

**FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT  
FOR PERIOD ENDED 31 AUGUST 2008**

These figures have not been audited or reviewed

1(a)(i) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	<b>Group 12 months period ended 31/08/08 RM'000</b>	<b>Group Prorated 8 months period ended 31/08/08 RM'000</b>	<b>Group* 8 months period ended 31/08/07 RM'000</b>	<b>Variance # increase/ (decrease) %</b>
Revenue	60,161	40,107	39,613	1%
Cost of sales	<u>(63,101)</u>	<u>(42,067)</u>	<u>(41,186)</u>	2%
Gross loss	(2,940)	(1,960)	(1,573)	25%
Other operating (expenses) / income	(367)	(245)	572	>(100)%
Selling and distribution expenses	(828)	(552)	(673)	-18%
General and administrative expenses	<u>(2,598)</u>	<u>(1,732)</u>	<u>(3,141)</u>	-45%
Loss from operations	(6,733)	(4,489)	(4,815)	-7%
Finance costs	<u>(823)</u>	<u>(549)</u>	<u>(1,651)</u>	-67%
	(7,556)	(5,038)	(6,466)	-22%
Share of profits of associated company	909	606	22	>100%
Loss before taxation	(6,647)	(4,432)	(6,444)	-31%
Taxation	<u>(32)</u>	<u>(21)</u>	<u>(1)</u>	>100%
Loss after taxation	<u><u>(6,679)</u></u>	<u><u>(4,453)</u></u>	<u><u>(6,445)</u></u>	-31%

(ii) The net (loss) / profit attributable to shareholders includes the following (charges) / credits.

	<b>Group 12 months Period Ended 31/08/08 RM'000</b>	<b>Group Prorated 8 months Period Ended 31/08/08 RM'000</b>	<b>Group* 8 months Period ended 31/08/07 RM'000</b>	<b>Variance # increase/ (decrease) %</b>
Depreciation	(9,121)	(6,080)	(6,298)	-3%
Foreign exchange (loss)/ gain	(511)	(341)	606	>(100)%
Interest income	4	3	42	-93%
Interest expenses	(823)	(549)	(1,651)	-67%
Impairment of trade debts	-	-	(332)	N.M.

**Notes:**

\* - The Group has changed its financial year end to 31 August from 31 December in the financial year 2007.

# - The variance is comparison between prorated 8 months period ended 31 August 2008 with financial year 2007 results (8 months).

N.M. Not meaningful

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group As At 31/08/08 RM'000	Group As At 31/08/07 RM'000	Company As At 31/08/08 RM'000	Company As At 31/08/07 RM'000
<b>Non-current assets</b>				
Property, plant and equipment	60,836	68,203	-	-
Prepaid land lease payments	3,774	3,822		
<b>Investment</b>				
- subsidiary companies	-	-	56,554	56,883
- associated company	10,486	8,737	13,089	13,089
<b>Current assets</b>				
Inventories	10,302	10,754	-	-
Trade debtors	5,336	3,414	-	-
Other debtors and prepayments	2,053	1,077	8	50
Amount due from subsidiary companies	-	-	-	13
Tax recoverable	2	618	-	-
Cash and bank balances	4,352	5,897	12	481
	<u>22,045</u>	<u>21,760</u>	<u>20</u>	<u>544</u>
<b>Current liabilities</b>				
Trade creditors	11,144	16,950	-	-
Other creditors and accruals	3,786	4,395	434	649
Hire purchase creditors	1,122	1,460	-	-
Bank borrowings	66	4,217	-	-
Amount owing to ultimate holding company	37,592	25,700	-	-
Amount owing to related companies	-	182	-	-
Amount owing to immediate holding company	1,606	831	-	-
	<u>55,316</u>	<u>53,735</u>	<u>434</u>	<u>649</u>
<b>Net current (liabilities) / assets</b>	(33,271)	(31,975)	(414)	(105)
Hire purchase creditors	-	(1,122)	-	-
<b>Net assets</b>	<u>41,825</u>	<u>47,665</u>	<u>69,229</u>	<u>69,867</u>
<b>Equity attributable to equity holders of the company</b>				
Share capital	74,642	74,642	74,642	74,642
Merger deficits	(471)	(471)	-	-
(Accumulated loss) / revenue reserve	(33,299)	(26,620)	(5,413)	(4,775)
Foreign currency translation reserve	953	114	-	-
<b>Total equity</b>	<u>41,825</u>	<u>47,665</u>	<u>69,229</u>	<u>69,867</u>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**

**Amount repayable in one year or less, or on demand**

	<b>As at 31/8/08 Secured RM'000</b>	<b>As at 31/08/07 Secured RM'000</b>
Hire purchase creditors	1,122	1,460
Borrowings	66	4,217
	<u>1,188</u>	<u>5,677</u>

**Amount repayable after one year**

	<b>As at 31/08/08 Secured RM'000</b>	<b>As at 31/08/07 Secured RM'000</b>
Hire purchase creditors	-	2,093
	<u>-</u>	<u>2,093</u>

The borrowings are secured by corporate guarantee provided by the Company and ultimate holding company.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group As At 31/08/08 RM'000	Group As At 31/08/07 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(6,647)	(6,444)
Adjustments for:-		
Depreciation	9,121	6,298
Interest expense	823	1,651
Interest income	(4)	(42)
Share of profits of associated company	(909)	(22)
Impairment of trade debts	(497)	196
Write down of inventories	58	900
Loss on disposal of Property, Plant and Equipments	83	43
Write down of Property, Plant and Equipments	-	129
Amortisation of prepaid land lease payments	48	52
Unrealised foreign exchange loss	188	116
Operating cash flows before working capital changes	2,264	2,877
(Decrease) / Increase in inventories	394	(1,764)
(Increase) / Decrease in debtors	(2,592)	3,459
Decrease in creditors	(6,413)	(9,075)
Cash flows generated from / (used in) operations	(6,347)	(4,503)
Tax refund	584	-
Interest paid	823	(1,651)
Interest received	4	42
<i>Net cash flows from / (used in) operating activities</i>	<u>(6,582)</u>	<u>(6,112)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	371	156
Purchase of property, plant and equipment	(2,208)	(3,842)
<i>Net cash flows used in investing activities</i>	<u>(1,837)</u>	<u>(3,686)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of ordinary share	-	30,759
Advanced from holdings company	12,485	26,713
Repayment of term loans and bank borrowings	(4,151)	(30,883)
Repayment of hire purchase creditors	(1,460)	(1,361)
<i>Net cash flows from financing activities</i>	<u>6,874</u>	<u>25,228</u>
<b>NET (DECREASE) / INCREASE IN CASH AND BANK BALANCES</b>	(1,545)	15,430
<b>CASH AND BANK BALANCES AT BEGINNING OF THE FINANCIAL PERIOD</b>	5,897	(9,533)
<b>CASH AND BANK BALANCES AT END OF THE FINANCIAL PERIOD</b>	<u>4,352</u>	<u>5,897</u>
Cash at banks and in hand	4,352	5,897
Bank overdrafts	-	-
Cash and cash equivalents at end of financial year / period	<u>4,352</u>	<u>5,897</u>

1 (d) (i) A statement (for the issuer and group), showing either (i) all changes in equity or (ii) changes in equity than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

<b>Group</b>	<b>Share capital RM'000</b>	<b>Merger deficit RM'000</b>	<b>(Accumulated loss)/revenue reserve RM'000</b>	<b>Foreign currency translation reserve RM'000</b>	<b>Total equity RM'000</b>
Balance at 1 September 2007	74,642	(471)	(26,620)	114	47,665
Net effect of exchange differences	-	-	-	839	839
Loss for the financial period	-	-	(6,679)	-	(6,679)
Balance at 31 August 2008	<u>74,642</u>	<u>(471)</u>	<u>(33,299)</u>	<u>953</u>	<u>41,825</u>
Balance at 1 January 2007	43,883	(471)	(20,175)	53	23,290
Issuance of ordinary shares	30,759	-	-	-	30,759
Net effect of exchange differences	-	-	-	61	61
Loss for the financial period	-	-	(6,445)	-	(6,445)
Balance at 31 August 2007	<u>74,642</u>	<u>(471)</u>	<u>(26,620)</u>	<u>114</u>	<u>47,665</u>
<b>Company</b>			<b>Share capital RM'000</b>	<b>Accumulated losses RM'000</b>	<b>Total Equity RM'000</b>
Balance at 1 September 2007			74,642	(4,775)	69,867
Loss for the financial period			-	(638)	(638)
Balance at 31 August 2008			<u>74,642</u>	<u>(5,413)</u>	<u>69,229</u>
Balance at 1 January 2007			43,883	(4,258)	39,625
Issuance of ordinary shares			30,759	-	30,759
Loss for the financial period			-	(517)	(517)
Balance at 31 August 2007			<u>74,642</u>	<u>(4,775)</u>	<u>69,867</u>

- 1 (d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash, or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as the end of the corresponding period of the immediately preceding financial year.

Not applicable.

- 1 (d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediate preceding year.

	As at 31/08/2008	As at 31/08/2007
Total number of ordinary shares issued and fully paid	500,000,000	500,000,000

- 1 (d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial year reported on.

Not applicable

- 2 Whether the figures had been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed.

- 3 Where the figures had been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)

The figures have not been audited or reviewed.

- 4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statement had been applied.

The Group has applied the same accounting policies and method of computation in the financial statements for the current financial period compare with those of audited financial statements as at 31 August 2007.

- 5 If there are any changes in the accounting policies and method of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

- 6 Earning per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group As At 31/08/08	Group As At 31/08/07
Loss per share (EPS) in sen		
I) Basic	1.34	1.61
II) On a fully diluted basis	1.34	1.61

- 7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

- (a) current financial period reported on; and  
(b) immediately preceding financial year

	Group As At 31/08/08 RM	Group As At 31/08/07 RM	Company As At 31/08/08 RM	Company As At 31/08/07 RM
Net asset per share in sen	8.34	9.53	13.84	13.97

**8 A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-**

**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**Review of operations**

Financial year 2008 (FY08) has been a very challenging and tough year for the Group, with latex prices surged to a peak of RM7.20/kg in July 2008, Ringgit Malaysia strengthened to a high of RM3.14 per 1 USD in April 2008, crude oil price hit the all time high of USD147 per barrel in July 2008, and Malaysian government announced the 41% increased in petrol price effective from 5th June 2008, 26% electricity tariff hike effective 1st of July 2008 and also the 72% hike in natural gas tariffs effective 1st of August 2008. Despite all these headwinds, the Group's prorated eight months period for financial year 31 August 2008 ("Prorated 8 months FY08") revenue increased by RM0.49 mil and the loss after taxation reduced by RM1.99 mil compared with financial year 31 August 2007 ("FY07") (which is for a period of 8 months due to the change in accounting year end in FY2007). The Group recorded a turnover of RM60.16 mil and loss after taxation of RM6.68 mil for the twelve months ended 31 August 2008.

The revenue for Prorated 8 months FY08 increased by 1% only as the management is more cautious in its sales expansion during this period of high operating cost environment. With the continuous cost savings measures and introduction of new working culture by the management, the Selling and Distribution expenses, and General and Administrative expenses had reduced by 18% and 45% respectively.

Finance cost has also reduced from RM1.65 mil in FY07 to RM0.55 mil in Prorated 8 months FY08. This is mainly due to the restructuring of the Group borrowings with lower cost of funding.

Share of results of an associate of RM0.91 mil is from the Company's joint venture-cum-investment in a 35% equity stake in clean room services provider Sonic Clean Pte Ltd, a subsidiary of Singapore listed Unisteel Technology Ltd.

Accordingly, loss and after taxation for Prorated 8 months FY08 reduced to RM4.45 mil from RM6.44 mil in FY07, resulting in an improvement in the net loss margin of 11.1% in Prorated FY08 compared with 16.3% in FY07.

**Balance sheet review**

There was no major fixed assets acquisition in the period under review as the management is ensuring that the existing assets are fully utilized. The marginal movement in fixed assets from RM72.03 mil to RM64.61 mil was mainly due to depreciation during the period.

Inventories maintained as same level and management will ensure that there is no unnecessary cash being tied up in inventory with better inventory control.

Even though trade debtors has increased from RM3.41 mil to RM5.33 mil, 91% of the outstanding debts are within 60 days.

The bank borrowings has reduced from RM4.21 mil to RM0.07 mil as the Group funding mainly came from its holding company. This has resulted in a higher amount owing to the holding company during the year.

The Group shows a cash outflows from operations of RM6.58 mil compared with cash outflows from operations of RM6.11 mil last year. Net cash flows used in investing activities amounted to RM1.84 mil and net cash inflows from financing activities was RM6.87 mil. The Group has cash in hand of RM4.35 mil at the end of the financial year.

**9 Where a forecast, or a prospect statement, had been previously disclosed to shareholders, any variance between it and the actual results.**

As mentioned in the 1st half 2008 results announcement prospect statement, the Group has managed to reduce the loss for the year by RM1.99 million between Prorata 8 months FY08 with FY07, despite the headwinds as highlighted in Note 8 above.

**10 A commentary at the date of the announcement of the significant trends and the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The three major headwinds that the Group faced in FY08, namely the high crude oil and latex prices and unfavourable exchange rate, has turned into the Group's favour since beginning of the new financial year as crude oil and latex prices had reduced and exchange rate is in the Group favour now. The Group has a positive outlook towards continuous growth and in securing better results in the coming financial year if the current trend continues, coupled with the continued efforts of aggressive marketing strategies, improve glove quality and also higher utilization rate.

In addition, to further improve the efficiency and reduce cost, the Group had relocated the operation in its rented factory located at Klang to its existing factory located at Banting, which target to be completed by end November 2008. The consolidation of both the factories (the Klang factory and the Banting factory) is aimed to achieve better operational control by centralising the production lines and to improve on the quality and cost efficiency aspects of the business. Also, the Banting factory is currently operating on biomass boiler systems which is cheaper and more cost efficient than natural gas, which was used in Klang factory and for which the government has recently announced the increase of the natural gas price by 72% with effect from 1 August 2008.

**11** No interim or final dividend is recommended during the financial period.

**12 If no dividend has been declared (recommended), a statement to that effect.**

Not applicable.

**13 Interested Person Transaction.**

Name of interested person:	Aggregate value of all interested person transactions (excluding transactions less than \$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
	12 months period ended 31/08/08 RM'000	8 months period ended 31/08/07 RM'000	12 months period ended 31/08/08 RM'000	8 months period ended 31/08/07 RM'000
Top Glove Group				
<b>Nature of Transactions</b>				
a. Receipt of financial assistance	-	-		
i) loan			12,637	25,362
ii) interest on total loan to date			605	338
b. Purchase of Products	-	-	1,097	78
c. Sale of Products	-	-	2,871	-
d. Purchase of Raw Materials and Consumables	-	-	1,108	466
e. Sale of Raw Materials and Consumables	-	-	524	23
f. Obtaining of Management and Support Services	-	-	850	391
g. Provision of Management and Support Services	-	-	103	381

**14 Segmented revenue and results for business or geographical segments (of the group) in the form presented in Medi-Flex Limited's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Not applicable.

**15 In view of the performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not applicable.

16 A breakdown of sales as follows:

	<b>Group 12 months period ended 31/08/08 RM'000</b>	<b>Group* 8 months period ended 31/08/07 RM'000</b>	<b>Variance* increase/ (decrease) %</b>
a) Sales reported for first half year	29,157	-	-
b) Operating loss after tax before deducting minority interests reported for first half year	(1,964)	-	-
c) Sales reported for second half year	31,004	-	-
d) Operating loss after tax before deducting minority interests reported for second half year	(4,715)	-	-

**Notes:**

\* **The Group has changed its financial year end to 31 August from 31 December during the financial year ended 31 August 2007. Therefore, there is no comparative figures available for the first half and second half of financial year 2007.**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statement for the financial year ended 31 August 2008 to be false or misleading.

**BY ORDER OF THE BOARD**

Lee Kim Meow  
Managing Director  
21 October 2008

Statement by Directors  
Pursuant to SGX Listing Rule 705(4)

On behalf of the Board of Directors

Lee Kim Meow  
Managing Director

Lim Cheong Guan  
Executive Director