

**HALF YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR PERIOD ENDED 29 FEBRUARY 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.

	Group 6 months Period Ended 29/02/08 RM'000	Group* 6 months Period Ended 28/02/07 RM'000	Variance increase/ (decrease) %
Revenue	29,157	39,570	-26%
Cost of sales	<u>(28,382)</u>	<u>(44,140)</u>	36%
Gross profit / (loss)	775	(4,570)	117%
Other operating (expenses) / income	(605)	105	-676%
Selling and distribution expenses	(283)	(1,101)	74%
General and administrative expenses	<u>(1,528)</u>	<u>(3,057)</u>	50%
Loss from operations	(1,641)	(8,623)	81%
Finance costs	<u>(778)</u>	<u>(1,936)</u>	60%
	(2,419)	(10,559)	77%
Share of results of an associated company	<u>455</u>	<u>(1,622)</u>	128%
Loss before taxation	(1,964)	(12,181)	84%
Taxation	-	923	100%
Loss after taxation	<u><u>(1,964)</u></u>	<u><u>(11,258)</u></u>	83%
Attributable to :			
Equity holders of the Company	(1,964)	(11,258)	83%
Minority interest	-	-	-
	<u><u>(1,964)</u></u>	<u><u>(11,258)</u></u>	83%

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

	Group * 6 months Period Ended 29/02/08 RM'000	Group 6 months Period ended 28/02/07 RM'000	Variance increase/ (decrease) %
Depreciation	(4,599)	(4,037)	-14%
Foreign exchange gain / (loss)	(689)	408	-269%
Interest income	1	11	-91%
Interest expenses	(778)	(1,936)	60%
Impairment of trade debts	-	(288)	100%

Notes:

- * The Group has changed its financial year end to 31 August from 31 December during the financial year ended 31 August 2007. The comparative results for 6 months period ended 28 February 2007 is based on prorated result of financial year 2006 and 2007.

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 29/02/08 RM'000	Group As At 31/08/07 RM'000	Company As At 29/02/08 RM'000	Company As At 31/08/07 RM'000
Non-current assets				
Property, plant and equipment	64,058	68,203	-	-
Prepaid land lease payment	3,789	3,822		
Investment				
- subsidiary companies	-	-	14,036	56,883
- associated company	8,998	8,737	13,089	13,089
Current assets				
Inventories	10,531	10,754	-	-
Trade debtors	4,695	3,414	-	-
Other debtors and prepayments	741	1,077	52	50
Amount due from subsidiary companies	-	-	42,531	13
Tax recoverable	35	618	-	-
Cash and bank balances	3,162	5,897	72	481
	<u>19,164</u>	<u>21,760</u>	<u>42,655</u>	<u>544</u>
Current liabilities				
Trade creditors	9,628	16,950	-	-
Other creditors and accruals	3,985	4,395	282	649
Hire purchase creditors	1,573	1,460	-	-
Bank borrowings	3,136	4,217	-	-
Amount owing to ultimate holding company	29,990	25,700	-	-
Amount owing to related companies	-	182	-	-
Amount owing to immediate holding company	2,056	831	-	-
	<u>50,368</u>	<u>53,735</u>	<u>282</u>	<u>649</u>
Net current (liabilities) / assets	(31,204)	(31,975)	42,373	(105)
Hire purchase creditors	(134)	(1,122)	-	-
Net assets	<u>45,507</u>	<u>47,665</u>	<u>69,498</u>	<u>69,867</u>
Equity attributable to equity holders of the company				
Share capital	74,642	74,642	74,642	74,642
Merger deficits	(471)	(471)	-	-
(Accumulated loss) / revenue reserve	(28,584)	(26,620)	(5,144)	(4,775)
Foreign currency translation reserve	(80)	114	-	-
Total equity	<u>45,507</u>	<u>47,665</u>	<u>69,498</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

	As at 29/02/08 Secured RM'000	As at 31/08/07 Secured RM'000
Hire purchase creditors	1,573	1,460
Borrowings	<u>3,136</u>	<u>4,217</u>
	<u><u>4,709</u></u>	<u><u>5,677</u></u>

Amount repayable after one year

	As at 29/02/08 Secured RM'000	As at 31/08/07 Secured RM'000
Hire purchase creditors	<u>134</u>	<u>1,122</u>
	<u><u>134</u></u>	<u><u>1,122</u></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 29/02/08 RM'000	Group As At 31/08/07 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(1,964)	(6,444)
Adjustments for:-		
Depreciation	4,566	6,298
Amortisation of prepaid land lease payments	33	52
Interest expense	778	1,651
Interest income	(1)	(42)
Share of results of associated company	(455)	(22)
Impairment of trade debts	-	332
Write-off of trade debts	-	7
Write-back of impairment of trade debts	-	(143)
Loss on disposal of property, plant and equipment	(1)	43
Write-off of property, plant and equipment	-	129
Write-down of inventories	-	900
Operating profit before working capital changes	<u>2,956</u>	<u>2,761</u>
Decrease / (Increase) in inventories	223	(1,764)
(Increase) / Decrease in debtors	(362)	3,575
Decrease in creditors	<u>(7,732)</u>	<u>(9,075)</u>
Cash flows used in operations	(4,915)	(4,503)
Interest paid	(778)	(1,651)
Interest received	<u>1</u>	<u>42</u>
<i>Net cash flows used in operating activities</i>	<u>(5,692)</u>	<u>(6,112)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(425)	(3,842)
Proceeds from disposal of property, plant and equipment	<u>5</u>	<u>156</u>
<i>Net cash flows used in investing activities</i>	<u>(420)</u>	<u>(3,686)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share	-	30,759
Proceeds from term loans and bank borrowings	-	5,118
Repayment of term loans and bank borrowings	(1,081)	(36,001)
Repayment of hire purchase creditors	(875)	(1,361)
Increase in amount due to holding/related companies	<u>5,333</u>	<u>26,713</u>
<i>Net cash flows from financing activities</i>	<u>3,377</u>	<u>25,228</u>
NET (DECREASE) / INCREASE IN CASH AND BANK BALANCES	<u>(2,735)</u>	<u>15,430</u>
CASH AND BANK BALANCES AT BEGINNING OF THE FINANCIAL PERIOD	5,897	(9,533)
CASH AND BANK BALANCES AT END OF THE FINANCIAL PERIOD	<u><u>3,162</u></u>	<u><u>5,897</u></u>
CASH AND BANK BALANCES COMPRISE THE FOLLOWINGS AT END OF THE FINANCIAL PERIOD		
Cash at banks and in hand	3,162	5,897
Bank overdrafts	<u>-</u>	<u>-</u>
Cash and banks balances	<u><u>3,162</u></u>	<u><u>5,897</u></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.

Group	Share capital RM'000	Merger deficit RM'000	(Accumulated loss)/revenue reserve RM'000	Foreign currency translation reserve RM'000	Total equity RM'000
Balance at 1 September 2007	74,642	(471)	(26,620)	114	47,665
Net effect of exchange differences	-	-	-	(194)	(194)
Loss for the financial period	-	-	(1,964)	-	(1,964)
Balance at 29 February 2008	<u>74,642</u>	<u>(471)</u>	<u>(28,584)</u>	<u>(80)</u>	<u>45,507</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>
Company		Share capital RM'000	Accumulated losses RM'000	Total Equity RM'000	
Balance at 1 September 2007		74,642	(4,775)	69,867	
Loss for the financial period		-	(369)	(369)	
Balance at 29 February 2008		<u>74,642</u>	<u>(5,144)</u>	<u>69,498</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 29/02/2008	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 29/02/2008	Group As At 31/08/2007
(Loss) / earning per share (EPS) in sen		
I) Basic	(0.39)	(1.61)
II) On a fully diluted basis	(0.39)	(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 29/02/2008 RM	Group As At 31/08/2007 RM	Company As At 29/02/2008 RM	Company As At 31/08/2007 RM
Net asset per share in sen	9.10	9.53	13.90	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

The Group's financial performance for the six months period ended 29 February 2008 ("6MFY08") had improved significantly compared with the prorated six months for FY2007 ("6MFY07"). The Group achieved a gross profit of RM0.78 million compared with gross loss of RM4.57 million in 6MFY07. To improve the performance of the Group, the management had implemented various quality improvement and cost cutting measures, including adjusting its sales mix, intensified its marketing for synthetic rubber or nitrile gloves and carried out more extensive R&D on the glove manufacturing formulation, and not only improve on the product offering but also ensure that the quality is consistent.

For the period under review, sales revenue for the Group reduced from RM39.57 million in 6MFY07 to RM29.16 million recorded in 6MFY08. This was mainly due to the change in marketing strategy by the new management in focusing on sales that can generate better return and to quality customers. However, the Group registered a gross profit of RM0.78 million for the current period compared with gross loss of RM4.57 million for 6MFY07. This was mainly contributed by the management in improving its production capacity, better quality control, improvement in its cost efficiency and marketing strategy.

Selling and Distribution expenses and General and Administration expenses reduced from RM1.1 million and RM3.06 million in 6MFY07 respectively to RM0.28 million and RM1.53 million in 6MFY08. This is mainly from the various cost cutting measures implemented by the management to turnaround the Group.

Finance costs reduced by 60% from RM1.94 million in 6MFY07 to RM0.78 million for the period under review. This is mainly due to repayment of borrowings from the proceeds of placement of new shares and also restructuring of existing loan after the change in management to improve on the financial health and performance of the Group.

Share of results of an associate of RM0.46 million arose 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, in June 2005.

Loss attributable to equity holders of the Company reduced by 83% to RM1.96 million compared with RM11.26 million for 6MFY07.

Balance sheet review

There was no major fixed asset acquisition in the period under review as the management will ensure that the existing assets are fully utilise; the marginal movement in fixed assets from RM72.03 million to RM67.85 million was mainly due to depreciation during the period.

Trade debtors increased from RM3.41 million to RM4.70 million whereas inventories reduced slightly from RM10.75 million to RM10.53 million. Management will ensure that there is no unnecessary cash being tied up in trade receivables and inventory for better working capital control.

Net cash and bank balances has reduced mainly as more cash being used to fund the operations.

The Group used RM5.69 million cash in its operating activities; net cash flows used in investing activities amounted to RM0.42 million and net cash flows from financing activities was RM3.38 million. The Group has cash in hand of RM3.16 million as at 29 February 2008.

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

There is no material variance from the statement provided in the previous announcement.

- 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 Group is working towards better performance and results in the coming years through the continued efforts of aggressive marketing strategies, improve glove quality, increase in production capacity to capitalise on the economies of scale coupled with the further improvement in product quality, cost control and efficiency.

Barring unforeseen circumstances, the Group expects its financial performance to improve in FY2008.

- 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:	Nature	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)	
		6 months period ended 29/02/08 RM'000	6 months period ended 28/02/07 RM'000	6 months period ended 29/02/08 RM'000	6 months period ended 28/02/07 RM'000
Top Glove Corporation Bhd	Financials Assistance	<u>29,990</u>	<u>25,700</u>	<u>29,990</u>	<u>25,700</u>

BY ORDER OF THE BOARD

Tan Sri Dr Lim, Wee-Chai
Chairman
2 April 2008

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

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 half year financial statement for the period ended 29 February 2008 to be false or misleading.

On behalf of the Board of Directors

Lee Kim Meow
Managing Director

Lim Cheong Guan
Executive Director