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

Directors' Report and
Audited Financial Statements
31 August 2017

474423-X

Top Glove Corporation Bhd.
(Incorporated in Malaysia)

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Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 August 2017.

Principal activities

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

The principal activities and other information of the subsidiaries are described in Note 19 to the financial statements.

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

Results

	Group RM'000	Company RM'000
Profit net of tax	328,436	327,273
Profit attributable to:		
Owners of the parent	328,571	327,273
Non-controlling interests	(135)	-
	328,436	327,273

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 Group and Company since 31 August 2016 were as follows:

	Group RM'000	Company RM'000
In respect of the financial year ended 31 August 2016:		
Final single tier dividend of 8.5 sen per share, paid on 23 January 2017	106,508	106,508
In respect of the financial year ended 31 August 2017:		
First interim single tier dividend of 6 sen per share, paid on 17 July 2017	75,221	75,246
	181,729	181,754

Dividends (cont'd.)

Further details on dividends recognised during the financial year are disclosed in Note 44.

At the forthcoming Annual General Meeting, a single tier final dividend of 8.5 sen per share on 1,254,135,000 ordinary shares amounting to RM106,601,000 in respect of the financial year ended 31 August 2017 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 2018.

Directors of the Company

The directors of the Company in office since the beginning of the financial year to the date of this report are:

Tan Sri Dr Lim Wee Chai
Tan Sri Dato' Seri Utama Arshad bin Ayub
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
Sharmila Sekarajasekaran
Tay Seong Chee, Simon
Datuk Dr. Norma Mansor (appointed on 12 May 2017)
Tan Sri Mohd Sidek Bin Haji Hassan (resigned on 14 February 2017)

Directors of subsidiaries

The following is a list of directors of the subsidiaries (excluding directors who are also directors of the Company) in office during the financial year until the date of this report:

Dato' IR Haji Ahmad Bin Hassan
Dr. Pongsak Kerdvonbundit
Choh Ai Ying
Chookiad Usaha
Hue Kon Fah
Lew Sin Chiang
Liew Say Keong
Lim Jin Feng
Ng Wee Chong
Ng Yong Lin

Directors of subsidiaries (cont'd.)

The following is a list of directors of the subsidiaries (excluding directors who are also directors of the Company) in office during the financial year until the date of this report:(cont'd.)

Oh Teik Chye
Phattaraporn Fueangthong
Puon Tuck Seng
Ravi A/L Supramaniam
Saw Eng Kooi
Seah Chong Shew
See So Kim Huat
Siow Chun Min
Som Chai A/L Putian
Svami Utama Batang Taris
Tan Chee Hoong
Thomas Petermoeller
Wilawan Sakulsongboonsiri
Wong Chong Ban
Dr. Navindra A/L Nageswaran (appointed on 24 January 2017)
Ho Chee Meng Edmund (appointed on 21 June 2017)
Masato Katayama (appointed on 21 June 2017)
Lew Choong Teck (resigned on 21 June 2017)
Yeoh Poh Yan @ Yeoh Poh Yoon (resigned on 24 January 2017)

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") and the Employee Share Grant Plan ("ESGP").

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' indemnity

Directors’ liability insurance is in place to protect the Directors of the Company against potential costs and liabilities arising from claims brought against the Directors.

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			---------------------->
	1 September 2016	**Acquired**	**Sold**	**31 August 2017**
Tan Sri Dr Lim Wee Chai				
- direct	368,812,676	8,709,500	8,700,000	368,822,176
- indirect	102,892,908	7,272,000	21,958,700	88,206,208
Puan Sri Tong Siew Bee				
- direct	18,364,596	7,200,000	21,958,700	3,605,896
- indirect	453,340,988	8,781,500	8,700,000	453,422,488
Lee Kim Meow				
- direct	580,100	440,000	400,000	620,100
- indirect	20,000	-	-	20,000
Lim Hooi Sin				
- direct	20,209,824	72,000	-	20,281,824
- indirect	451,484,860	15,909,500	30,658,700	436,735,660
Lim Cheong Guan				
- direct	8,000	-	-	8,000
Tan Sri Dato' Seri Utama Arshad bin Ayub				
- direct	800,000	100,000	-	900,000
- indirect	-	100,000	-	100,000

	<------------- Number of options over ordinary shares			------------->
	1 September 2016	**Granted**	**Exercised**	**31 August 2017**
Tan Sri Dr Lim Wee Chai	-	92,600	-	92,600
Puan Sri Tong Siew Bee	-	9,300	-	9,300
Lee Kim Meow	604,800	61,900	400,000	266,700
Lim Hooi Sin	-	72,000	72,000	-
Lim Cheong Guan	234,000	54,800	-	288,800

	Number of ordinary shares granted through ESGP during the financial year
	Granted
Tan Sri Dr Lim Wee Chai	9,500

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.

Directors' interests (cont'd.)

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 RM1,254,812,000 to RM1,256,299,000 by way of issuance of 1,487,000 ordinary shares pursuant to the ESOS at an option price between RM1.13 to RM5.33 per ordinary share.

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

Employee share options scheme ("ESOS")

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(i) to the financial statements.

Employee share grant plan ("ESGP")

The Company's ESGP is governed by the By-Laws which was approved by the shareholders at the Extraordinary General Meeting held on 6 January 2016 and became effective on 12 January 2016 and is administered by the ESGP Committee.

The main features and other terms of the ESGP are disclosed in Note 37(ii) to the financial statements.

Details of shares granted to directors are disclosed in the section on Directors' Interest in this report.

Treasury shares

As at 31 December 2017, the Company held as treasury shares a total of 2,164,000 of its 1,256,299,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM9,739,000 and further details are disclosed in Note 34 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 has been made for doubtful debts; and

   (ii) to ensure that any current assets which were unlikely to realise their values 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

   (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.

Significant events

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 19 and Note 20 to the financial statements.

Subsequent events

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

Auditors

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

The auditors' remuneration are disclosed in Note 11 to the financial statements.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 1 November 2017.

Lee Kim Meow Dato' Lim Han Boon

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Statement by directors
Pursuant to Section 251(2) of the Companies Act 2016

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 15 to 111 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 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 2017 and of their financial performance and cash flows for the year then ended.

The information set out in Note 48 on page 112 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 1 November 2017.

Lee Kim Meow

Dato' Lim Han Boon

Statutory declaration
Pursuant to Section 251(1)(b) of the Companies Act 2016

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 15 to 112 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 Shah Alam in the State of Selangor
on 1 November 2017

Lee Kim Meow

Before me,

Sirendar Singh
Commissioner for Oaths

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

Opinion

We have audited the financial statements of Top Glove Corporation Bhd., which comprise the statements of financial position as at 31 August 2017 of the Group and of the Company, and statements of profit or loss and other 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 15 to 111.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 August 2017, and of their financial performance and their 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 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Independent auditors' report to the members of
Top Glove Corporation Bhd. (cont'd.)
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Key audit matters (cont'd)

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Review of Costing of Inventories

At 31 August 2017, the Group held RM316 million of inventories which represent 11% of total assets of the Group. Total cost of inventory charged to income statement for the year ended 31 August 2017 amounted to RM2,804 million, accounted for 91% of total expenditure of the Group. Inventories are carried at the lower of cost and net realisable value and cost is determined based on standard cost which approximates actual cost. The cost of inventories comprises the cost of purchase of raw materials, direct labour, plus conversion costs such as variable and fixed overhead.

The inventory cost is recorded and computed via SAP system, after incorporating actual costs from a variety of inputs. As the computation and cost allocation process involves multiple inputs and is highly automated, the costing of inventories is considered complex and hence is a key area of audit focus.

Our audit procedures performed, amongst others are as follows:

(a) Obtained an understanding of the current inventories valuation policy, and its related processes in allocating, recording and computing the cost of inventories.

(b) Performed walkthrough on the processes and reviewed the computation of standard costing of inventory. We have also observed the procedures of updating the standard cost into the SAP system.

(c) Performed walkthrough, and tested controls over the recording of cost of purchases, which includes the raw materials, direct labour, and allocation of overheads, into the SAP system.

(d) Assessed the general and logical access controls surrounding the data input process of SAP system by involving IT audit professionals.

Independent auditors' report to the members of
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Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report to the members of
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Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

Independent auditors' report to the members of
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Auditors' responsibilities for the audit of the financial statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 19 to the financial statements.

Independent auditors' report to the members of
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Other reporting responsibilities

The supplementary information set out in Note 48 on page 112 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 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
2857/07/18(J)
Chartered Accountant

Kuala Lumpur, Malaysia
1 November 2017

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Income statements
For the financial year ended 31 August 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Revenue	8	3,409,176	2,888,515	333,815	59,596
Cost of sales		(2,803,857)	(2,292,969)	-	-
Gross profit		605,319	595,546	333,815	59,596
Other items of income					
Interest income	9	17,232	31,022	1,861	3,107
Other income	10	53,488	31,308	10	311
Other items of expense					
Distribution and selling costs		(90,250)	(82,718)	-	-
Administrative and general expenses		(195,390)	(128,620)	(8,413)	(8,853)
Finance costs		(6,314)	(5,611)	-	-
Share of results of associates		(980)	1,275	-	-
Profit before tax	11	383,105	442,202	327,273	54,161
Income tax expense	14	(54,669)	(79,763)	-	-
Profit net of tax		328,436	362,439	327,273	54,161
Profit attributable to:					
Owners of the parent		328,571	360,729	327,273	54,161
Non-controlling interests		(135)	1,710	-	-
		328,436	362,439	327,273	54,161
Earnings per share attributable to owners of the parent (sen):					
Basic	15	26.22	28.83		
Diluted	15	26.19	28.78		

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

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Statements of comprehensive income
For the financial year ended 31 August 2017

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit net of tax	328,436	362,439	327,273	54,161
Other comprehensive income/(loss):				
To be reclassified to profit or loss in subsequent periods:				
Net movement on available-for-sale financial assets	5,609	(4,229)	-	-
Foreign currency translation differences of foreign operations	30,041	(16,750)	-	-
Foreign currency translation differences of associates	(1,252)	(199)	-	-
Other comprehensive income/(loss) for the year, net of tax	34,398	(21,178)	-	-
Total comprehensive income for the year	362,834	341,261	327,273	54,161
Total comprehensive income attributable to:				
Owners of the parent	362,204	339,884	327,273	54,161
Non-controlling interests	630	1,377	-	-
	362,834	341,261	327,273	54,161

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

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Top Glove Corporation Bhd.
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Statements of financial position
As at 31 August 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Assets					
Non-current assets					
Property, plant and equipment	16	1,523,406	1,156,767	-	-
Land use rights	17	40,457	39,461	-	-
Investment property	18	83,156	82,184	-	-
Investment in subsidiaries	19	-	-	830,503	580,503
Investment in associates	20	-	3,961	-	-
Deferred tax assets	21	14,681	7,081	-	-
Investment securities	22	392	145	-	-
Goodwill	23	22,805	22,805	-	-
		1,684,897	1,312,404	830,503	580,503
Current assets					
Inventories	24	315,775	263,679	-	-
Trade and other receivables	25	419,349	345,700	174	2,257
Other current assets	26	51,258	24,179	-	-
Tax recoverable		17,351	-	16	3
Investment securities	22	206,910	479,081	2,583	100,163
Derivative financial instruments	27	645	-	-	-
Cash and bank balances	28	240,068	224,099	484	248
		1,251,356	1,336,738	3,257	102,671
Total assets		2,936,253	2,649,142	833,760	683,174
Equity and liabilities					
Current liabilities					
Loans and borrowings	29	314,644	317,796	-	-
Trade and other payables	30	418,802	332,199	2,565	2,256
Other current liabilities	31	62,292	39,368	1	-
Income tax payable		-	1,357	-	-
Derivative financial instruments	27	-	189	-	-
		795,738	690,909	2,566	2,256
Net current assets		455,618	645,829	691	100,415

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Statements of financial position
As at 31 August 2017 (cont'd.)

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Non-current liabilities					
Loans and borrowings	29	61,750	81,637	-	-
Deferred tax liabilities	21	66,284	50,757	-	-
		128,034	132,394	-	-
Total liabilities		923,772	823,303	2,566	2,256
Net assets		2,012,481	1,825,839	831,194	680,918
Equity attributable to owners of the parent					
Share capital	32	636,644	627,406	636,644	627,406
Share premium	33	-	4,781	-	4,781
Treasury shares	34	(9,739)	(9,739)	(9,739)	(9,739)
Other reserves	35	62,499	28,508	2,568	2,861
Retained earnings	36	1,313,876	1,167,057	201,721	55,609
		2,003,280	1,818,013	831,194	680,918
Non-controlling interests		9,201	7,826	-	-
Total equity		2,012,481	1,825,839	831,194	680,918
Total equity and liabilities		2,936,253	2,649,142	833,760	683,174

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

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Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 31 August 2017

		<---------- Attributable to owners of the parent ----------									
			<------------------------			Non-distributable			----------------- >	Distributable	
2017	**Total Equity RM'000**	**Total equity attributable to owners of the parent RM'000**	**Share capital RM'000**	**Share premium RM'000**	**Treasury shares RM'000**	**Foreign exchange reserve RM'000**	**Legal reserve RM'000**	**Share option reserve RM'000**	**Fair value adjustment reserve RM'000**	**Retained earnings RM'000**	**Non-controlling interests RM'000**
Group											
Opening balance at 1 September 2016	1,825,839	1,818,013	627,406	4,781	(9,739)	25,676	4,278	2,861	(4,307)	1,167,057	7,826
Total comprehensive income	362,834	362,204	-	-	-	28,024	-	-	5,609	328,571	630
Transactions with owners											
Issuance of ordinary shares pursuant to ESOS	4,179	4,179	3,128	1,051	-	-	-	-	-	-	-
Share options granted under ESOS	578	578	-	-	-	-	-	578	-	-	-
Issuance of shares to non-controlling interests	780	-	-	-	-	-	-	-	-	-	780
Changes in ownership interest in subsidiaries	-	35	-	-	-	-	-	-	-	35	(35)
Transfer from share option reserve	-	-	-	278	-	-	-	(278)	-	-	-
Transition to no-par value regime	-	-	6,110	(6,110)	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	(593)	-	593	-
Transfer to legal reserve	-	-	-	-	-	-	651	-	-	(651)	-
Dividends on ordinary shares (Note 44)	(181,729)	(181,729)	-	-	-	-	-	-	-	(181,729)	-
Total transactions with owners	(176,192)	(176,937)	9,238	(4,781)	-	-	651	(293)	-	(181,752)	745
Closing balance at 31 August 2017	2,012,481	2,003,280	636,644	-	(9,739)	53,700	4,929	2,568	1,302	1,313,876	9,201

Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 31 August 2017 (continued)

	<------- Attributable to owners of the parent										
			<------- Non-distributable						-------> Distributable		
2016	**Total Equity RM'000**	**Total equity attributable to owners of the parent RM'000**	**Share capital RM'000**	**Share premium RM'000**	**Treasury shares RM'000**	**Foreign exchange reserve RM'000**	**Legal reserve RM'000**	**Share option reserve RM'000**	**Fair value adjustment reserve RM'000**	**Retained earnings RM'000**	**Non-controlling interests RM'000**
Group											
Opening balance at 1 September 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
Total comprehensive income	341,261	339,884	-	-	-	(16,616)	-	-	(4,229)	360,729	1,377
Transactions with owners											
Issuance of ordinary shares pursuant to ESOS	22,791	22,791	2,457	20,334	-	-	-	-	-	-	-
Issuance of bonus shares	-	-	312,857	(220,800)	-	-	-	-	-	(92,057)	-
Share options granted under ESOS	144	144	-	-	-	-	-	144	-	-	-
Issuance of shares to non-controlling interests	20	-	-	-	-	-	-	-	-	-	20
Transfer from share option reserve	-	-	-	4,962	-	-	-	(4,962)	-	-	-
Share issue expenses	(17)	(17)	-	(17)	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	(35)	-	35	-
Transfer to legal reserve	-	-	-	-	-	-	497	-	-	(497)	
Sale of treasury shares	16,110	16,110	-	-	4,983	-	-	-	-	11,127	-
Dividends on ordinary shares (Note 44)	(168,863)	(168,863)	-	-	-	-	-	-	-	(168,863)	-
Total transactions with owners	(129,815)	(129,835)	315,314	(195,521)	4,983	-	497	(4,853)	-	(250,255)	20
Closing balance at 31 August 2016	1,825,839	1,818,013	627,406	4,781	(9,739)	25,676	4,278	2,861	(4,307)	1,167,057	7,826

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

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Top Glove Corporation Bhd.
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Statements of changes in equity
For the financial year ended 31 August 2017 (cont'd.)

		<------------------ Non-distributable			--------------->	Distributable
2017	**Total equity 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 2016	680,918	627,406	4,781	(9,739)	2,861	55,609
Total comprehensive income	327,273	-	-	-	-	327,273
Transactions with owners						
Issuance of ordinary shares pursuant to ESOS	4,179	3,128	1,051	-	-	-
Share options granted under ESOS (Note 35)	578	-	-	-	578	-
Transfer from share option reserve	-	-	278	-	(278)	-
Transition to no-par value regime	-	6,110	(6,110)	-	-	-
Transfer to retained earnings	-	-	-	-	(593)	593
Dividends on ordinary shares (Note 44)	(181,754)	-	-	-	-	(181,754)
Total transactions with owners	(176,997)	9,238	(4,781)	-	(293)	(181,161)
Closing balance at 31 August 2017	831,194	636,644	-	(9,739)	2,568	201,721

Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 31 August 2017 (cont'd.)

		<------------------ Non-distributable			---------------->	Distributable
	Total equity	Share capital	Share premium	Treasury shares	Share option reserve	Retained earnings
2016	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Company						
Opening balance at 1 September 2015	756,592	312,092	200,302	(14,722)	7,714	251,206
Total comprehensive income	54,161	-	-	-	-	54,161
Transactions with owners						
Issuance of ordinary shares pursuant to ESOS	22,791	2,457	20,334	-	-	-
Issuance of bonus shares	-	312,857	(220,800)	-	-	(92,057)
Share options granted under ESOS (Note 35)	144	-	-	-	144	-
Transfer from share option reserve	-	-	4,962	-	(4,962)	-
Share issue expenses	(17)	-	(17)	-	-	-
Transfer to retained earnings	-	-	-	-	(35)	35
Resold of treasury shares	16,110	-	-	4,983	-	11,127
Dividends on ordinary shares (Note 44)	(168,863)	-	-	-	-	(168,863)
Total transactions with owners	(129,835)	315,314	(195,521)	4,983	(4,853)	(249,758)
Closing balance at 31 August 2016	680,918	627,406	4,781	(9,739)	2,861	55,609

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 2017

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Operating activities				
Profit before tax	383,105	442,202	327,273	54,161
Adjustments for :				
Gross dividends	-	-	(329,505)	(55,000)
Depreciation:				
- Property, plant and equipment (Note 16)	109,648	105,773	-	-
- Investment property (Note 18)	1,423	1,385	-	-
Amortisation of land use rights (Note 17)	734	733	-	-
(Gain)/loss on disposal of property, plant and equipment	(3,087)	1,090	-	-
Bad debts written off	1,355	-	-	-
Gain on disposal of debt securities	(4,032)	(5,995)	-	-
Gain on disposal of an associate (Note 20)	(1,205)	-	-	-
Property, plant and equipment written off	5,790	1,410	-	-
Shares granted under ESGP	2,359	3,486	53	213
Share options granted under ESOS	578	144	41	-
Unrealised foreign exchange loss	21,490	1,691	-	-
Fair value gain on financial assets at fair value through profit or loss	-	(451)	-	(293)
Share of results of associates	980	(1,275)	-	-
Net fair value gain on derivative	(829)	(9,022)	-	-
Finance costs	6,314	5,611	-	-
Interest income	(17,232)	(31,022)	(1,861)	(3,107)
Total adjustments	124,286	73,558	(331,272)	(58,187)
Operating cash flows before changes in working capital	507,391	515,760	(3,999)	(4,026)
Changes in working capital				
Increase in inventories	(52,096)	(11,564)	-	-
(Increase)/decrease in receivables	(83,129)	20,508	20	(8)
(Increase)/decrease in other current assets	(27,079)	49	-	-
Increase in payables	109,656	16,599	310	191
Total changes in working capital	(52,648)	25,592	330	183
Cash flows from/(used in) operations	454,743	541,352	(3,669)	(3,843)
Interest paid	(6,314)	(5,611)	-	-
Purchase of shares for ESGP	(2,366)	(3,566)	-	-
Income taxes paid	(65,473)	(98,469)	(13)	(1)
Proceeds from government grant	496	-	-	-
Net cash flows generated from/(used in) operating activities	381,086	433,706	(3,682)	(3,844)

Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of cash flows

For the financial year ended 31 August 2017 (cont'd.)

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Investing activities				
Purchase of property, plant and equipment	(479,252)	(231,296)	-	-
Purchase of land use rights	(1,536)	-	-	-
Additions to investment property	(2,106)	(2,777)	-	-
Purchase of investment securities	(51,269)	(132,874)	(1,486)	(68,533)
Proceeds from disposal of investment securities	320,892	284,635	99,066	-
(Increase)/decrease in bank balances pledged with banks	(606)	305	-	-
Interest received	17,232	31,022	1,861	3,107
Dividends from subsidiaries	-	-	329,505	55,000
Dividend from an associate	787	2,255	-	-
Proceeds from disposal of property, plant and equipment	17,404	14,372	-	-
Additional investment in golf club membership	(247)	-	-	-
Additional investment in subsidiaries	-	-	(250,000)	-
Net cash inflow on disposal of an associate	2,034	-	-	-
Repayment from subsidiaries	-	-	2,547	132,360
Net cash flows (used in)/generated from investing activities	(176,667)	(34,358)	181,493	121,934
Financing activities				
Proceeds from issuance of ordinary shares	4,179	22,791	4,179	22,791
Proceeds from sale of treasury shares	-	16,110	-	16,110
Share issue expenses	-	(17)	-	(17)
Dividends paid on ordinary shares (Note 44)	(181,729)	(168,863)	(181,754)	(168,863)
Issuance of shares to non-controlling interest	780	20	-	-
Repayment of loans and borrowings	(154,637)	(242,463)	-	-
Drawdown of loans and borrowings	126,074	44,394	-	-
Net cash flows used in financing activities	(205,333)	(328,028)	(177,575)	(129,979)

Top Glove Corporation Bhd.
(Incorporated in Malaysia)

Statements of cash flows

For the financial year ended 31 August 2017 (cont'd.)

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net (decrease)/increase in cash and cash equivalents	(914)	71,320	236	(11,889)
Effect of changes in foreign exchange rate	16,277	6,624	-	-
Cash and cash equivalents at 1 September	223,156	145,212	248	12,137
Cash and cash equivalents at 31 August (Note 28)	238,519	223,156	484	248

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 2017

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 Level 21, Top Glove Tower, 16, Persiaran Setia Dagang, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor.

On 28 June 2016, the Company was officially listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") by way of an Introduction.

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 2016 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 2017. 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.

3. Basis of consolidation (cont'd.)

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.

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, unrealised gains and losses 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.

4. Summary of significant accounting policies (cont'd.)

4.1 Business combinations and goodwill (cont'd.)

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.

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 Other Comprehensive Income ("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.

4. Summary of significant accounting policies (cont'd.)

4.1 Business combinations and goodwill (cont'd.)

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.

4.2 Current versus non-current classification

Assets and liabilities in the statements of financial position are presented based on a 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.

4. Summary of significant accounting policies (cont'd.)

4.3 Fair value measurement (cont'd.)

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.

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.

4. Summary of significant accounting policies (cont'd.)

4.3 Fair value measurement (cont'd.)

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 interests

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

Changes in the Company's 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 interests 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.

4. Summary of significant accounting policies (cont'd.)

4.5 Foreign currencies (cont'd.)

(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.

(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. Summary of significant accounting policies (cont'd.)

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 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 and at fair value through profit or loss, 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.

(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. Summary of significant accounting policies (cont'd.)

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

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(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 capital 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 (cont'd.)

4.7 Employee benefits (cont'd.)

(d) Employee share grant plan ("ESGP")

Employees of the Group are entitled to performance based shares as consideration for services rendered. The ESGP may be settled by way of issuance or transfer of shares of the Company or by cash at the discretion of the ESGP Committee. Trusts have been set up and are administered by an appointed trustee (“ESGP Trusts”). The trustee will be entitled from time to time, to accept advances from the Group, upon such terms and conditions as the Group and the trustee may agree to purchase the ordinary shares of the Company (“Trust Shares”) from the open market for the ESGP Trusts. The value of the ESGP Awards granted to Eligible Employees is recognised as an employee cost.

The ESGP Trusts' asset is consolidated into the Group’s consolidated financial statements. Dividends received by the ESGP Trusts are eliminated against the Company’s dividend payment.

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 taxable 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.

4. Summary of significant accounting policies (cont'd.)

4.8 Taxes (cont'd.)

(b) Deferred tax (cont'd.)

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

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

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

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

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

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

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

4. Summary of significant accounting policies (cont'd.)

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.

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. Summary of significant accounting policies (cont'd.)

4.11 Investment property

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

Investment property is derecognised either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the 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.

4.12 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.

4. Summary of significant accounting policies (cont'd.)

4.12 Leases (cont'd.)

(a) Group as lessee (cont'd.)

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.

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 basis 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 involvement with the investee; and

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

In the Company’s separate financial statements, investment in subsidiaries is accounted for at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and the carrying amount 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.

4. Summary of significant accounting policies (cont'd.)

4.14 Investment in associates (cont'd.)

The Group's investment in associates is accounted for using the equity method of accounting. Under the equity method, the investment in associates is measured in the consolidated 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 Group 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 Group, adjustments are made for the effects of significant transactions or events that occur between that date and the reporting date of the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

4. Summary of significant accounting policies (cont'd.)

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.

4. Summary of significant accounting policies (cont'd.)

4.16 Impairment of non-financial assets (cont'd.)

Impairment calculation is 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.

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.

4. Summary of significant accounting policies (cont'd.)

4.18 Financial assets (cont'd.)

(a) Initial recognition and measurement (cont'd.)

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 bank balances, trade and other receivables, investments in debt securities and money market funds.

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

4. Summary of significant accounting policies (cont'd.)

4.18 Financial assets (cont'd.)

(b) Subsequent measurement (cont'd.)

(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.

Loans and receivables of the Group and Company comprise trade and other receivables (other than prepaid operating expenses and tax recoverable), amount 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 financial years ended 31 August 2017 and 2016.

(iv) Available-for-sale ("AFS") financial assets

AFS financial assets 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.

4. Summary of significant accounting policies (cont'd.)

4.18 Financial assets (cont'd.)

(b) Subsequent measurement (cont'd.)

(iv) Available-for-sale ("AFS") financial assets (cont'd.)

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the fair value adjustment 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 fair value adjustment reserve to profit or loss in finance costs. Interest earned whilst holding AFS financial assets 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.

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 debt securities of the Group are designated as AFS financial assets.

(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.

4. Summary of significant accounting policies (cont'd.)

4.18 Financial assets (cont'd.)

(c) Derecognition (cont'd.)

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.

(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 debtor 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.

4. Summary of significant accounting policies (cont'd.)

4.18 Financial assets (cont'd.)

(d) Impairment of financial assets (cont'd.)

Financial assets carried at amortised cost (cont'd.)

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.

Available-for-sale ("AFS") financial assets

For AFS financial assets, an assessment is made at each reporting date whether there is objective evidence that an assets or a group of assets is impaired.

In the case of 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. Summary of significant accounting policies (cont'd.)

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 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, financial guarantee contracts and derivative liabilities.

(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.

4. Summary of significant accounting policies (cont'd.)

4.19 Financial liabilities (cont'd.)

(b) Subsequent measurement (cont'd.)

(ii) Other financial liabilities (cont'd.)

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.

(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 and separate 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. Summary of significant accounting policies (cont'd.)

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.

4.21 Cash and bank balances

Cash and bank balances in the statements of financial position comprise cash at banks and on hand and short-term deposits.

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash and short-term deposits with a maturity of three months or less excluding deposits pledged with banks that are not available for use.

4.22 Share capital and share issue expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments and are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

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

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. Summary of significant accounting policies (cont'd.)

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 income statements 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.

4.25 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all conditions attached will be met. Government grants related to assets, measured at nominal value, shall be presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. Grants that compensate the Group for expenses incurred are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Grants that compensate the Group for the cost of an asset are presented by deducting the grants in arriving at the carrying amount of the assets.

4.26 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 and the Company.

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

4.27 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 Group 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 for the adoption of the following new/revised MFRSs and Amendments to MFRSs:

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016
Amendments to MFRS 5: Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements to MFRSs 2012-2014 Cycle)	1 January 2016
Amendments to MFRS 7: Financial Instruments Disclosure (Annual Improvements to MFRSs 2012-2014 Cycle)	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	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
Amendments to MFRS 119: Employee Benefits (Annual Improvements to MFRSs 2012-2014 Cycle)	1 January 2016
Amendments to MFRS 134: Interim Financial Reporting (Annual Improvements to MFRSs 2012-2014 Cycle)	1 January 2016
Amendments to MFRS 141 Agriculture: Bearer Plants	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016

Adoption of the above standards and interpretations did not have any material effect on the financial performance or position of the Group and of 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's and the Company's financial statements are discussed below. The Group and the Company intend to adopt these standards if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 12: Annual Improvements to MFRSs 2014-2016 Cycle)	1 January 2017
Amendments to MFRS 107: Disclosure Initiatives	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 2 : Classification and measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 128: Annual Improvements to MFRSs 2014-2016 Cycle)	1 January 2018

6. New and amended standards issued but not yet effective (cont'd.)

Description	Effective for annual periods beginning on or after
Amendments to MFRS 140: Transfers of Investment Property	1 January 2018
Amendments to MFRS 1 (Annual Improvements to MFRS Standards 2014-2016 Cycle)	1 January 2018
MFRS 9 Financial Instruments	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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:

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 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.

6. New and amended standards issued but not yet effective (cont'd.)

MFRS 16 Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement Contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group is currently assessing the impact of MFRS 16 and plans to adopt the new standard on the required effective date.

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 except as discussed below:

Classification between investment property 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.

7. Significant accounting judgments, estimates and assumptions (cont'd.)

7.1 Judgments made in applying accounting policies (cont'd.)

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. The Group has determined that its property held to earn rental income or capital appreciation is investment property as only an insignificant portion of the property is used in the production or supply of goods or services or for administrative purposes and ancillary services are not significant to the 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 requires an estimation of the value in use of the cash-generating units to which goodwill is allocated.

When value in use calculations are undertaken, management must estimate 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.

(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.

7. Significant accounting judgments, estimates and assumptions (cont'd.)

7.2 Estimates and assumptions (cont'd.)

(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 respective domicile of the Group companies. As the Group assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognised.

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

The amount of deferred tax assets recognised in respect of unutilised tax losses, capital allowances and reinvestment allowances and the amounts of such losses and allowances for which deferred tax assets were not recognised are disclosed in Note 21.

8. Revenue

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Sales of goods	3,409,176	2,888,515	-	-
Management fees from subsidiaries	-	-	4,310	4,596
Dividend income from subsidiaries	-	-	329,505	55,000
	3,409,176	2,888,515	333,815	59,596

9. Interest income

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Interest income from:				
Available-for-sale financial assets	11,929	19,030	-	-
Loans and receivables	992	1,074	412	-
Financial assets at fair value through profit or loss	4,309	10,598	1,449	3,107
Others	2	320	-	-
	17,232	31,022	1,861	3,107

10. Other income

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Realised gain on foreign exchange	26,031	2,339	-	-
Net gain on fair value changes of derivatives	829	9,022	-	-
Fair value gain on financial assets at fair value through profit or loss	-	451	-	293
Rental income	6,021	3,342	-	-
Gain on disposal of debt securities	4,032	5,995	-	-
Gain on disposal of an associate	1,205	-	-	-
Gain on disposal of property, plant and equipment	3,087	-	-	-
Sundry income	12,283	10,159	10	18
	53,488	31,308	10	311

11. Profit before tax

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

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Auditors' remuneration:				
Company's auditors				
- Statutory audit				
- Current year	246	228	75	58
- Underprovision in prior year	32	5	-	-
- Other services	60	60	60	60
Other auditors				
- Statutory audit				
- Current year	371	326	-	-
- Underprovision in prior year	19	-	-	
Depreciation:				
- Property, plant and equipment (Note 16)	109,648	105,773	-	-
- Investment property (Note 18)	1,423	1,385	-	-
Amortisation of land use rights (Note 17)	734	733	-	-
Bad debt written off	1,355	-	-	-
Direct operating expenses arising from investment property				
- Rental generating property	667	688	-	-
Net loss on foreign exchange				
- realised	-	-	34	27
- unrealised	21,490	1,691	-	-
Employee benefits expense (Note 12)	384,861	322,654	4,192	4,202
Non-executive directors' remuneration (Note 13)	745	545	742	543
Operating lease - Minimum lease payment for building and machinery	952	946	-	-
Loss on disposal of property, plant and equipment	-	1,090	-	-
Property, plant and equipment written off	5,790	1,410	-	-

12. Employee benefits expense

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Wages and salaries	345,795	290,562	3,264	2,637
Social security costs	4,377	2,902	2	2
Pension costs - defined contribution plan	12,726	11,287	392	316
Share options granted under ESOS	578	144	41	-
Shares granted under ESGP	2,359	3,486	53	213
Other staff related expenses	18,608	13,292	59	81
Directors' fees	418	981	381	953
	384,861	322,654	4,192	4,202

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM8,514,000 (2016: RM7,969,000) and RM3,974,000 (2016: RM3,901,000) respectively as further disclosed in Note 13.

13. Directors' remuneration

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	4,727	3,801	3,123	2,441
Pension costs - defined contribution plan	474	389	375	293
Social security contributions	1	1	1	1
Share options granted under ESOS	166	-	41	-
Shares granted under ESGP	53	259	53	213
Fees	381	953	381	953
Benefits-in-kind	103	96	50	47
	5,905	5,499	4,024	3,948
Non-executive:				
Fees	669	469	669	469
Other emoluments	73	74	73	74
	742	543	742	543

13. Directors' remuneration (cont'd.)

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other directors				
Executive:				
Salaries and other emoluments	2,450	2,313	-	-
Pension costs - defined contribution plan	143	151	-	-
Social security contributions	7	6	-	-
Share options granted under ESOS	11	-	-	-
Shares granted under ESGP	64	68	-	-
Fees	37	28	-	-
Benefits-in-kind	22	22	-	-
	2,734	2,588	-	-
Non-executive:				
Fees	3	2	-	-
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration (Note 12)	8,514	7,969	3,974	3,901
Total non-executive directors' remuneration (note 11)	745	545	742	543
Total directors' remuneration	9,259	8,514	4,716	4,444

14. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 August 2017 and 2016 are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current income tax:				
- Malaysian income tax	31,650	66,542	-	-
- Foreign tax	8,973	4,686	-	-
- Real property gain tax	258	(164)	-	-
- Underprovision in respect of previous years	5,884	3,414	-	-
	46,765	74,478	-	-
Deferred income tax (Note 21):				
- Relating to origination and reversal of temporary differences	1,416	9,148	-	-
- Reduction in Malaysia income tax rate	-	(1,214)	-	-
- Under/(Over)provision in respect of previous years	6,488	(2,649)	-	-
	7,904	5,285	-	-
Income tax expense recognised in profit or loss	54,669	79,763	-	-

14. Income tax expense (cont'd.)

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 2017 and 2016 are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit before tax	383,105	442,202	327,273	54,161
Tax at Malaysian statutory tax rate of 24% (2016: 24%)	91,945	106,128	78,546	12,999
Adjustments:				
Different tax rates in other countries	(843)	(726)	-	-
Effects of tax incentives claimed by foreign subsidiaries	(1,459)	(1,292)	-	-
Income not subject to tax	(37,525)	(11,427)	(79,528)	(13,945)
Effect of change in tax rate	-	(931)	-	-
Non-deductible expenses	15,411	8,373	791	1,034
Effect of income subject to real property gain tax	258	(164)	-	-
Expenses entitled for double deduction	(15)	(69)	-	-
Utilisation of tax incentives	(12,235)	(9,639)	-	-
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowance	3,310	898	191	-
Deferred tax assets recognised in respect of export allowance, reinvestment allowance and capital allowance	(14,520)	-	-	-
Share of results of associate	235	(237)	-	-
Under/(Over)provision of deferred tax in respect of previous years	6,488	(2,649)	-	-
Underprovision of income tax in respect of previous years	5,884	3,414	-	-
Utilisation of unabsorbed losses, reinvestment allowance and capital allowances	(2,265)	(11,916)	-	(88)
Income tax expense recognised in profit or loss	54,669	79,763	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the year. The computation of deferred tax as at 31 August 2017 has reflected these changes.

14. Income tax expense (cont'd.)

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 is 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 is 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 information below have been used in the computation of basic and diluted earnings per share for the years ended 31 August 2017 and 2016:

	Group	
	2017	**2016**
Profit net of tax attributable to owners of the parent used in the computation of basic and diluted earnings per share (RM'000)	328,571	360,729
Weighted average number of ordinary shares for basic earnings per share computation ('000)	1,253,286	1,251,278
Effects of dilution - share options ('000)	1,353	1,953
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	1,254,639	1,253,231
Basic earnings per share (sen)	26.22	28.83
Diluted earnings per share (sen)	26.19	28.78

The number of ordinary shares issued as at 31 August 2016 has been adjusted to reflect the bonus issue of one for one existing ordinary shares which was completed on 27 January 2016. Further details are disclosed in Note 32.

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 2015	542,863	982,954	105,368	70,436	1,701,621
Additions	8,743	77,873	20,067	124,613	231,296
Transfer from investment property (Note 18)	-	31,222	193	-	31,415
Reclassification	7,552	5,154	1,721	(14,427)	-
Written off	(204)	(6,841)	(2,522)	(22)	(9,589)
Disposals	(1,845)	(13,707)	(1,710)	(8,571)	(25,833)
Exchange differences	(5,726)	(13,058)	(1,070)	(479)	(20,333)
At 31 August 2016/ 1 September 2016	551,383	1,063,597	122,047	171,550	1,908,577
Additions #	143,535	111,859	21,008	202,850	479,252
Transfer to investment property (Note 18)	(292)	-	-	-	(292)
Reclassification	42,400	90,941	(954)	(132,387)	-
Written off	(229)	(13,974)	(783)	(6)	(14,992)
Disposals	(5,403)	(8,684)	(2,893)	(2,392)	(19,372)
Exchange differences	8,633	21,391	1,774	3,821	35,619
At 31 August 2017	740,027	1,265,130	140,199	243,436	2,388,792
Accumulated depreciation					
At 1 September 2015	58,742	560,284	56,105	-	675,131
Depreciation charge for the year (Note 11)	7,801	83,627	14,345	-	105,773
Transfer from investment property (Note 18)	-	1,029	-	-	1,029
Reclassification	355	(753)	398		-
Written off	(31)	(6,004)	(2,144)	-	(8,179)
Disposals	(238)	(8,871)	(1,262)	-	(10,371)
Exchange differences	(888)	(9,829)	(856)	-	(11,573)
At 31 August 2016/ 1 September 2016	65,741	619,483	66,586	-	751,810
Depreciation charge for the year (Note 11)	8,786	84,759	16,103	-	109,648
Transfer to investment property (Note 18)	(3)	-	-	-	(3)
Reclassification	842	182	(1,024)	-	-
Written off	(178)	(8,367)	(657)	-	(9,202)
Disposals	(174)	(3,754)	(1,120)	-	(5,048)
Exchange differences	1,646	15,650	885	-	18,181
At 31 August 2017	76,660	707,953	80,773	-	865,386

16. Property, plant and equipment (cont'd.)

	* 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 2016	485,642	444,114	55,461	171,550	1,156,767
At 31 August 2017	663,367	557,177	59,426	243,436	1,523,406

\# As at 31 August 2017, there was a government grant received of RM2,488,852 deducted in arriving at the carrying amount of plant and equipment.

** 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 2015	233,954	308,909	542,863
Additions	2,343	6,400	8,743
Reclassification	155	7,397	7,552
Written off	-	(204)	(204)
Disposals	-	(1,845)	(1,845)
Exchange differences	(1,073)	(4,653)	(5,726)
At 31 August 2016/1 September 2016	235,379	316,004	551,383
Additions	111,154	32,381	143,535
Transfer to investment property (Note 18)	-	(292)	(292)
Reclassification	8,645	33,755	42,400
Written off	-	(229)	(229)
Disposals	(4,236)	(1,167)	(5,403)
Exchange differences	1,938	6,695	8,633
At 31 August 2017	352,880	387,147	740,027

16. Property, plant and equipment (cont'd.)

	Freehold land RM'000	Buildings RM'000	Total RM'000
Accumulated depreciation			
At 1 September 2015	-	58,742	58,742
Depreciation charge for the year	-	7,801	7,801
Reclassification	-	355	355
Written off	-	(31)	(31)
Disposals	-	(238)	(238)
Exchange differences	-	(888)	(888)
At 31 August 2016/1 September 2016	-	65,741	65,741
Depreciation charge for the year	-	8,786	8,786
Transfer to investment property (Note 18)	-	(3)	(3)
Reclassification	-	842	842
Written off	-	(178)	(178)
Disposals	-	(174)	(174)
Exchange differences	-	1,646	1,646
At 31 August 2017	-	76,660	76,660
Net carrying amount			
At 31 August 2016	235,379	250,263	485,642
At 31 August 2017	352,880	310,487	663,367

Property, plant and equipment of a subsidiary with the following net carrying amount is pledged to a bank for banking facility granted to the subsidiary as disclosed in Note 29.

	2017 RM'000	2016 RM'000
Land and buildings	21,788	20,967

17. Land use rights

	Group 2017 RM'000	Group 2016 RM'000
Cost		
At 1 September 2016/2015	43,332	43,483
Additions	1,536	-
Exchange differences	224	(151)
At 31 August 2017/2016	45,092	43,332
Accumulated amortisation		
At 1 September 2016/2015	3,871	3,168
Amortisation for the year (Note 11)	734	733
Exchange differences	30	(30)
At 31 August 2017/2016	4,635	3,871
Net carrying amount	40,457	39,461
Amount to be amortised:		
- Not later than one year	754	733
- Later than one year but not later than five years	3,016	2,932
- Later than five years	36,687	35,796
	40,457	39,461

18. Investment property

	Group 2017 RM'000	Group 2016 RM'000
Freehold land and building		
Cost		
At 1 September 2016/2015	84,009	112,647
Additions	2,106	2,777
Transfer from/(to) property, plant and equipment (Note 16)	292	(31,415)
At 31 August 2017/2016	86,407	84,009
Accumulated depreciation		
At 1 September 2016/2015	1,825	1,469
Depreciation charge for the year (Note 11)	1,423	1,385
Transfer from/(to) property, plant and equipment (Note 16)	3	(1,029)
At 31 August 2017/2016	3,251	1,825
Net carrying amount	83,156	82,184
Fair value of investment property (Note 40)	162,000	162,000

18. Investment property (cont'd.)

The fair value of the investment property was based on a valuation by an accredited independent qualified valuer. Valuation was based on current prices in an active market for certain properties and where appropriate, the investment method reflecting receipt of contractual rentals, expected future market rentals, current market yields, void periods, maintenance requirements and approximate capitalisation rates were used.

A quantitative sensitivity analysis of the change in the yield rate as at 31 August 2017 is shown below:

	Fair Value RM'000	Valuation techniques	Unobservable inputs	Range	Sensitivity of the fair value to input
Land and building	162,000	Investment Method	Yield adjustment based on management assumptions	7.0%	0.5% increase or decrease in the yield rate would result in decrease or increase in fair value by approximately RM12 million

19. Investment in subsidiaries

	Company 2017 RM'000	2016 RM'000
Unquoted shares, at cost:		
- In Malaysia	831,620	581,620
Less: Accumulated impairment losses	(4,845)	(4,845)
	826,775	576,775
- Outside Malaysia	3,728	3,728
	830,503	580,503

19. Investment in subsidiaries (cont'd.)

Details of the subsidiaries are as follows:

Name	Country of incorporation	Proportion of ownership interest (%) 2017	2016	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
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

19. Investment in subsidiaries (cont'd.)

Name	Country of incorporation	Proportion of ownership interest (%) 2017	2016	Principal activities
Held through TGSB (cont'd.):				
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	97.50	97.50	Trading of gloves
Great Glove (Xinghua) Co. Ltd.#	The People's Republic of China	100	100	Manufacturing and trading of gloves
TG Medical Suzhou Co. Ltd.#	The People's Republic of China	100	100	Trading of gloves
Top Glove International Sdn. Bhd.#	Malaysia	100	100	Research and development and manufacturing of all types types of gloves and rubber goods
Top Glove Properties Sdn. Bhd.#	Malaysia	100	100	Property investment
Medi-Flex Pte. Ltd. ("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
TG Porcelain Sdn. Bhd. ("TGPSB")#	Malaysia	100	100	Manufacturing of formers
TGGD Medical Clinic Sdn. Bhd. ("TGGD")#	Malaysia	75	95	Providing of clinical and specialist medical services

19. Investment in subsidiaries (cont'd.)

Name	Country of incorporation	Proportion of ownership interest (%) 2017	2016	Principal activities
Held through TGSB (cont'd.):				
TG FMT Sdn. Bhd. (Formerly known as Techniglove Asia Sdn. Bhd.)*	Malaysia	70	-	Manufacturing and trading of chemicals
Top Glove Chemicals Sdn. Bhd.#	Malaysia	100	-	Manufacturing of chemicals and chemical compounds
Held through TGMSB:				
Top Healthy Fitness Sdn. Bhd.#	Malaysia	100	100	Fitness centre
Held through Flexitech:				
TG FMT Sdn. Bhd. (Formerly known as Techniglove Asia Sdn. Bhd.)*	Malaysia	-	100	Manufacturing and trading of chemicals
Held through Great Glove (Xinghua) Co. Ltd:				
TG Medical (Xinghua) Co. Ltd.#	The People's Republic of China	100	100	Trading of gloves
TG Medical (Putian) Co. Ltd.#	The People's Republic of China	100	-	Trading of gloves
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

19. Investment in subsidiaries (cont'd.)

Name	Country of incorporation	Proportion of ownership interest (%) 2017	2016	Principal activities
Held through Best Advance:				
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 firms other than Ernst & Young
^ The total equity interests held by the Group is 100% and it is held by the following subsidiaries:

		2017	2016
(i)	Best Advance Resources Limited	99.90%	99.90%
(ii)	Green Resources Limited	0.10%	0.10%

<u>Changes in group structure</u>

The following changes in group structure took place during the financial year:

(a) On 14 September 2016, the Company, through its wholly-owned subsidiary, Top Glove Sdn. Bhd. had acquired the entire issued and paid up share capital of Top Glove Chemicals Sdn. Bhd. The principal activity of Top Glove Chemicals Sdn. Bhd. is manufacturing of chemicals and chemical compounds. The acquisiton is not expected to have any material effects on the financial position of the Group.

(b) The Company, through its wholly-owned sub-subsidiary, Great Glove (Xinghua) Co. Ltd. had on 12 October 2016, incorporated a private limited Company in China, known as TG Medical (Putian) Co. Ltd., wholly-owned by Great Glove (Xinghua) Co. Ltd. with registered capital of RMB1,000,000. The principal activity of TG Medical (Putian) Co. Ltd. is trading of all types of gloves, medical-related products and devices.

(c) The Company through its wholly-owned subsidiary, Top Glove Sdn. Bhd. ("TGSB") had acquired the entire issued and paid up share capital of Techniglove Asia Sdn Bhd ("Techniglove") from Flexitech Sdn. Bhd., an indirect wholly-owned subsidiary of the Company.

19. Investment in subsidiaries (cont'd.)

Changes in group structure (cont'd.)

The following changes in group structure took place during the financial year: (cont'd.)

(c) Subsequently, on 27 March 2017, TGSB entered into a joint venture ("JV") agreement with Fimatec Limited ("Fimatec") for the purpose of engaging in the business of manufacturing functional filler. Techniglove was used as the proposed JV company and was later renamed to TG FMT Sdn. Bhd. The shareholding composition of TG FMT Sdn. Bhd. is 70% owned by TGSB and the remaining 30% by Fimatec.

Summarised financial information for subsidiaries with non-controlling interests have not been disclosed as the carrying amount of the non-controlling interests in the consolidated statement of financial position is immaterial to the Group.

20. Investment in associates

	Group	
	2017	**2016**
	RM'000	**RM'000**
Unquoted shares at cost	12,204	21,217
Share of post-acquisition reserves	(12,204)	(9,424)
Dividends received from associate	-	(6,238)
Foreign currency translation	-	1,252
	-	6,807
Less: Accumulated impairment losses	-	(2,846)
	-	3,961

Details of the associates are as follows:

Name	Country of incorporation	Proportion of ownership interest (%) 2017	2016	Principal activities
Held through Medi-Flex:				
Sonic Clean Pte. Ltd.#	Singapore	-	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.#	Malaysia	27	27	Investment holding

\# Audited by firms other than Ernst & Young

20. Investment in associates (cont'd.)

The financial year end of the above associates are non-coterminous with those of the Group. For the purpose of applying the equity method of accounting, the latest available financial information have been used and appropriate adjustments have been made for the effects of significant transactions between the dates of the latest available financial information and 31 August 2017.

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

	Group	
	2017	**2016**
	RM'000	**RM'000**
Assets and liabilities		
Non-current assets	214,881	219,804
Current assets	2,463	13,449
Total assets	217,344	233,253
Non-current liabilities	(208,920)	(208,158)
Current liabilities	(14,872)	(13,365)
Total liabilities	(223,792)	(221,523)
Net (liabilities)/assets	(6,448)	11,730
Results		
Revenue	22,194	24,871
(Loss)/profit for the year	(10,084)	10,561

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

	Group	
	2017	**2016**
	RM'000	**RM'000**
Net assets of associates at 1 September 2016/2015	11,730	7,831
Disposal of investment in an associate	(6,439)	-
(Loss)/profit for the year	(10,084)	10,561
Dividend paid	(2,135)	(6,120)
Other comprehensive income/(loss)	480	(542)
Net (liabilities)/assets of associates as at 31 August 2017/2016	(6,448)	11,730
Group's share of net assets	-	6,807

The Company's indirect subsidiary, Medi-flex Pte. Ltd. ("Medi-flex") together with Unisteel Technology Limited ("Unisteel") had on 30 June 2017, entered into a Sale and Purchase Agreement with Mclean Technologies Pte. Ltd. ("Mclean") to dispose all 2,020,000 ordinary shares of Sonic Clean Pte. Ltd. at an aggregate consideration of RM2,034,255. The disposal had resulted in a gain on disposal of RM1,205,000.

21. Deferred tax (assets)/liabilities

Deferred income tax as at 31 August 2017 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 and reinvestment allowances RM'000**	**Total RM'000**
At 1 September 2015	54,629	10,469	(26,707)	38,391
Recognised in profit or loss	(2,357)	6,831	811	5,285
At 31 August 2016/1 September 2016	52,272	17,300	(25,896)	43,676
Recognised in profit or loss	15,019	2,361	(9,476)	7,904
Exchange difference	-	23	-	23
At 31 August 2017	67,291	19,684	(35,372)	51,603

The unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences of the Group are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

The unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences applicable to foreign incorporated subsidiaries are pre-determined by and subject to the tax legislation of the respective countries.

Presented after appropriate offsetting as follows:

	Group	
	2017 RM'000	**2016 RM'000**
Deferred tax assets	(14,681)	(7,081)
Deferred tax liabilities	66,284	50,757
	51,603	43,676

21. Deferred tax (assets)/liabilities (cont'd.)

Deferred tax assets have not been recognised by the Group and the Company in respect of the following items:

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Unutilised tax losses	27,607	19,353	2,604	1,807
Unabsorbed capital allowances	18,607	20,384	-	-
Unabsorbed increase in export allowances	-	42,367	-	-
Unabsorbed reinvestment allowances	3,156	13,977	-	-
	49,370	96,081	2,604	1,807

Deferred tax assets have not been recognised by the Group and the Company in respect of these items as it is not probable that taxable profits of the subsidiaries would be available against which deductible temporary differences could be utilised.

22. Investment securities

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Current				
Available-for-sale financial assets				
- Debt securities (quoted outside Malaysia)	125,453	222,732	-	-
Financial assets at fair value through profit or loss				
- Money market funds (quoted in Malaysia)	81,457	256,349	2,583	100,163
Total current investment securities	206,910	479,081	2,583	100,163
Non-current				
Unquoted investments - golf club membership	392	145	-	-
	207,302	479,226	2,583	100,163

In previous year, debt securities of the Group amounting to RM2,960,000 were pledged to a bank for credit facility granted to the Group as disclosed in Note 29.

23. Goodwill

Goodwill has been allocated to Cash Generating Units ("CGUs") identified as follows:

	Group	
	2017	**2016**
	RM'000	**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

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

(i) Growth rate which is determined based on the management's estimate of on the industry trends and past performances of the segments.

(ii) A post-tax discount rate of 9% (2016: 4%) was applied in determining the recoverable amount of the unit. The discount rate was estimated based on an industry average weighted average cost of capital.

The Group is of the opinion that any reasonably possible change in the above key assumptions would not materially cause the recoverable amount of the CGU's to be lower than its carrying amount.

24. Inventories

	Group	
	2017	**2016**
	RM'000	**RM'000**
Cost		
Raw materials	80,727	58,214
Consumables and hardware	28,257	22,366
Work-in-progress	66,325	39,196
Finished goods	121,131	138,812
	296,440	258,588
Net realisable value		
Work-in-progress	2,509	772
Finished goods	16,826	4,319
	315,775	263,679

24. Inventories (cont'd.)

During the year, the amount of inventories recognised as an expense of the Group amounted to RM2,804 million (2016: RM2,293 million).

25. Trade and other receivables

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Trade receivables				
Third parties	394,408	327,457	-	-
Less: Allowance for impairment	(975)	(975)	-	-
Trade receivables, net	393,433	326,482	-	-
Other receivables				
Amounts due from subsidiaries	-	-	166	2,229
Sundry receivables	14,036	6,886	8	28
Refundable deposits	11,880	12,332	-	-
	25,916	19,218	174	2,257
Total trade and other receivables	419,349	345,700	174	2,257
Total trade and other receivables	419,349	345,700	174	2,257
Add: Cash and bank balances (Note 28)	240,068	224,099	484	248
Total loans and receivables	659,417	569,799	658	2,505

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2016: 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 (cont'd.)

(a) Trade receivables (cont'd.)

Ageing analysis of trade receivables

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

	Group 2017 RM'000	Group 2016 RM'000
Neither past due nor impaired	356,685	293,238
1 to 30 days past due not impaired	34,131	29,391
31 to 60 days past due not impaired	2,071	1,366
61 to 90 days past due not impaired	38	1,336
91 to 120 days past due not impaired	61	298
More than 121 days past due not impaired	447	853
	36,748	33,244
Impaired	975	975
	394,408	327,457

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 are mostly 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 RM36,748,000 (2016: RM33,244,000) that are past due at the reporting date but not impaired. These receivables are unsecured in nature.

25. Trade and other receivables (cont'd.)

(a) Trade receivables (cont'd.)

<u>Receivables that are impaired</u>

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	
	2017	**2016**
	RM'000	**RM'000**
Trade receivables-nominal amounts	975	975
Less: Allowance for impairment loss	(975)	(975)
	-	-

Movements in the allowance accounts:

	Group	
	2017	**2016**
	RM'000	**RM'000**
1 September/31 August	975	975

Trade receivables that are individually determined to be impaired at the reporting date relate to a debtor that is in significant financial difficulty and has defaulted on payment. This receivable is 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		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Prepaid operating expenses	13,502	8,537	-	-
Goods and service tax refundable	35,688	13,214	-	-
Advances to suppliers for raw materials	489	2,428	-	-
Advances to suppliers for property, plant and equipment	1,579	-	-	-
	51,258	24,179	-	-

27. Derivative financial instruments

	Group			
	2017 RM'000		2016 RM'000	
	Contract/ Notional Amount	Fair value Assets	Contract/ Notional Amount	Fair value Liabilities
Forward currency contracts	211,595	645	179,796	(189)

At 31 August 2017, 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 used to hedge the Company's sales are denominated in USD for which firm commitments existed at the reporting date, extending to November 2017 (2016: October 2016).

During the financial year, the Group recognised a gain of RM829,000 (2016: gain of RM9,022,000) in the profit or loss arising from changes in the fair value of the forward currency contracts.

28. Cash and bank balances

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash on hand and at banks	230,005	213,769	484	248
Deposits with licensed banks and other financial institutions	10,063	10,330	-	-
Cash and bank balances	240,068	224,099	484	248
Less: Deposits pledged with banks	(1,549)	(943)	-	-
Cash and cash equivalents	238,519	223,156	484	248

Cash at banks and deposits with licensed banks and other financial institutions of the Group amounting to RM1,549,000 (2016: RM943,000) are pledged to banks for credit facility granted to the Group as disclosed in Note 29.

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

	Group	
	2017	2016
Weighted average effective interest rates (%)	1.59	0.86
Maturity days	1 day - 357 days	6 days - 246 days

29. Loans and borrowings

	Maturity	Group 2017 RM'000	Group 2016 RM'000
Current			
Secured:			
USD Revolving credit at 1.81% to 1.82% p.a. (2016: 0.79% to 1.36% p.a.)	2018	90,940	163,054
USD Revolving credit at 1.84% p.a. (2016: 1.09% p.a.)	2018	45,275	42,782
USD Revolving credit at 2.06% p.a. (2016: 1.39% p.a.)	2018	4,270	4,036
USD Revolving credit at 1.83% to 2.04% p.a. (2016: 1.31% p.a.)	2018	42,695	44,396
MYR Revolving credit at 3.63% to 3.79% p.a.	2018	42,800	-
Bank loans:			
- Thai Baht loan at 2.00% to 2.25% p.a. (2016: 1.13% to 2.30% p.a.)	2018	56,477	24,116
- Thai Baht loan at 2.00% to 2.14% p.a.	2018	3,859	-
- Thai Baht loan at 2.00% to 2.19% p.a. (2016: 2.14% to 2.19% p.a.)	2018	7,073	16,763
- USD loan at 0.85% to 1.08% p.a. (2016: 0.85% to 1.08% p.a.)	2017	-	2,960
- Fixed rate USD bank loan at 3.25% p.a.	2018	267	183
- Revolving loan at 1.93% p.a. (2016: 1.18% p.a.)	2018	20,988	19,506
Total current loans and borrowings		314,644	317,796
Non-current			
Secured:			
Bank loan:			
- Revolving loan at 1.93% p.a. (2016: 1.18% p.a.)	2019 - 2021	60,666	78,751
- Fixed rate USD bank loan at 3.25% p.a.	2019 - 2030	1,084	2,886
Total non-current loans and borrowings		61,750	81,637
Total loans and borrowings (Note 30)		376,394	399,433

The remaining maturities of the loans and borrowings as at 31 August 2017 are as follows:

	Group 2017 RM'000	Group 2016 RM'000
On demand or within one year	314,644	317,796
More than 1 year and less than 2 years	21,596	20,005
More than 2 years and less than 5 years	40,154	59,332
More than 5 years	-	2,300
	376,394	399,433

29. Loans and borrowings (cont'd.)

The revolving credits, Thai Baht loans, USD loans, revolving loans of the Group and of the Company are secured by certain assets of the Group and of the Company as follows:

(i) fixed charge over certain property, plant and equipment as disclosed in Note 16;

(ii) corporate guarantee from the Company as disclosed in Note 45; and

(iii) in previous year, USD loan at 0.85% to 1.08% p.a. was secured by charges over debt securities of the Group as disclosed in Note 22.

30. Trade and other payables

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade payables	233,494	176,493	-	-
<u>Other payables</u>				
Accrued operating expenses	56,546	51,425	2,488	2,156
Sundry payables	128,762	104,281	77	100
	185,308	155,706	2,565	2,256
Total trade and other payables	418,802	332,199	2,565	2,256
Add: Loans and borrowings (Note 29)	376,394	399,433	-	-
Total financial liabilities carried at amortised cost	795,196	731,632	2,565	2,256

(a) Trade payables

These amounts are non-interest bearing. The normal trade credit term granted to the Group ranges from 30 to 90 days (2016: range from 30 to 90 days).

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 30 to 90 days (2016: range from 30 to 90 days).

31. Other current liabilities

These amounts represent advances received from customers for goods purchased.

32. Share capital

	Group and Company			
	<------------2017------------>		<------------2016------------>	
	Number of Shares '000	Monetary Value RM'000	Number of Shares '000	Nominal Value RM'000
Authorised				
Ordinary shares of RM0.50 each*	-	-	1,600,000	800,000
Issued and fully paid				
At 1 September 2016/2015	1,254,812	627,406	624,184	312,092
Exercise of ESOS	1,487	3,128	4,914	2,457
Bonus issue	-	-	625,714	312,857
Transition to no-par value regime*	-	6,110	-	-
At 31 August 2017/2016	1,256,299	636,644	1,254,812	627,406

* The new Companies Act 2016 ("the Act"), which came into operation on 31 January 2017, abolished the concepts of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account of RM6,110,000 become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM6,110,000 for purposes as set out in Section 618(3). There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

On 6 January 2016, the Company obtained shareholders' approval at its Annual General Meeting for a bonus issue of 625,714,000 new ordinary shares of RM0.50 each in the Company on the basis of one (1) bonus share for every one (1) existing Company share held through the capitalization of the Company's available share premium of RM220,800,000 and retained earnings of RM92,057,000. The bonus issue was completed on 27 January 2016.

The new ordinary shares issued during the year 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	
	2017	2016
	RM'000	RM'000
At 1 September 2016/2015	4,781	200,302
Issuance of ordinary shares pursuant to ESOS	1,051	20,334
Issuance of bonus shares	-	(220,800)
Transfer from share option reserve	278	4,962
Share issue expenses	-	(17)
Transition to no-par value regime	(6,110)	-
At 31 August 2017/2016	-	4,781

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 5 January 2017, 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.

Of the total 1,256,299,000 issued and fully paid ordinary shares as at 31 August 2017, 2,164,000 are held as treasury shares by the Company. As at 31 August 2017, the number of outstanding ordinary shares in issue and fully paid is therefore 1,254,135,000 ordinary shares.

35. Other reserves

	Foreign exchange reserve RM'000	Legal reserve RM'000	Share option reserve RM'000	Fair value adjustment reserve RM'000	Total RM'000
Group					
At 1 September 2015	42,292	3,781	7,714	(78)	53,709
Gain on fair value changes	-	-	-	1,766	1,766
Transfer to profit or loss upon disposal of debt securities	-	-	-	(5,995)	(5,995)
Foreign currency translation	(16,616)	-	-	-	(16,616)
Share options granted under ESOS	-	-	144	-	144
Transfer from/(to) retained earnings	-	497	(35)	-	462
Transfer to share premium	-	-	(4,962)	-	(4,962)
At 31 August 2016/1 September 2016	25,676	4,278	2,861	(4,307)	28,508
Gain on fair value changes	-	-	-	9,641	9,641
Transfer to profit or loss upon disposal of debt securities	-	-	-	(4,032)	(4,032)
Foreign currency translation	28,024	-	-	-	28,024
Share options granted under ESOS	-	-	578	-	578
Transfer from/(to) retained earnings	-	651	(593)	-	58
Transfer to share premium	-	-	(278)	-	(278)
At 31 August 2017	53,700	4,929	2,568	1,302	62,499

35. Other reserves (cont'd.)

	Share option reserve RM'000
Company	
At 1 September 2015	7,714
Share options granted under ESOS	144
Transfer to share premium	(4,962)
Transfer to retained earnings	(35)
At 31 August 2016/1 September 2016	2,861
Share options granted under ESOS	578
Transfer to share premium	(278)
Share issue expenses	-
Transfer to retained earnings	(593)
At 31 August 2017	2,568

(a) Foreign exchange reserve

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

(b) Legal reserve

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

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

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

(c) Share option reserve

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

(d) Fair value adjustment reserve

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

36. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 August 2017 and 2016 under the single tier system.

37. Share based payments

(i) Employee Share Options Scheme (ESOS)

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 of the ESOS are as follows:

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

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

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

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

(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. Share based payments (cont'd.)

(i) Employee Share Options Scheme (ESOS) (cont'd.)

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

2017

Grant Date	Expiry Date	Exercise Price RM	At 1.9.2016 '000	Granted '000	Exercised '000	Lapsed '000	At 31.8.2017 '000
			Number of share options over the ordinary shares				
5.9.2008	1.8.2018	1.01	2.4	-	-	-	2.4
5.3.2009	1.8.2018	1.13	7.2	-	(4.8)	-	2.4
5.9.2009	1.8.2018	1.76	91.8	-	(36.2)	-	55.6
5.11.2009	1.8.2018	2.06	28.0	-	(28.0)	-	-
5.2.2010	1.8.2018	2.82	12.0	-	-	-	12.0
5.3.2010	1.8.2018	2.90	2,147.7	-	(619.7)	-	1,528.0
5.4.2010	1.8.2018	3.49	27.2	-	(4.0)	-	23.2
6.5.2010	1.8.2018	3.08	131.2	-	(2.0)	-	129.2
5.6.2010	1.8.2018	3.06	97.2	-	(58.2)	-	39.0
5.7.2010	1.8.2018	3.43	32.0	-	(0.4)	-	31.6
6.8.2010	1.8.2018	3.26	20.0	-	(7.2)	-	12.8
5.10.2011	1.8.2018	2.08	100.4	-	(69.4)	-	31.0
3.4.2013	1.8.2018	2.76	521.8	-	(235.8)	(3.8)	282.2
2.8.2014	1.8.2018	2.32	746.6	-	(334.9)	(4.2)	407.5
1.6.2017	1.8.2018	5.33	-	1,024.7	(86.3)	-	938.4
			3,965.5	1,024.7	(1,486.9)	(8.0)	3,495.3

37. Share based payments (cont'd.)

(i) Employee Share Options Scheme (ESOS) (cont'd.)

The terms of share options outstanding as at end of the financial year are as follows: (cont'd.)

2016			Number of share options over the ordinary shares				
Grant Date	Expiry Date	Exercise Price RM	At 1.9.2015 '000	Granted '000	Exercised '000	Lapsed '000	Balance prior to adjustment for bonus issue* '000
5.9.2008	1.8.2018	2.01	5.0	-	(3.8)	-	1.2
5.10.2008	1.8.2018	1.99	0.8	-	(0.8)	-	-
5.3.2009	1.8.2018	2.26	8.4	-	(4.8)	-	3.6
6.4.2009	1.8.2018	2.45	0.8	-	(0.8)	-	-
5.9.2009	1.8.2018	3.52	214.7	-	(139.0)	-	75.7
5.10.2009	1.8.2018	3.60	0.8	-	(0.8)	-	-
5.11.2009	1.8.2018	4.12	16.4	-	(2.4)	-	14.0
4.12.2009	1.8.2018	4.60	2.0	-	(2.0)	-	-
5.1.2010	1.8.2018	5.04	8.0	-	(3.0)	(5.0)	-
5.2.2010	1.8.2018	5.64	36.4	-	(30.4)	-	6.0
5.3.2010	1.8.2018	5.79	2,897.3	-	(1,478.2)	(94.0)	1,325.1
5.4.2010	1.8.2018	6.97	89.2	-	(36.6)	-	52.6
6.5.2010	1.8.2018	6.16	124.8	-	(37.8)	(9.4)	77.6
5.6.2010	1.8.2018	6.12	107.6	-	(43.8)	-	63.8
5.7.2010	1.8.2018	6.85	92.0	-	(70.0)	(6.0)	16.0
6.8.2010	1.8.2018	6.51	45.7	-	(33.2)	-	12.5
5.10.2011	1.8.2018	4.15	393.2	-	(320.7)	(0.8)	71.7
3.4.2013	1.8.2018	5.51	1,043.5	-	(628.5)	(25.7)	389.3
2.8.2014	1.8.2018	4.64	1,426.9	-	(857.2)	(16.0)	553.7
			6,513.5	-	(3,693.8)	(156.9)	2,662.8

37. Share based payments (cont'd.)

(i) Employee Share Options Scheme (ESOS) (cont'd.)

The terms of share options outstanding as at end of the financial year are as follows: (cont'd.)

2016			Number of share options over the ordinary shares				
Grant Date	Expiry Date	Exercise Price RM	Balance after adjustment for bonus issue* '000	Granted '000	Exercised '000	Lapsed '000	At 31.8.2016 '000
5.9.2008	1.8.2018	1.01	2.4	-	-	-	2.4
5.10.2008	1.8.2018	1.00	-	-	-	-	-
5.3.2009	1.8.2018	1.13	7.2	-	-	-	7.2
6.4.2009	1.8.2018	1.23	-	-	-	-	-
5.9.2009	1.8.2018	1.76	151.4	-	(59.6)	-	91.8
5.10.2009	1.8.2018	1.80	-	-	-	-	-
5.11.2009	1.8.2018	2.06	28.0	-	-	-	28.0
4.12.2009	1.8.2018	2.30	-	-	-	-	-
5.1.2010	1.8.2018	2.52	-	-	-	-	-
5.2.2010	1.8.2018	2.82	12.0	-	-	-	12.0
5.3.2010	1.8.2018	2.90	2,650.2	-	(464.9)	(37.6)	2,147.7
5.4.2010	1.8.2018	3.49	105.2	-	(72.0)	(6.0)	27.2
6.5.2010	1.8.2018	3.08	155.2	-	(24.0)	-	131.2
5.6.2010	1.8.2018	3.06	127.6	-	(30.4)	-	97.2
5.7.2010	1.8.2018	3.43	32.0	-	-	-	32.0
6.8.2010	1.8.2018	3.26	25.0	-	(5.0)	-	20.0
5.10.2011	1.8.2018	2.08	143.4	-	(36.8)	(6.2)	100.4
3.4.2013	1.8.2018	2.76	778.6	-	(231.4)	(25.4)	521.8
2.8.2014	1.8.2018	2.32	1,107.4	-	(296.2)	(64.6)	746.6
			5,325.6	-	(1,220.3)	(139.8)	3,965.5

* Bonus issue of one for one existing ordinary shares

37. Share based payments (cont'd.)

(i) Employee Share Options Scheme (ESOS) (cont'd.)

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
2017				
Before no-par value regime				
September 2016 - August 2017	1.76	4.26 - 8.50	5.0	8.8
September 2016 - August 2017	2.90	4.26 - 8.50	181.7	526.9
September 2016 - August 2017	3.06	4.26 - 8.50	4.0	12.2
September 2016 - August 2017	3.43	4.26 - 8.50	0.4	1.4
September 2016 - August 2017	2.08	4.26 - 8.50	18.2	37.9
September 2016 - August 2017	2.76	4.26 - 8.50	121.3	334.8
September 2016 - August 2017	2.32	4.26 - 8.50	161.8	375.4
			492.4	1,297.4
Less: Par value of ordinary shares				(246.2)
Share premium				1,051
After no-par value regime				
September 2016 - August 2017	1.13	4.26 - 8.50	4.8	5.4
September 2016 - August 2017	1.76	4.26 - 8.50	31.2	54.9
September 2016 - August 2017	2.06	4.26 - 8.50	28.0	57.7
September 2016 - August 2017	2.90	4.26 - 8.50	438.0	1,270.2
September 2016 - August 2017	3.49	4.26 - 8.50	4.0	14.0
September 2016 - August 2017	3.08	4.26 - 8.50	2.0	6.2
September 2016 - August 2017	3.06	4.26 - 8.50	54.2	165.9
September 2016 - August 2017	3.26	4.26 - 8.50	7.2	23.5
September 2016 - August 2017	2.08	4.26 - 8.50	51.2	106.5
September 2016 - August 2017	2.76	4.26 - 8.50	114.5	316.0
September 2016 - August 2017	2.32	4.26 - 8.50	173.1	401.6
September 2016 - August 2017	5.33	4.26 - 8.50	86.3	460.0
			994.5	2,882

37. Share based payments (cont'd.)

(i) Employee Share Options Scheme (ESOS) (cont'd.)

Details of share options exercised during the financial year and the fair value, at exercise date, of ordinary shares issued are as follows: (cont'd.)

Exercise Date	Exercise price RM	Fair value of ordinary shares RM	Number of share options '000	Considerations received RM'000
2016				
Before bonus issue				
September 2015 - August 2016	2.01	4.26 - 8.50	3.8	7.6
September 2015 - August 2016	1.99	4.26 - 8.50	0.8	1.6
September 2015 - August 2016	2.26	4.26 - 8.50	4.8	10.8
September 2015 - August 2016	2.45	4.26 - 8.50	0.8	2.0
September 2015 - August 2016	3.52	4.26 - 8.50	139.0	489.3
September 2015 - August 2016	3.60	4.26 - 8.50	0.8	2.9
September 2015 - August 2016	4.12	4.26 - 8.50	2.4	9.9
September 2015 - August 2016	4.60	4.26 - 8.50	2.0	9.2
September 2015 - August 2016	5.04	4.26 - 8.50	3.0	15.1
September 2015 - August 2016	5.64	4.26 - 8.50	30.4	171.5
September 2015 - August 2016	5.79	4.26 - 8.50	1,478.2	8,558.8
September 2015 - August 2016	6.97	4.26 - 8.50	36.6	254.9
September 2015 - August 2016	6.16	4.26 - 8.50	37.8	232.7
September 2015 - August 2016	6.12	4.26 - 8.50	43.8	268.1
September 2015 - August 2016	6.85	4.26 - 8.50	70.0	479.2
September 2015 - August 2016	6.51	4.26 - 8.50	33.2	216.1
September 2015 - August 2016	4.15	4.26 - 8.50	320.7	1,330.9
September 2015 - August 2016	5.51	4.26 - 8.50	628.5	3,463.0
September 2015 - August 2016	4.64	4.26 - 8.50	857.2	3,977.4
After bonus issue				
September 2015 - August 2016	1.76	4.26 - 8.50	59.6	104.9
September 2015 - August 2016	2.90	4.26 - 8.50	464.9	1,348.3
September 2015 - August 2016	3.49	4.26 - 8.50	72.0	251.3
September 2015 - August 2016	3.08	4.26 - 8.50	24.0	73.9
September 2015 - August 2016	3.06	4.26 - 8.50	30.4	93.0
September 2015 - August 2016	3.26	4.26 - 8.50	5.0	16.3
September 2015 - August 2016	2.08	4.26 - 8.50	36.8	76.5
September 2015 - August 2016	2.76	4.26 - 8.50	231.4	638.7
September 2015 - August 2016	2.32	4.26 - 8.50	296.2	687.2
			4,914.1	22,791
Less: Par value of ordinary shares				(2,457)
Share premium				20,334

37. Share based payments (cont'd.)

(i) Employee Share Options Scheme (ESOS) (cont'd.)

Fair value of share options

The fair value of share options granted during the year were estimated by using a binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of share options granted on 1 June 2017 was estimated on the grant date using the following assumptions:

Fair value of share options (RM)	0.57, 0.56
Weighted average share price (RM)	4.90
Weighted average exercise price (RM)	5.33
Expected volatility (%)	25.15
Expected life (years)	1.16
Risk free interest rate (%)	3.30
Expected dividend yield (%)	2.71

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 options granted were incorporated into the measurement of the fair value.

(ii) Employee Share Grant Plan ("ESGP")

The Company's ESGP is governed by the By-Laws which was approved by the shareholders at the Extraordinary General Meeting held on 6 January 2016 and became effective on 12 January 2016 and is administered by the ESGP Committee.

Under the ESGP, Eligible Employees may be granted ESGP Awards comprising shares of the Company. The ESGP Awards, once accepted, will vest without any consideration payable, subject to vesting date(s) and/or vesting conditions as may be determined at the discretion of the ESGP Committee. The ESGP Committee may, at its discretion, decide that any vesting of the Company's shares comprised in an ESGP Awards shall be satisfied through:

(a) the issuance of new shares of the Company
(b) the transfer of existing shares of the Company
(c) settlement in cash; or
(d) a combination of any of the above

37. Share based payments (cont'd.)

(ii) Employee Share Grant Plan ("ESGP") (cont'd.)

The main features of the ESGP are as follows:

(a) The aggregate number of shares of the Company which may be awarded under the ESGP and any other schemes involving issuance of new shares of the Company to employees which are still subsisting shall not exceed 15% of the issued and paid-up share capital of the Company ("Plan Size").

(b) Eligible persons are any employee or executive director of the Group (excluding dormant subsidiaries) who fulfills the eligibility criteria. The eligibility for participation in the ESGP shall be at the discretion of the ESGP Committee appointed by the Board of Directors.

(c) The number of shares comprised in each ESGP Award shall be determined at the discretion of the ESGP Committee after taking into consideration, inter alia, the performance and seniority, years of service and potential for future development of the Eligible Employee and the employee's contribution to the Group as well as such other criteria as the ESGP Committee may deem relevant.

(d) The aggregate number of shares that may be allocated to any one participant shall not exceed 10% of the total number of shares to be awarded under the ESGP and any other schemes involving issuance of new shares of the Company which may be implemented from time to time by the Company.

(e) The aggregate maximum allocation to the directors and senior management of the Group (excluding dormant subsidiaries) shall not be more than 75% of the Company's shares awarded under the ESGP.

(f) The ESGP shall be in force for a period of ten years from the effective date of implementation which is the date the last of the requisite approvals and/or conditions have been obtained and/or complied with.

(g) The shares to be allotted and issued under the ESGP will, upon allotment and issue, rank pari passu in all respects with the existing shares of the Company, save and except that they will not be entitles to any dividends, rights, allotments and/or other distributions in respect of which the entitlement date is prior to the date of allotment and issuance of the new shares.

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 mutually agreed between the parties during the financial year:

	Company	
	2017	**2016**
	RM'000	**RM'000**
Gross dividends from subsidiaries	329,505	55,000
Management fees from subsidiaries	4,310	4,596
Purchase of raw materials from companies related to certain directors of the Company	22,033	20,492

(b) Compensation of the key management personnel

The remuneration of directors and other key management personnel during the financial year were as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Salaries and other emoluments	8,853	7,873	3,123	2,441
Pension costs - defined contribution plan	817	750	375	293
Social security contributions	12	10	1	1
Share options granted under ESOS	191	-	41	-
Shares granted under ESGP	168	450	53	213
Fees	418	981	381	953
	10,459	10,064	3,974	3,901

39. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Property, plant and equipment:		
Approved and contracted for	113,586	132,902

39. Commitments (cont'd.)

(b) Operating lease arrangements

In addition to the land use rights disclosed in Note 17, the Group had 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	
	2017	**2016**
	RM'000	**RM'000**
Future minimum rentals payments:		
Not later than 1 year	1,474	1,176
Later than 1 year and not later than 2 years	1,125	1,884
Later than 2 years and not later than 5 years	378	310
	2,977	3,370

40. Fair values

(i) Determination of fair value of financial instruments

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

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

	Note
Trade and other receivables	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.

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.

40. Fair values (cont'd.)

(i) Determination of fair value of financial instruments (cont'd.)

Investment securities (current)

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.

(ii) Fair value hierarchy

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

	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
Group				
As at 31 August 2017				
Current				
Assets measured at fair value				
Available-for-sale financial assets	125,453	-	-	125,453
Financial assets at fair value through profit or loss	81,457	-	-	81,457
Derivative assets	-	645	-	645
Non-current				
Assets for which fair values are disclosed :				
Investment property (Note 18)	-	-	162,000	162,000

40. Fair values (cont'd.)

(ii) Fair value hierarchy (cont'd.)

	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
Group				
As at 31 August 2016				
Current				
Assets measured at fair value				
Available-for-sale financial assets	222,732	-	-	222,732
Financial assets at fair value through profit or loss	256,349	-	-	256,349
Liabilities measured at fair value				
Derivative liabilities	-	(189)	-	(189)
Non-current				
Assets for which fair values are disclosed :				
Investment property (Note 18)	-	-	162,000	162,000
Company				
As at 31 August 2017				
Current				
Assets measured at fair value				
Financial assets at fair value through profit or loss	2,583	-	-	2,583
As at 31 August 2016				
Current				
Assets measured at fair value				
Financial assets at fair value through profit or loss	100,163	-	-	100,163

During the reporting period ended 31 August 2017 and 2016, there were no transfers amongst Level 1, Level 2 and Level 3 fair value measurements.

41. Financial risk management objectives and policies

Financial liabilities comprise loans and borrowings, trade and other payables, derivative liabilities 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, debt securities, derivative assets, money market funds investments and cash and short-term deposits.

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:

(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 comprise 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, cash and short term deposits, debt securities, money market funds investments 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 debt securities, money market funds investments, 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 liabilities.

41. Financial risk management objectives and policies (cont'd.)

(b) Credit risk (cont'd.)

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.

(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.

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.

	<-------------------------------- 2017 ------------------------------->			
	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	418,802	-	-	418,802
Loans and borrowings	322,362	63,528	-	385,890
Total undiscounted financial liabilities	741,164	63,528	-	804,692

41. Financial risk management objectives and policies (cont'd.)

(c) Liquidity risk (cont'd.)

	<---------- 2017 ----------			---------->
	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				
Corporate guarantees*	375,044	-	-	375,044
Trade and other payables excluding bank guarantees	2,565	-	-	2,565
Total undiscounted financial liabilities	377,609	-	-	377,609

	<---------- 2016 ----------			---------->
	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	332,199	-	-	332,199
Derivatives	189	-	-	189
Loans and borrowings	323,130	81,308	2,608	407,046
Total undiscounted financial liabilities	655,518	81,308	2,608	739,434
Company				
Financial liabilities				
Corporate guarantees*	356,000	-	-	356,000
Trade and other payables excluding bank guarantees	2,256	-	-	2,256
Total undiscounted financial liabilities	358,256	-	-	358,256

* Based on the maximum amount that can be called for under the corporate guarantees. No default has occurred at the end of the financial year.

41. Financial risk management objectives and policies (cont'd.)

(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 exposure to interest rate risk arises primarily from its loans and borrowings. The Group manages its interest rate exposure by maintaining a 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.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's profit before tax would have been RM375,000 (2016: RM396,000) 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 Group manages the market price risk through diversification and by placing limits on individual and total investment in investment securities. Reports on the investment portfolio are submitted to the Group's senior management on a regular basis. The Board of Directors reviews and approves all investment decisions.

In previous year, an Investment Committee was formed with the objectives of reviewing, advising and ensuring that the Group's investment in debt securities is consistent with the delegated authority limit approved by the Board; and cash invested is within the risk appetite of the Group. The Investment Committee established certain criteria for current and future investment in debt securities. Any investment differing from the criteria established will require the Investment Committee's approval. The Investment Committee also aims to establish an effective investment management framework for the Group.

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 (cont'd.)

(e) Market price risk (cont'd.)

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		2017 RM'000	2016 RM'000
Debt investments	- strengthened 5% (2016: 5%)	6,273	11,137
	- weakened 5% (2016: 5%)	(6,273)	(11,137)

(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. These functional currencies are Malayisan Ringgit ("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"), Euro and AUD.

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

	Net financial assets/(liabilities) held in non-functional currency		
	USD RM'000	Euro RM'000	Total RM'000
Functional currency of Group companies			
At 31 August 2017:			
Ringgit Malaysia	(175,598)	(193)	(175,791)
Thailand Baht	20,895	-	20,895
Chinese Renminbi	13,800	-	13,800
Australian Dollars	35,667	870	36,537
	(105,236)	677	(104,559)

41. Financial risk management objectives and policies (cont'd.)

(f) Foreign currency risk (cont'd.)

	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 2016:			
Ringgit Malaysia	(198,196)	(73)	(198,269)
Thailand Baht	23,607	-	23,607
Chinese Renminbi	8,941	-	8,941
Australian Dollars	120,675	767	121,442
	(44,973)	694	(44,279)

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.

		2017 RM'000	2016 RM'000
USD/RM	- strengthened 5% (2016: 5%)	(8,780)	(9,910)
	- weakened 5% (2016: 5%)	8,780	9,910
USD/Baht	- strengthened 5% (2016: 5%)	1,045	1,180
	- weakened 5% (2016: 5%)	(1,045)	(1,180)
USD/RMB	- strengthened 5% (2016: 5%)	690	447
	- weakened 5% (2016: 5%)	(690)	(447)
USD/AUD	- strengthened 5% (2016: 5%)	1,783	6,034
	- weakened 5% (2016: 5%)	(1,783)	(6,034)
EURO/RM	- strengthened 5% (2016: 5%)	(10)	(4)
	- weakened 5% (2016: 5%)	10	4
EURO/AUD	- strengthened 5% (2016: 5%)	44	38
	- weakened 5% (2016: 5%)	(44)	(38)

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 2017 and 31 August 2016.

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 2017 and 31 August 2016.

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 cash equivalents. 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	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Loans and borrowings	29	376,394	399,433	-	-
Trade and other payables	30	418,802	332,199	2,565	2,256
Other current liabilities	31	62,292	39,368	1	-
Less: cash and cash equivalents	28	(238,519)	(223,156)	(484)	(248)
Net debt		618,969	547,844	2,082	2,008
Equity attributable to the owners of the parent		2,003,280	1,818,013	831,194	680,918
Add/(less):					
-Fair value adjustment reserve	35	(1,302)	4,307	-	-
-Legal reserve	35	(4,929)	(4,278)	-	-
Total capital		1,997,049	1,818,042	831,194	680,918
Capital and net debt		2,616,018	2,365,886	833,276	682,926
Gearing ratio		23.66%	23.16%	0.25%	0.29%

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 2017

	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	Note	Consolidated RM'000
Revenue								
External sales	2,844,069	290,662	118,471	-	155,974	-		3,409,176
Inter-segment sales	69,891	398,026	1,655	-	-	(469,572)	A	-
Total revenue	2,913,960	688,688	120,126	-	155,974	(469,572)		3,409,176
Results								
Interest income	11,576	84	45	12,031	-	(6,504)		17,232
Depreciation and amortisation	89,019	16,698	5,021	-	1,067	-		111,805
Segment profit/(loss)	317,312	40,921	13,487	13,451	5,228	(7,294)	B	383,105
Assets								
Additions to non-current assets	430,922	45,874	6,085	-	13	-	C	482,894
Segment assets	2,295,697	307,700	77,506	151,098	66,766	37,486	D	2,936,253
Liabilities								
Segment liabilities	717,253	108,365	22,630	-	9,240	66,284	E	923,772
Other segment information								
Capital commitments	109,067	4,132	387	-	-	-		113,586

43. Segment information (cont'd.)

31 August 2016

	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	Note	Consolidated RM'000
Revenue								
External sales	2,395,413	217,490	106,479	-	169,133	-		2,888,515
Inter-segment sales	78,485	296,154	2,024	-	-	(376,663)	A	-
Total revenue	2,473,898	513,644	108,503	-	169,133	(376,663)		2,888,515
Results								
Interest income	16,791	75	11	19,160	-	(5,015)		31,022
Depreciation and amortisation	86,427	14,529	5,961	-	974	-		107,891
Segment profit/(loss)	364,931	37,938	11,637	24,936	7,096	(4,336)	B	442,202
Assets								
Additions to non-current assets	200,418	32,913	279	-	463	-	C	234,073
Segment assets	2,005,171	219,676	51,702	249,219	89,527	33,847	D	2,649,142
Liabilities								
Segment liabilities	672,729	70,893	12,743	2,960	11,864	52,114	E	823,303
Other segment information								
Capital commitments	115,612	17,290	-	-	-	-		132,902

43. Segment information (cont'd.)

A Inter-segment revenues are eliminated on consolidation.

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

	2017 RM'000	2016 RM'000
Share of results of associates	(980)	1,275
Finance costs	(6,314)	(5,611)
	(7,294)	(4,336)

C Additions to non-current assets consist of:

	2017 RM'000	2016 RM'000
Property, plant and equipment	479,252	231,296
Land used rights	1,536	-
Investment property	2,106	2,777
	482,894	234,073

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

	2017 RM'000	2016 RM'000
Deferred tax assets (Note 21)	14,681	7,081
Investments in associates (Note 20)	-	3,961
Goodwill (Note 23)	22,805	22,805
	37,486	33,847

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

	2017 RM'000	2016 RM'000
Income tax payable	-	1,357
Deferred tax liabilities (Note 21)	66,284	50,757
	66,284	52,114

44. Dividends

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Recognised during the financial year:				
Dividends on ordinary shares:				
- Final single tier dividend for 2016: 8.50 sen per share	106,508	-	106,508	-
- First interim single tier dividend 2017: 6.00 sen per share	75,221	-	75,246	-
- Final single tier dividend for 2015: 12.00 sen per share	-	74,979	-	74,979
- Special single tier dividend for 2015: 3.00 sen per share	-	18,745	-	18,745
- First interim single tier dividend for 2016: 6.00 sen per share	-	75,139	-	75,139
	181,729	168,863	181,754	168,863

At the forthcoming Annual General Meeting, a single tier final dividend of 8.5 sen per share on 1,254,135,000 ordinary shares amounting to RM106,601,000 in respect of the financial year ended 31 August 2017 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 2018.

Dividends received by the ESGP Trusts amounting to RM25,000 for the Group is eliminated against the dividend expense of the Company upon consolidation of the ESGP Trusts as disclosed in Note 4.7(d).

45. Contingent liabilities

A nominal amount of RM375,044,000 (2016: RM356,000,000) relating to corporate guarantees has been 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

(i) On 5 September 2017, the Company incorporated a wholly-owned subsidiary namely, Top Glove Global Sdn. Bhd. ("TG Global") with an issued and paid up capital of RM1.00 comprising 1 ordinary share. TG Global is set up for provision of management services to the Top Glove Group of Companies.

(ii) On 13 October 2017, the Company entered into a term sheet with Y.S. Hoong Sdn Bhd for the proposed acquisition of the entire ordinary shares of Eastern Press Sdn Bhd ("Proposed Transaction") for an indicative consideration of RM47.25 million.

The proposed transaction is expected to provide the Group with synergistic benefits, enabling it to improve its supply chain coordination, thereby allowing for flexible planning and better delivery time in relation to the supply of packaging material for its glove products, as well as better costs and quality control.

(iii) On 30 October 2017, the Company incorporated two wholly-owned subsidiaries as follows:

(a) Top Glove Labuan Ltd. is incorporated in Labuan under the Labuan Companies Act 1990 with an issued and paid up capital of USD1.00 comprising 1 ordinary share and its main business activity is investment holding.

(b) Top Feel Sdn. Bhd. is incorporated in Malaysia under the Companies Act 2016 with an issued and paid up capital of RM1.00 comprising 1 ordinary share and its main business activity is manufacturing and selling of condoms and rubber related products.

47. Authorisation of financial statements for issue

The financial statements for the year ended 31 August 2017 were authorised for issue in accordance with a resolution of the directors on 1 November 2017.