Meeting, a single tier final dividend of 24% on 620,859,762 ordinary shares amounting to RM74,503,171 (12.00 sen per share) in respect of the financial year ended 31 August 2015 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 2016.

45. Contingent liabilities

A nominal amount of RM387,000,000 (2014: RM146,000,000) relating to corporate guarantees provided by the Company to banks for its subsidiaries' loans and borrowings.

The fair value of the corporate guarantees granted by the Company to banks in respect of loans and borrowings obtained by its subsidiaries is not material as the difference in borrowing rates charged by the banks is not significant in the absence of such guarantees.

46. Subsequent events

On 15 October 2015, the Company proposed to undertake the following corporate exercises:

(i) a bonus issue of up to 630,697,962 new ordinary shares of RM0.50 each in the Company on the basis of one new ordinary share of RM0.50 each for every one existing ordinary share held;

(ii) the establishment of an employees’ share grant plan of up to 15% of the issued and paid-up share capital of the Company (excluding treasury shares) for the eligible employees and executive directors of the Company and its subsidiaries;

(iii) an increase in the authorised share capital of the Company from RM400,000,000 to RM800,000,000 through the creation of 800,000,000 shares of RM0.50 each; and

46. Subsequent events (continued)

(iv) amendments to the Memorandum and Articles of Association of the Company to facilitate the implementation of the proposed increase in authorised share capital.

The above proposals are subject to the approvals by the relevant authorities and the shareholders of the Company in general meeting.

47. Authorisation of financial statements for issue

The financial statements for the year ended 31 August 2015 were authorised for issue in accordance with a resolution of the directors on 30 October 2015.

48. 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 2015 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	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total retained earnings of the Company and its subsidiaries				
- Realised	1,101,909	903,708	251,206	66,580
- Unrealised	(30,031)	(32,569)	-	-
	1,071,878	871,139	251,206	66,580
Less: Consolidated adjustments	(15,295)	9,725	-	-
Total Group's retained earnings as per consolidated financial statements	1,056,583	880,864	251,206	66,580