

TOP GLOVE SAYS DISCOVERY OF ALLEGED IRREGULARITIES IN ASPION'S ACCOUNTS LED TO LEGAL SUIT

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Top Glove Corporation alleged that based on an interim report by an independent accounting firm, there was an overstatement of assets and overvaluation to the tune of RM714.9 million (S\$240 million) in Aspion, a company it had acquired from Adventa Capital in April.

Top Glove, the largest maker of rubber gloves in the world that is listed on the Malaysian and Singapore stock exchanges, said it had undertaken its own investigations and hired an accounting firm to investigate the company once it had discovered alleged "irregularities in certain balance sheet items" of Aspion, shortly after it took over the company.

The interim report had discovered there was an overstatement of assets in Aspion's accounts amounting to RM74.4 million, while the acquisition price of Aspion was overstated by RM640.5 million, it alleged.

Top Glove said last Friday that it was suing Adventa Capital and two directors for up to RM714.9 million over an alleged "conspiracy" to defraud Top Glove and its unit in relation to the RM1.4 billion acquisition.

The glove maker added that the litigation will not impact Aspion's business, which will "continue as usual" and that the group's operations remained resilient and scalable with a healthy cash flow. It further pointed out that the group made revenue of RM3 billion and profit after tax of RM335.3 million for the nine months ended May 2018.

"With the combined capabilities of Aspion, the group is confident of continued growth going forward," it said, adding that while there will always be challenges, it is focused on addressing the issues and will "continue to do the right thing" and uphold business ethics.

Top Glove fell 70 Singapore cents, or 17 per cent, to finish at S\$3.40 on Monday.

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