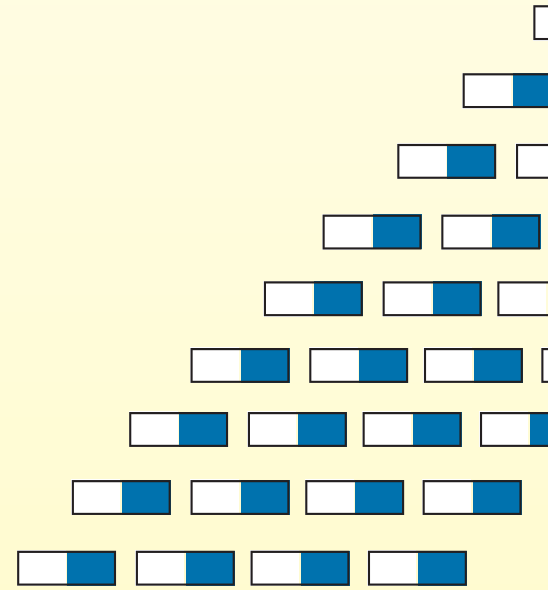




MEDI-FLEX LIMITED
 (200312754H)
 (incorporate in Singapore)
 A member of Top Glove Group of Companies



The Preferred Cleanroom Glove Manufacturer

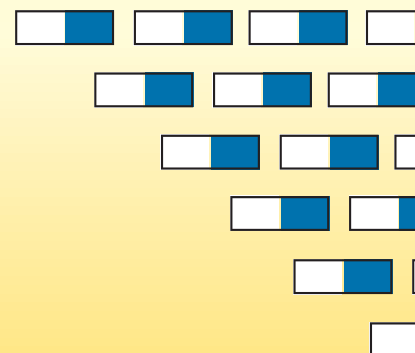


ANNUAL REPORT 2010

For Financial Year Ended 31 August 2010



**Top Glove, Top Quality, Top Efficient,
 Good Health, Safety First & Be Honest**



Medi-Flex

The Preferred Cleanroom Glove Manufacturer

“Quality and efficiency are synonymous with Medi-Flex’s operations and products, thus putting the Group at the forefront in the gloves industry. Medi-Flex’s established presence in various segments such as medical, industrial and cleanroom, has given the Group a strong leverage to further make its mark in the glove industry with a wider range of glove products.”

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This document has been prepared by the Company and the contents have been reviewed by the Company's Sponsor, CNP Compliance Pte Ltd ("Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this document including the accuracy or completeness of any of the information disclosed or the correctness of any of the statements or opinions made or reports contained in this document. This document has not been examined or approved by the SGX-ST.

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The contact person for the Sponsor is Ms Elaine Beh at 36 Carpenter Street, Singapore 059915, Telephone: (65) 6323 8383; email: ebeh@cnplaw.com.

Corporate Profile

Medi-Flex glove manufacturing facility operates in the state of Selangor

Medi-Flex Limited, which was incorporated in Singapore on 12 December 2003, stood out for being the first cleanroom and medical disposable natural rubber glove manufacturer to be listed on the Singapore Stock Exchange (SGX) in November 2004.

History of Medi-Flex is dated back to April 1999 when the Group first produced its first disposable medical glove at its manufacturing facility in Malaysia.

In 2007, Top Glove Corporation Bhd, which is the world's largest rubber glove manufacturer, acquired Medi-Flex as the former saw great potential in the latter's business, which fits into the overall growth strategy of Top Glove.

Year 2008 was a challenging year, which saw the slowing down in semiconductor and electronic industry due to the global financial crisis. The slowing economy coupled with higher raw material costs have resulted in a tough operating environment for Medi-Flex.

While the new management team at Medi-Flex has been working relentlessly to improve its operations, the challenging business environment has expedited the company's efforts in aggressively undertaking stringent cost saving measures to enhance product quality and efficiency.

To enable Medi-Flex to be more competitive and efficient, the management has re-organised its operations and introduced new range of gloves to reduce reliance on cleanroom gloves.

The company consolidated its operations in 2009. It ceased operations in a rented factory in Meru and centralized them in the plant in Banting. In September 2010, Medi-Flex added eight (8) production lines at its factory, which can generate another 0.75 billion pieces of gloves per annum. This brought the total production capacity of Medi-Flex to 1.87 billion gloves per annum with 28 production lines.

For the financial year ended 31 August 2010, Medi-Flex marked a significant milestone by returning to profitability after years of losses, thanks to the relentless efforts by the new management team at Medi-Flex led by Tan Sri Dato' Sri Lim, Wee Chai.

To cater to the ever changing and evolving glove industry, the Group formulated new strategies in pricing, costing, marketing and research and development, spearheaded by its experienced management team.

Medi-Flex will leverage on its strong presence in the world market to expand its product range.





Letter To Stakeholders



Tan Sri Dato Sri Lim, Wee-Chai
Chairman of Medi-Flex Limited

Lee Kim Meow
Managing Director of Medi-Flex Limited

Dear Stakeholders,

On behalf of the Board of Directors of Medi-Flex Limited (“Medi-Flex”), we are pleased to present you the annual report for the financial year ended 31 August 2010 (FYE2010).

The year under review (FYE2010) marked a turning point for the company as it turned profitable after years of losses. This was accomplished following a re-engineering exercise carried out by Medi-Flex management team.

The management had aggressively reformulated pricing, costing and marketing strategies, as well as extensively carried out research and development (R&D) projects to re-innovate the manufacturing system.

Throughout the year, a special task force at Medi-Flex comprising the best and experienced compounding, production and marketing personnel carried out the re-engineering exercise to produce high quality clean room gloves at efficient low cost. As such, the re-engineering exercise has yielded positive results.

Coupled with these initiatives was the better-than-expected growth during the pandemic outbreak of H1N1, and strong demand from emerging markets. Generally, the glove industry benefited from the surge in demand during the period under review but this has since tapered off and demand has normalized in the last couple of months.

That said, the ability of the company to show positive results in its operations and financial position have mainly been attributed to the company’s continuous effort in improving its product quality, generating growth, expanding capacity and building a dedicated management team. We continue to add value to our stakeholders according to the Group’s business direction, philosophies and rules as follows :-

Letter To Stakeholders (cont'd)

i) Business Direction

To produce consistently top quality gloves with efficient low cost.

ii) Business Philosophies

- 1) We work for our Customers.
- 2) We take care of the interest of our Shareholders.
- 3) We ensure that our Employees continue to contribute positively to the Company and we take good care of the well-being of our employees; and
- 4) We work closely with our Bankers, Suppliers, Business Associates and Friends.

iii) Business Rules

- 1) Do not lose your shareholders' money
- 2) Do not lose your health
- 3) Do not lose your temper
- 4) Do not lose your customers



Moving forward, the management will continue to work relentlessly to generate growth via higher capacity utilization, enhancing operations and building an efficient and dedicated management team that can add value to its stakeholders and position Medi-Flex to be one of the premier glove supplier in Malaysia.

Financial Performance

For FYE2010, the Medi-Flex Group has recorded 102% increase in revenue to RM112.82 million from RM55.88 million in FYE2009. The Group has achieved a gross profit of RM13.25 million in FYE2010 compared with gross profit of RM0.58 million for FYE2009.

The improvement in profit was attributable to the higher production utilization rate due to increase in demand, and also the continuous focus on enhancing its quality through innovation, manufacturing processes re-engineering, relentless cost reduction efforts and running its business with honesty, integrity and transparency.

At the end of FYE2010, the Group has a strong and healthy balance sheet due to its strong performance.

The Group generated RM22.07 million in net cash flows from operating activities whereas net cash flows used in investing and financing activities amounted to RM7.33 million and RM8.41 million respectively, and were mainly used to finance the additional production lines and repayment of advances to holding companies.

Future Prospects

The ability of the Group to turnaround its financial results reflects its strong and sound business fundamentals and the right direction taken by the management to achieve such results.

However, moving forward, the operating environment is expected to remain challenging as demand for gloves has normalised.

On a medium-to-longer term basis, we anticipate global demand for gloves to continue growing at between 8% and 10% per annum on the back of strong demand from the healthcare sector as well as emerging markets.



Letter To Stakeholders (cont'd)



As such, Medi-Flex has and will continue to expand its capacity. In September 2010, the Group added eight (8) production lines at its factory in Banting, Malaysia, which can generate another 0.75 billion pieces of gloves per annum. This brought the total production capacity of Medi-Flex to 1.87 billion gloves per annum with 28 production lines.

In Appreciation

We would like to take this opportunity to express our sincere appreciation and gratitude to all our existing shareholders, investment analysts, bankers and fund managers for your support and confidence in the company; our customers, suppliers, business associates, Government agencies and friends for their support of our products and services; and to our management and employees for their commitment and dedication in carrying out their duties and responsibilities diligently.

We would also like to thank our fellow Directors for their valuable advice, guidance and support rendered to the company. We are fully confident that with their wisdom and vast experience, they will bring Medi-Flex to greater heights.

We trust all of you will continue to lend your utmost support to Medi-Flex as we will continue to strive for a larger market share with our aggressive marketing strategies and also to stay focused to be one of the premier glove manufacturers and exporters in the world.

Thank you.

TAN SRI DATO SRI LIM, WEE-CHAI

Chairman

Medi-Flex Limited

29 October 2010

LEE KIM MEOW

Managing Director

Medi-Flex Limited

29 October 2010



Board Of Directors

Tan Sri Dato Sri Lim, Wee-Chai Chairman

Aged 52, a Malaysian citizen, was appointed as Executive Director on 15 March 2007 and was re-designated as Chairman on 23 March 2007.

Tan Sri Dato Sri Lim is the founder of Top Glove Group of Companies. The Group was established in 1991 and Top Glove Corporation Bhd, the ultimate holding Company of Medi-Flex Limited was listed on Bursa Malaysia Securities Berhad on 27 March 2001.

He obtained a Bachelor of Science Degree with Honours in Physics in 1982 from University of Malaya and a Master of Business Administration in 1985 from Sul Ross State University in Texas, USA.

Tan Sri Dato Sri Lim brings a wealth of experience in the marketing of consumers products whilst he was the Sales Manager of a subsidiary company of OYL Industries Bhd, a company listed on Bursa Malaysia Securities Berhad. In 1991, he set up Top Glove Sdn Bhd, his own glove manufacturing and trading business with only three (3) production lines and has expanded this business to be the World's Largest Rubber Glove Manufacturer with 371 production lines in twenty (20) factories and latex concentrate plants based in Malaysia, Thailand and China (as at August 2010). He has more than 20 years of experience in rubber gloves manufacturing business.

He served as the President (1997 to 1999) of the Malaysian Rubber Glove Manufacturers' Association (MARGMA). Prior to this, he was also the Vice-President, Treasurer and Honorary Secretary for the past seven (7) years in this association. In 1998 and 1999, he was the Director of the Association of Malaysia Medical Industries (AMMI). In 1998 and 1999, he served as a Board member of the Malaysian Rubber Board.

On 4 December 2004, Tan Sri Dato Sri Lim, Wee-Chai was named and awarded the highly prestigious accolade, Master and Country Entrepreneur of Malaysia for the Year 2004, by Messrs Ernst and Young. This award was presented by the then Prime Minister of Malaysia, Y.A.B. Dato' Seri Abdullah bin Hj. Ahmad Badawi. With this award, Tan Sri Dato Sri Lim represented Malaysia in Monte Carlo, Monaco for the World Entrepreneur of The Year contest on 28 May 2005. On 2 June 2007, he was awarded the Darjah Kebesaran Panglima Setia Mahkota (P.S.M.) award which carries the title "Tan Sri" from Duli Yang Maha Mulia Seri Paduka Baginda Yang di-Pertuan Agong (The King of Malaysia).

On 30 November 2007, Tan Sri Dato Sri Lim was awarded the SME Platinum Award 2007, an award that was accorded to him in view of his achievement and success in growing a small glove manufacturer to a World's Largest Manufacturer. On 23 July 2008, Tan Sri Dato Sri Lim was awarded the prestigious accolade Entrepreneur of the year 2008 of the Asia Pacific Entrepreneurship Awards 2008 by Enterprise Asia which recognizes successful entrepreneur in the Asia Pacific region. He was appointed as a nominated member of Federation of Malaysian Manufacturers' on 24 February 2010.

Tan Sri Dato Sri Lim's business rules for the Company are:

- i) Do not lose your shareholders' money;
- ii) Do not lose your health;
- iii) Do not lose your temper; and
- iv) Do not lose your customers.

Tan Sri Dato Sri Lim has strongly practiced the business direction of "To Produce Consistently High Quality Gloves at Efficient Low Cost" and to remind all staff and workers to ensure continuous improvement in Quality and Efficiency in line with Company tagline of "Top Glove, Top Quality, Top Efficient, Good Health, Safety First & Be Honest".





Board Of Directors (cont'd)

Lee Kim Meow Managing Director

Aged 51, a Malaysian citizen, was appointed as an Executive Director on 15 March 2007 and was re-designated as Managing Director on 23 March 2007.

He obtained his Bachelor of Commerce Degree from the University of New South Wales, Australia in 1982 majoring in Accounting, Finance and Information System. Upon his graduation, he worked for OCBC Finance Bhd, the finance subsidiary of OCBC Bank Bhd and subsequently with Asia Commercial Finance Bhd in 1988. In 1991, he obtained his Bachelor of Law Degree from the University of London (External Degree).

He has more than twelve (12) years of experience in the marketing of financial services and credit control operations in the finance industry during his employment with OCBC Finance Bhd and Asia Commercial Finance Bhd. He was the Branch Manager at Asia Commercial Finance (M) Bhd in early 1996 before he was promoted as the Personal Assistant to the Group Executive Director of the Lion Group, entrusted with the responsibility of overseeing the manufacturing, trading and financial services under the Group's operation.

He left in 1997 to join Top Glove, the ultimate holding Company of Medi-Flex Limited as the General Manager in charge of the marketing and promotion of the Company's products to more than one hundred and eighty (180) countries worldwide. He is actively involved in the local Malaysian Rubber Glove Manufacturers' Association (MARGMA) and the regional Asean Rubber Glove Manufacturers' Association (ARGMA). He is also a Board Member of the Malaysian Rubber Export Promotion Council (MREPC) and Malaysian Rubber Board (MRB).

Currently, Mr. KM Lee is the President of MARGMA and a Trustee of Top Glove Foundation, a charitable organization established with the objectives of:-

1. Providing funding for charitable purposes, especially for the needy Communities through donations, sponsorships and other means.
2. Providing funding for educational purposes by giving out scholarships, advancement of education and other educational related funding.
3. Carrying out other activities in relation to environmental and community purposes that are allowed under the legislative provisions of the Government of Malaysia.



Lim Cheong Guan Executive Director

Aged 45, a Malaysian citizen, was appointed as an Executive Director on 15 March 2007.

He joined Top Glove Corporation Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad, the ultimate holding Company of Medi-Flex Limited as the Group Financial Controller in year 2005. He is responsible for the accounting, treasury, corporate finance and investor relations of Top Glove Group of Companies.

He graduated from University of Malaya with a Bachelor Degree in Accounting in 1990, and is a member of Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. He began his career with Price Waterhouse in 1990 and subsequently held various key positions in a number of public listed companies in Malaysia, whose activities spanned over manufacturing, plantation, trading and property development.

Board Of Directors (cont'd)

Wong Hung Khim *Independent Director*

Aged 72, a Singaporean citizen, was appointed on 15 September 2004 as an Independent Director.

He also sits on the board of Stamford Land Corporation Ltd and Dapai International Holdings Co. Ltd as Non-Executive and Independent Director. Mr. Wong served as Permanent Secretary in the Ministry of Community Development, Executive Director of the then Port of Singapore Authority, Deputy Chairman and Chief Executive Officer of Singapore Telecommunications Limited and Chairman of Jurong Town Corporation, during his career in the Singapore Civil Service.

For his contribution in the public sector, he was conferred the Meritorious Service Medal in 1992 by the Singapore Government and in 1995, the Medal of Commendation (Gold) by the National Trade Union Congress. Until December 2002, he was Group Chairman and Chief Executive Officer of Delgro Corporation Ltd and SBS Transit Ltd and many of their subsidiaries.

Mr. Wong holds an Honours Degree in Physics from the University of Singapore.

Foong Daw Ching *Independent Director*

Aged 60, a Singaporean citizen, was appointed as an Independent Director on 15 September 2004.

Mr. Foong is the Partner of Baker Tilly TFW LLP, a Certified Public Accountants firm in Singapore. He is the Chairman of Asia Pacific Region of Baker Tilly International.

Mr. Foong is a Fellow of the Institute of Chartered Accountant in England and Wales, a Fellow of the Institute of Certified Public Accountants in Singapore (ICPAS), a fellow CPA in Australia, a Chartered Accountant with the Malaysia Institute of Accountants and a Certified Management Consultants in Singapore. He serves as a member of Financial Reporting Standard Committee of ICPAS, a member of the Committee for Charities, Accounting Standards Council and a member of Accounting Advisory Board, National University of Singapore.

Mr. Foong is also an Independent Director of Travelite Holdings Ltd and Reyhon Agriceutical Ltd. He is also a Board Member of Jurong Health Services Pte Ltd. For his services to the Community, Mr. Foong has been awarded the Public Service Medal (PBM) by the President of Singapore in 2003.

Dr. Ngo Get Ping *Independent Director*

Aged 52, a Singapore Permanent Resident, is the Independent Director appointed on 15 March 2007.

Dr. Ngo is presently an Independent Director of Tiong Nam Logistics Holding Bhd, Ezra Holdings Limited, OSK Holdings Bhd ("OSK") and a few of OSK's subsidiaries in Malaysia and Hong Kong. He is also a Non-Executive OSK International Investments Pte Ltd and OSK International Asset Management Pte Ltd.

From 1985 to 1986, Dr. Ngo was the contract manager for Intraco (S) Pte Ltd, a soil specialist construction company; from 1986 to 1987, the Investment Officer for Government of Singapore Investment Corporation Pte Ltd; from 1988 to 1993, the Associate Director for James Capel Asia Pte Ltd and from 1994 to 1996, the Senior Vice President with Nomura Securities (S) Pte Ltd. Dr. Ngo's last employment was with CLSA (S) Pte Ltd from 1996 to 2006, where he held several positions including Head of Sales and Deputy Country Head.

Dr. Ngo holds a (DPhil) in Metallurgy from the University of Oxford (UK).



Senior Management

Wu Kin Yeap

Senior General Manager

Aged 52, joined Top Glove Group in year 2004. He is responsible for the overall business and strategic growth and development of the Company.

Mr. Wu has more than 20 years of experience in the manufacturing industries. He holds various senior positions in OYL Industries Bhd, Topaire Sdn Bhd, I R&D Sdn Bhd and Sunshine Element Sdn Bhd. He graduated from the University of Malaya with an Honours Degree in Science majoring in physics and holds a Certificate in Purchasing and Materials Management from the Malaysian Institute Of Purchasing and Materials Management.

Jeremy Liew Say Keong

Financial Controller

Aged 51, a Malaysian citizen, joined Top Glove Group in year 2005, he is responsible for the finance, accounting and costing functions of our Group.

Jeremy has more than 20 years of experience in Accounting & Financial Management with various companies like Pilecon Engineering Bhd, L & M Corporation Bhd and Twin Guard Holdings Sdn Bhd prior to joining the Top Glove Group. He holds a Bachelor Degree in Finance & Accounting (Honors) from the University of Eastern Michigan, USA.

Wong Chong Ban

General Manager (Manufacturing)

Aged 38, a Malaysian citizen, joined Top Glove Group in year 1998, he is responsible for the overall operational matters of our Group.

Mr. Wong has more than 10 years of experience in the glove industry. He graduated from University of Malaya with a Degree in Science in Chemistry in 1998.

Noraziah Mahmud

General Manager (Marketing)

Aged 41, Malaysian Citizen, joined the Top Glove Group as Marketing Officer in year 1993.

She graduated from University of Hull, England with Bachelor of Arts Degree in Management Systems in 1992.

Ms. Noraziah has more than fifteen (15) years of experience in marketing of latex examination gloves and she is also the key person in co-ordinating with the production department in meeting customers' orders.

Siow Chun Min

Purchasing and Operation Manager

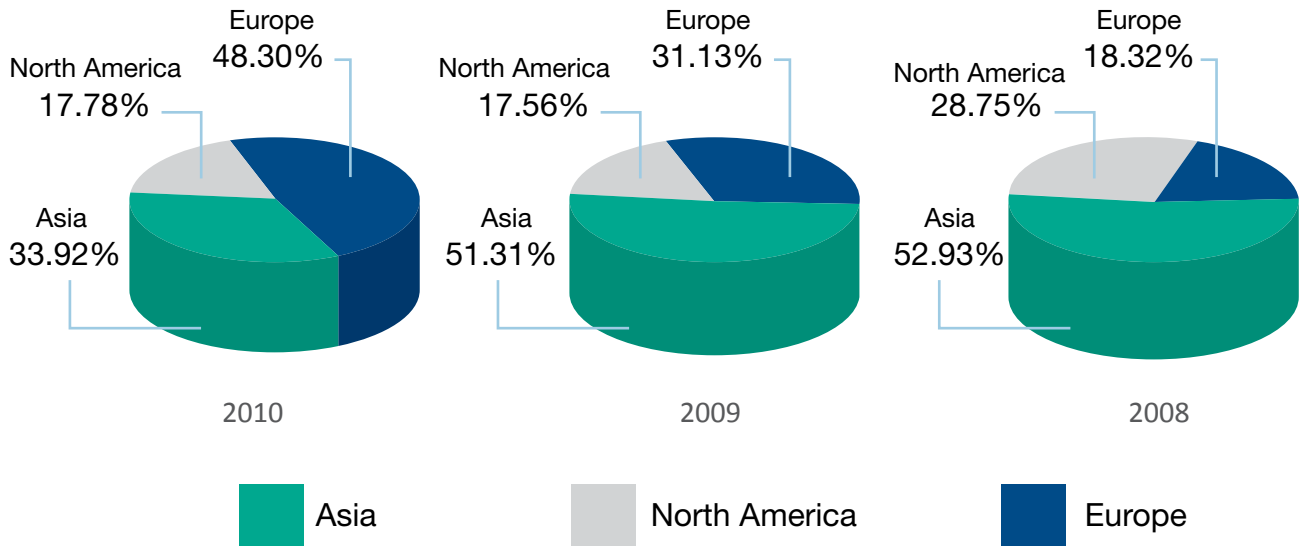
Aged 46, a Malaysian citizen, joined Top Glove Group in year 2004, he is in charge for the day-to-day operation and scheduling of our Group.

Mr. Siow was involved in the electronic industries in areas of process engineering and manufacturing, upon graduation and had thereafter venture into the glove industry. He obtained his Diploma in Mechanical and Automotive Engineering from Tunku Abdul Rahman College.



Financial Highlights

Revenue By Markets



	Turnover	Profit / (Loss) Before Taxation	Profit / (Loss) After Taxation
FY2010 RM'000	112,818	9,511	9,511
FY2009 RM'000	55,883	(8,511)	(8,511)
FY2008 RM'000 (restated)	60,161	(5,815)	(5,847)
FY2007 * RM'000	39,613	(6,444)	(6,445)
FY2006 RM'000	89,001	(31,711)	(28,941)

* represent 8 months financial period ended 31st August 2007





Corporate Information

BOARD OF DIRECTORS

Tan Sri Dato Sri Lim, Wee-Chai
Chairman

Lee Kim Meow
Managing Director

Lim Cheong Guan
Executive Director

Wong Hung Khim
Independent Director

Foong Daw Ching
Independent Director

Dr. Ngo Get Ping
Independent Director

AUDIT COMMITTEE

Foong Daw Ching
Chairman

Wong Hung Khim

Dr. Ngo Get Ping

REMUNERATION COMMITTEE

Wong Hung Khim
Chairman

Foong Daw Ching

Dr. Ngo Get Ping

NOMINATING COMMITTEE

Wong Hung Khim
Chairman

Tan Sri Dato Sri Lim, Wee-Chai

Dr. Ngo Get Ping

COMPANY SECRETARY

Low Siew Tian

REGISTERED OFFICE

8, Cross Street #11-00,
PWC Building,
Singapore 048424
Tel: +65 6236 3333
Fax: +65 6236 4399

COMPANY REGISTRATION NUMBER

200312754H

PRINCIPAL PLACE OF BUSINESS

Lot 124 & 126, Jalan Lapan
Kompleks Perabot Olak Lempit
13KM Jalan Banting-Dengkil
42700 Banting, Selangor Darul Ehsan
Malaysia
Tel: +603-3149 1998
Fax: +603-3149 3008
Website: www.medi-flex.com.sg
Email: sales@flexiss.com

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

B.A.C.S Private Limited
63, Cantonment Road
Singapore 089758

AUDITORS

Ernst & Young LLP
Certified Public Accountants
Partner-in-charge (since 2008): Philip Ling
One Raffles Quay, North Tower, Level 18
Singapore 048583

BANKERS

Ambank (M) Berhad
Citibank (M) Berhad
CIMB Bank Berhad
Standard Chartered Bank (M) Berhad

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Corporate Governance Statement

The Board of Directors of Medi-Flex Limited recognises the importance of corporate governance in ensuring greater transparency, protecting and enhancing the interests of its shareholders as well as strengthening investors' confidence in its management and financial reporting and is committed to maintain a high standard of corporate governance within the Company.

Rule 710 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") required an issuer to outline the Corporate Governance practices adopted by the Company as set out in the Code of Corporate Governance 2005 ("the Code").

The main corporate governance practices that were in place throughout the financial year ended 31 August 2010 are set out below.

BOARD MATTERS

Principle 1 of the Code: Board's Conduct of its Affairs

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

The Board of Directors (the "Board") holds meetings on a regular basis throughout the year to approve the Company's key strategic plans including material transactions such as major investments, acquisitions, disposals and funding decisions. The Board is also responsible for the overall corporate governance of the Company.

To facilitate effective management, certain functions have been delegated to various Board committees, namely, the Audit Committee, Remuneration Committee and Nominating Committee, each of which has its own written terms of reference. Each Board committee has the authority to examine particular issue and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

All Directors are updated regularly on changes in company policies. Newly appointed Directors will be given briefings by the Management on the Company's business activities and governance practices. The Directors also participate in seminars and discussions to keep themselves updated on the latest developments concerning the Company and to keep abreast of the latest regulatory changes.

Upon appointment of new Director, the company will provide a formal letter to the Director, setting out the Directors' duties and obligations.

The Board conducts regular scheduled meetings and 2 meetings were held in the financial year ended 31 August 2010. Where circumstances require, ad-hoc meetings are arranged. Board meetings are conducted either in Singapore or Malaysia and attendance by Directors is regular.

The attendance of the Directors at meetings of the Board and Board committees as well as the frequency of such meetings, are as follows:-

Attendance at Meetings

Name of Director	Board of Directors		Audit Committee ("AC")		Remuneration Committee ("RC")		Nominating Committee ("NC")	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Tan Sri Dato Sri Lim, Wee-Chai	2	2	-	-	-	-	1	1
Lee Kim Meow	2	1	-	-	-	-	-	-
Lim Cheong Guan	2	2	-	-	-	-	-	-
Wong Hung Khim	2	2	3	2	1	1	1	1
Foong Daw Ching	2	2	3	3	1	1	-	-
Dr. Ngo Get Ping	2	2	3	3	1	1	1	1

Corporate Governance Statement (cont'd)

Principle 2: Board Composition and Guidance

There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board comprises 3 Executive Directors and 3 Independent Directors. Key information regarding the Directors can be found under the “Board of Directors” section of this annual report.

Board of Directors

Tan Sri Dato Sri <u>Lim</u> , Wee-Chai	Chairman and Executive Director
Lee Kim Meow	Managing Director
Lim Cheong Guan	Executive Director
Wong Hung Khim	Independent Director
Foong Daw Ching	Independent Director
Dr. Ngo Get Ping	Independent Director

The Board is of the view that the current board size of six (6) Directors is appropriate, taking into account the nature and scope of the Company's operations. The Board considers the Directors bring with them a wealth of expertise and experience in areas such as accounting, finance, business or management experience and industry knowledge. This balance is important in ensuring that the strategies proposed by the executive management are fully discussed and examined, taking into account the long term interests of the Company. The Board also encourages the non-executive Directors' participation including constructive advice to develop proposals on strategy; and review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

The independence of each Director is reviewed annually by the Nominating Committee (“NC”). The NC comprises the following Directors, majority of whom including the Chairman is independent. The Chairman is not associated with the substantial shareholders of the Company: -

Wong Hung Khim	Chairman
Dr. Ngo Get Ping	Member
Tan Sri Dato Sri <u>Lim</u> , Wee-Chai	Member

The NC is of the view that the Board, with Independent Directors making up at least one-third of the Board, has an independent element ensuring objectivity in the exercise of judgment on corporate affairs independently from the Management. The NC is also of the view that no individual or small group of individual dominates the Board's decision making process.

Principle 3: Role of Chairman and Managing Director

There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

Tan Sri Dato Sri Lim, Wee-Chai, an Executive Director of the Company is the Chairman of the Company. The Board is of the view that, given the scope and nature of the operations of the Company and the strong element of independence of the Board, the roles and responsibilities of the Chairman and Managing Director are clearly defined to ensure a balance of power and authority within the Company.

As Chairman, Tan Sri Dato Sri Lim's role is, amongst others, to approve agenda for board meetings and exercise control over the quality, quantity and timeliness of the flow of information between Management and the Board. He chairs board meetings and monitors the translation of the board's decisions to the Management.

The Company's Managing Director is Mr. Lee Kim Meow. As the Managing Director, Mr. Lee is responsible for our business strategy and direction, formulation of the Company's corporate plans and policies and executive decision-making.



Corporate Governance Statement (cont'd)

All major decisions made by our Chairman and Managing Director are reviewed by the Board. Our Chairman and Managing Director's performance and appointment to the Board is periodically reviewed by the NC and their remuneration packages are periodically reviewed by the Remuneration Committee.

Principle 4: Board Membership

There should be a formal and transparent process for the appointment of new directors to the Board.

We believe that Board renewal must be an ongoing process, to ensure good governance and to maintain relevance to the business and changing needs of the Company. The Company's Articles of Association require one-third of Directors to retire and subject themselves to re-election by shareholders at every Annual General Meeting ("AGM"). In other words, no Director stays in office for more than three years without being re-elected by shareholders.

The responsibilities of the NC are (i) re-nomination of the Directors having regard to the Directors' contribution and performance, (ii) determining annually whether or not a Director is independent and (iii) deciding on whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company.

The Directors retiring by rotation pursuant to Article 107 of the Company's Articles of Association at the forthcoming AGM are Mr. Foong Daw Ching and Mr. Lim Cheong Guan. In making the recommendation, the NC had considered the director's overall contribution and performance.

Mr. Wong Hung Khim, a Director who is over 70 years of age is required to be re-appointed every year at the AGM under Section 153(6) of the Companies Act.

The NC decides how the Board's performance is to be evaluated and proposes objective performance criteria, subject to the approval of the Board.

Principle 5: Board Performance

There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

The NC will use its best efforts to ensure that directors appointed to the Board possess the relevant background, experience and knowledge to enable balanced and well-considered decisions to be made.

A formal review of the Board's performance will be undertaken collectively and individually to assess whether each Director continues to contribute effectively and demonstrate commitment to the role by the Board annually. The Board's performance will also be reviewed informally by the NC with inputs from the other Board members and the Managing Director.

For the year under review, the NC had evaluated the Board's performance as a whole. The assessment process adopted both quantitative and qualitative criteria, such as the success of the strategic and long-term objectives set by the Board and the effectiveness of the Board in monitoring the Management's performance against the goals that had been set by the Board.

Principle 6: Access to Information

In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

In order to ensure that the Board is able to fulfill its responsibilities, the Management is required to provide complete, adequate and timely information to the Board on affairs and issues that require the Board's decision as well as ongoing reports relating to the operational and financial performance of the Company.

The Board has separate and independent access to the senior management and the Company Secretary at all times. Should Directors, whether as a group or individually, require independent professional advice, the Company Secretary will, upon direction by the Board, appoint a professional advisor selected by the group or the individual, and approved by the Managing Director, to render such advice. The cost of such professional advice will be borne by the Company.

Corporate Governance Statement (cont'd)

A representative of the Company Secretary attends all board meetings and is responsible for ensuring that the Board procedures are followed and applicable rules and regulations that are applicable to the Company are complied with. All Directors have separate and independent access to the advice and services of the Company Secretary.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Principle 8: Level and Mix of Remuneration

The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

Principle 9: Disclosure on Remuneration

Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

The function of the Remuneration Committee ("RC") is to review the remuneration of the Directors of the Company and to provide a greater degree of objectivity and transparency in determining the remuneration of the Directors.

The RC comprises entirely Non-Executive Directors, all of whom including the Chairman is independent:

Wong Hung Khim	Chairman
Foong Daw Ching	Member
Dr. Ngo Get Ping	Member

The RC shall review the drafts of all service contracts to be entered into between an executive director and the Company before giving its recommendations to the Board with a particular focus on fixed appointment periods for directors and compensation commitments in the event of early termination for directors. Service contracts should not provide for excessively long periods for appointment or onerous removal clauses.

The RC will review and recommend to the Board a framework of remuneration for the Directors and key executives, and determine specific remuneration packages for the Chairman and the Managing Director. The recommendations of the RC should be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits in kind are covered by the RC.

The RC has access to expert professional advice on human resource matters whenever there is a need to consult externally. In its deliberations, the RC will take into consideration industry practices and norms in compensation in addition to the Company's relative performance to the industry and the performance of the individual Directors. No Director will be involved in deciding his own remuneration.

Directors' Remuneration

The Executive Directors' remuneration comprise mainly of their salary, allowances, bonuses and profit sharing awards conditional upon their meeting certain profit before tax targets. The details of their remuneration package are given below.



Corporate Governance Statement (cont'd)

The RC conducted an annual review of the remuneration package of our Independent Directors which comprise a Directors' fee component. The Directors' fees are based on a scale of fees divided into basic retainer fees as a Director and additional fees for serving on Board committees and their roles in the committee. Directors' fees for our Independent Directors are subject to the approval of shareholders at the forthcoming AGM.

The components of the Directors' Remuneration for financial year ended 31 August 2010, all of which are within the S\$250,000 and below band, is given below:-

Name	Salary, Fixed Bonus and Allowances %	Performance Bonus %	Directors' Fee %	Total %
Tan Sri Dato Sri <u>Lim</u> , Wee-Chai	-	-	-	-
Lee Kim Meow	-	-	-	-
Lim Cheong Guan	-	-	-	-
Wong Hung Khim	-	-	100	100
Foong Daw Ching	-	-	100	100
Dr. Ngo Get Ping	-	-	100	100

Note :

The remuneration in the form of Directors' fees is subject to the approval by the shareholders at the forthcoming AGM.

Remuneration of top (5) Key Executives (who are not Directors)

Remuneration	Number of Key Executives
<S\$250,000	5

The Board is of the opinion that detail of the remuneration for key executives are confidential and disclosure of such information would not be in the interests of the Company, furthermore the band is less than S\$250,000.00.

There are no employees in the Company who are immediate family members of a Director or the Managing Director.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board believes that it should promote best practices in order to build an excellent business for the shareholders as they are accountable to shareholders for the Company's performance.

Board members are provided with management information with background and explanatory notes pertaining to such areas e.g. budget, forecast, the funding positions and financial statements of the Group, to help them carry out their responsibilities effectively. In addition, all relevant information on material events and transactions are circulated to the Directors as and when they arise.

Principle 11: Audit Committee

The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee ("AC") is made up of three Independent Directors, of which two including the Chairman have the appropriate accounting experience or related financial management expertise.

Corporate Governance Statement (cont'd)

Foong Daw Ching	Chairman
Wong Hung Khim	Member
Dr. Ngo Get Ping	Member

The AC holds periodic meetings and reviews primarily the following, where relevant, with the Executive Directors, internal auditors and external auditors:-

- (a) review the scope of audit plans of the Company's external and internal auditors, where applicable;
- (b) review external auditors' scope and results of audit reports;
- (c) review, where applicable, the scope and results of the internal audit procedures;
- (d) review the half year and full year financial statements of the Company and the Group, including announcements in relation thereto before their recommendation to the Board of Directors for approval to be released to SGX-ST;
- (e) nominate to the Board on the appointment, re-appointment and removal of the external auditors, approving remuneration and terms of engagement of the external auditors;
- (f) review the Group's compliance with such functions and duties as may be required under the review statutes or the Listing Manual, and by such amendments made thereto from time to time;
- (g) review interested person transactions; and
- (h) consider other matters that are requested by the Board of Directors.

The AC has during the financial year undertaken the scope of work as set out in (a) to (h) above, in addition to the above, the AC will meet and has met with the external and internal auditors, in the absence of the Management, at least once during the financial year.

Apart from the duties listed above, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud and irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position.

The AC has full access to and full co-operation of the Management and external auditors. It also has the discretion to invite any Executive Director or Executive Management to attend its meetings. The AC also has the power to conduct or authorize investigations into any matters within its terms of reference.

As at the date of this Annual Report, the AC has met with the external auditors once separately without the presence of Management to review any area of audit concern. Ad-hoc AC meetings may be carried out from time to time, as circumstances arise.

The AC has nominated Ernst & Young LLP for re-appointment as auditors of the Company at the forthcoming AGM. The AC has considered and reviewed the independence of Ernst & Young LLP for the financial year, and recognised the need to maintain a balance between the independence and objectivity of the external auditors and the work carried out by the external auditors based on value of money consideration.

The Company does not appoint different auditors for its subsidiaries and significant associated companies.

Whistle Blowing Policy

The Company has adopted a whistle blowing policy to provide well-defined and accessible channels in the Group through which employees may raise concerns about the possible improprieties in financial reporting or other matters to a receiving officer. If for any reason an employee is not satisfied or is uncomfortable with reporting the matter to the Receiving Officer, he or she should contact the Chairman of the Audit Committee directly.

Principle 12: Internal Controls

The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

Although the Board acknowledges that it is responsible for the overall internal control framework, it also recognises that no cost effective internal control system will preclude all errors and irregularities. A system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute



Corporate Governance Statement (cont'd)

assurance against material misstatement or loss. The AC, on behalf of the Board, has reviewed the effectiveness of the internal control system which includes the Company's internal financial controls, operational and compliance controls, risk management policies and system established by the Management. Based on the information furnished to the Board, nothing has come to the Board's attention to cause the Board to believe that the internal controls and risk management processes are unsatisfactory for the type and volume of businesses conducted.

Principle 13: Internal Audits

The company should establish an internal audit function that is independent of the activities it audits.

The internal auditors report directly to the Chairman of the AC. The AC reviews the internal auditors' report annually to ensure the adequacy of internal audit function. The internal auditors review the internal audit procedures and ensure that the internal audit function has met the standards set by recognised professional bodies including standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors as appropriate standing within the Group. Based on its review, the AC believes that the internal auditors are independent and have the appropriate standing and adequate resources to perform its function effectively and objectively.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Communication with Shareholders

Companies should engage in regular, effective and fair communication with shareholders.

The Company does recognise the importance of regular, effective and timely communication with the shareholders.

In line with continuous obligations of the Company pursuant to the Listing Manual of the SGX-ST and the Companies Act of Singapore, it is the Board's policy that all shareholders should be equally informed, on a timely basis, of all major developments that will or expect to have impact on the Company.

The Company does not practice selective disclosure. Material information and price sensitive information are first publicly released via SGXNET, after the review by the Board, either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports will be announced or issued within legally prescribed periods. Such information is also available on the Company's website <http://www.medi-flex.com.sg>.

Principle 15: Greater Shareholder Participation

Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Shareholders are encouraged to attend the AGM to stay informed of the Company's goals and strategies and to ensure a high level of accountability. Notice of AGM will be dispatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 calendar days before the meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at the AGM. The Chairman of the Audit, Remuneration and Nominating Committees are normally available at the meeting to answer those questions relating to the work of these committees.

Dealings in Securities

The Company has adopted an Internal Code of Conduct in relation to dealings in the Company's securities pursuant to Rule 1207 (18) of the Listing Manual of the SGX-ST that is applicable to the Company and all its officers.

The Internal Code prohibits the officers from dealing in the Company's shares on short-term considerations. It also disallowed the Company and its officers from dealing in the Company's shares during the period commencing one month before the announcement of the Company's half year and full year results and ending on the date of the announcement of the results.

Directors and executives are also expected to observe insider trading laws at all times even when dealing with securities within the permitted trading period.



Corporate Governance Statement (cont'd)

Risk Management

The Company does not have a Risk Management Committee. However, the Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC.

Other Information

1. Interested Persons Transactions

In compliance with Rule 920 of the Listing Manual, the aggregate value of recurrent interested persons transactions of revenue or trading nature conducted during the financial year ended 31 August 2010 by the Company in accordance with the shareholders' mandate were as follows:-

Name of interested person	Aggregate value of all interested person transactions (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) RM'000		Aggregate value of all interested person transactions, conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) RM'000	
	12 months period ended 31/08/10 RM'000	12 months period ended 31/08/09 RM'000	12 months period ended 31/08/10 RM'000	12 months period ended 31/08/09 RM'000
Top Glove Corporation Bhd and its Subsidiaries				
Nature of Transaction				
a. Receipt of financial assistance	-	-	-	4,834
b. Purchase of Products	-	-	3,254	-
c. Sale of Products	-	-	66,939	6,725
d. Purchase of Raw Materials and Consumables	-	-	-	8,000
e. Obtaining of Management and Support Services	-	-	769	466
f. Sales of property, plant and equipment	-	348	-	-
g. Repayment of advance to ultimate holding company	-	-	2,795	10,500

Top Glove Corporation Bhd, a company listed on the Main Market of Bursa Malaysia Securities Berhad, is the ultimate holding Company of Top Glove Sdn Bhd and Messrs Tan Sri Dato Sri Lim, Wee-Chai, Mr. Lee Kim Meow and Mr. Lim Cheong Guan, whom are the Directors of the Company and also the Directors of Top Glove Corporation Berhad, a Controlling Shareholder of the Company.



Corporate Governance Statement (cont'd)

2. Material Contracts

There were no material contracts including contracts relating to a loan entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest.

3. Use Of Proceeds

As at 31 August 2010, the use of the net proceeds of S\$17.15 million raised from the Rights Issue on 25 February 2009 were as follows :-

Proposed Use as per Circular	Amount Allocated S\$	Amount Utilized to-date S\$	Balance Amount S\$
Repayment of Loans to Top Glove Corporation Berhad	16.80 million	16.80 million	Nil
Working Capital	0.35 million	0.314 million	0.036 million
	17.15 million	17.114 million	0.036 million

4. Non-Audit Fees

In compliance with Rule 1204(6)(a) of the Catalist Listing Manual, there was no non-audit fees paid to the auditors, Ernst & Young LLP, for the year under review.

5. Non-Sponsor Fees

In compliance with Rule 1204(20) of the Catalist Listing Manual, there was no non-sponsor fees paid to the sponsor, CNP Compliance Pte. Ltd., for the year under review.



Directors' Report

The directors present their report to the members together with the audited consolidated financial statements of Medi-Flex Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 August 2010.

DIRECTORS

The directors of the Company in office at the date of this report are :

Tan Sri Dato Sri <u>Lim</u> , Wee-Chai	(Chairman)
Lee Kim Meow	(Managing Director)
Lim Cheong Guan	(Executive Director)
Dr. Ngo Get Ping	
Wong Hung Khim	
Foong Daw Ching	

In accordance with Article 107 of the Company's Articles of Association and Section 153 (6) of Companies Act, Cap. 50, Lim Cheong Guan, Wong Hung Khim and Fong Daw Ching retire, and, being eligible, offer themselves for re-election.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed under "Options", neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' INTEREST IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Cap. 50, an interest in shares of the Company and related corporations as stated below:-

	Direct interest		
	At 1.9.2009	At 31.8.2010	At 21.9.2010
<i>The Company</i>			
<i>Medi-Flex Limited</i>			
<i>(Ordinary shares)</i>			
Wong Hung Khim	533,332	533,332	533,332
Foong Daw Ching	533,332	533,332	533,332



Directors' Report (cont'd)

DIRECTORS' INTEREST IN SHARES AND DEBENTURES (CONT'D)

	Direct interest			Deemed interest		
	At 1.9.2009	At 31.8.2010	At 21.9.2010	At 1.9.2009	At 31.8.2010	At 21.9.2010
<i>Ultimate holding company</i>						
<i>Top Glove Corporation Berhad</i>						
<i>(Ordinary shares)</i>						
Tan Sri Dato Sri <u>Lim</u> , Wee-Chai	87,587,900	178,911,138	179,061,138	30,468,821	57,289,204	57,139,204
Lee Kim Meow	619,816	1,001,600	1,001,600	5,000	10,000	10,000
Lim Cheong Guan	–	80,000	80,000	–	–	–
<i>(Options to subscribe for ordinary shares)</i>						
Tan Sri Dato Sri <u>Lim</u> , Wee-Chai	630,000	420,000	420,000	–	–	–
Lee Kim Meow	378,000	252,000	252,000	–	–	–
Lim Cheong Guan	158,500	234,000	234,000	–	–	–

By virtue of Section 7 of the Singapore Companies Act, Cap. 50, Tan Sri Dato Sri Lim, Wee-Chai is deemed to have interests in the shares of the Company and its subsidiaries.

Except as disclosed above, no director who held office at the end of the financial year had interests in shares or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year, or on 21 September 2010.

DIRECTORS' CONTRACTUAL BENEFIT

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the 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.

OPTIONS

The Company has not granted any share options pursuant to the Medi-Flex Employee Share Option Scheme ("ESOS"). Consequently, the ESOS Committee has not been set up.

AUDIT COMMITTEE

The Audit Committee ("AC") carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50. The functions performed are detailed in the Report on Corporate Governance.



Directors' Report (cont'd)

AUDITORS

Ernst & Young LLP have expressed their willingness to accept reappointment as auditors.

On behalf of the Board of Directors,

Lee Kim Meow
Managing Director

Lim Cheong Guan
Director

29 October 2010



Statement By Directors

Pursuant to Section 201(15)

We, Lee Kim Meow and Lim Cheong Guan, being two of the directors of Medi-Flex Limited, do hereby state that, in the opinion of the directors,

- (a) the accompanying statements of financial position, consolidated statement of comprehensive income, statements of changes in equity, and consolidated statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 August 2010 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

Lee Kim Meow
Managing Director

Lim Cheong Guan
Director

29 October 2010



Independent Auditors' Report

To the Members of Medi-Flex Limited

We have audited the accompanying financial statements of Medi-Flex Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 August 2010, the statements of changes in equity of the Group and the Company, the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion,

- (i) the consolidated financial statements of the Group, and the statements of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 August 2010 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and
- (ii) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and Certified Public Accountants
Singapore
29 October 2010



Consolidated Statement of Comprehensive Income

for the financial year ended 31 August 2010

	Note	2010 RM'000	Group 2009 RM'000
Revenue	4	112,818	55,883
Cost of sales		(99,573)	(55,306)
Gross profit		13,245	577
Other income	5	6,067	668
Selling and distribution expenses		(1,778)	(701)
General and administrative expenses		(4,230)	(7,716)
Other operating expenses		(47)	(81)
Finance costs	8	–	(274)
Share of results of associate		(3,746)	(984)
Profit/(loss) before taxation	6	9,511	(8,511)
Income tax expense	9	–	–
Profit/(loss) after taxation attributable to equity holders of the Company		9,511	(8,511)
Other comprehensive (loss)/income:			
Foreign currency translation (loss)/gain		(564)	314
Total comprehensive income/(loss)		8,947	(8,197)
Profit/(loss) attributable to:			
Equity holders of the Company		9,511	(8,511)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		8,947	(8,197)
Earnings/(loss) per share, in cent	10		
- basic		1.02	(1.19)
- diluted		1.02	(1.19)

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



Statements of Financial Position

as at 31 August 2010

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	55,940	55,749	–	–
Prepaid land lease payments	12	6,391	6,475	–	–
Investment in subsidiaries	13	–	–	57,501	58,264
Investment in associate	14	5,056	9,366	5,056	9,366
		67,387	71,590	62,557	67,630
Current assets					
Inventories	15	7,573	6,882	–	–
Trade and other receivables	16	9,514	8,906	–	–
Prepayments		602	327	8	28
Tax recoverable		41	20	–	–
Cash and cash equivalents	17	9,468	3,134	86	70
		27,198	19,269	94	98
Total assets		94,585	90,859	62,651	67,728
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	18	18,347	23,568	420	437
Net current assets/(liabilities)		8,851	(4,299)	(326)	(339)
Total liabilities		18,347	23,568	420	437
Net assets		76,238	67,291	62,231	67,291
Equity attributable to equity holders of the Company					
Share capital	19	115,360	115,360	115,360	115,360
Merger deficit	20	(471)	(471)	–	–
Accumulated losses		(38,905)	(48,416)	(53,129)	(48,069)
Foreign currency translation reserve	21	254	818	–	–
Total equity		76,238	67,291	62,231	67,291
Total equity and liabilities		94,585	90,859	62,651	67,728

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



Statements Of Changes In Equity

for the financial year ended 31 August 2010

Group	Share capital RM'000 (Note 19)	Merger deficit RM'000 (Note 20)	Accumulated losses RM'000	Foreign currency translation reserve RM'000 (Note 21)	Total equity RM'000
Balance at 1 September 2009	115,360	(471)	(48,416)	818	67,291
Profit for the year	–	–	9,511	–	9,511
Other comprehensive loss	–	–	–	(564)	(564)
Total comprehensive income/ (loss) for the year	–	–	9,511	(564)	8,947
As at 31 August 2010	115,360	(471)	(38,905)	254	76,238
Balance at 1 September 2008 as restated	74,642	(471)	(39,905)	504	34,770
Loss for the year	–	–	(8,511)	–	(8,511)
Other comprehensive income	–	–	–	314	314
Total comprehensive (loss)/ income for the year	–	–	(8,511)	314	(8,197)
Issuance of ordinary shares	40,718	–	–	–	40,718
As at 31 August 2009	115,360	(471)	(48,416)	818	67,291

Company	Share capital RM'000 (Note 19)	Accumulated losses RM'000	Total equity RM'000
Balance at 1 September 2009	115,360	(48,069)	67,291
Loss for the year	–	(5,060)	(5,060)
Total comprehensive loss for the year	–	(5,060)	(5,060)
As at 31 August 2010	115,360	(53,129)	62,231
Balance at 1 September 2008	74,642	(5,413)	69,229
Loss for the year	–	(42,656)	(42,656)
Total comprehensive loss for the year	–	(42,656)	(42,656)
Issuance of ordinary shares	40,718	–	40,718
As at 31 August 2009	115,360	(48,069)	67,291

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



Consolidated Statement Of Cash Flows

for the financial year ended 31 August 2010

	Group	
	2010 RM'000	2009 RM'000
Cash flows from operating activities		
Profit/(loss) before taxation	9,511	(8,511)
Adjustments for:		
Depreciation of property, plant and equipment	7,086	7,919
Amortisation of prepaid land lease payments	84	72
Interest expense	–	274
Interest income	(82)	(61)
Share of results of associate	3,746	984
Write-back of impairment of trade debts	–	(17)
Unrealised foreign exchange loss/(gain)	92	(5)
Loss/(gain) on disposal of property, plant and equipment	46	(345)
Write-off of property, plant and equipment	3	3,592
Inventories write down	–	374
Operating cash flows before working capital changes	20,486	4,276
(Increase)/decrease in inventories	(691)	3,046
Increase in receivables	(801)	(767)
Increase/(decrease) in payables	3,010	(1,370)
Cash flows from operations	22,004	5,185
Tax paid	(21)	(18)
Interest paid	–	(44)
Interest received	82	61
Net cash flows from operating activities	22,065	5,184
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,066)	(14,645)
Payment of land lease	–	(2,773)
Proceeds from disposal of property, plant and equipment	740	1,960
Net cash flows used in investing activities	(7,326)	(15,458)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	–	823
Repayment of term loans and bank borrowings	–	(66)
Repayment of hire purchase creditors	–	(1,122)
(Decrease)/increase in amount due to holding/related companies	(8,405)	9,421
Net cash flows (used in)/from financing activities	(8,405)	9,056
Net increase/(decrease) in cash and cash equivalents	6,334	(1,218)
Cash and cash equivalents at beginning of financial year	3,134	4,352
Cash and cash equivalents at end of financial year (Note 17)	9,468	3,134

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



Notes To The Financial Statements

31 August 2010

1. CORPORATE INFORMATION

Medi-Flex Limited (the “Company”) is a limited company incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-Catalist).

The immediate holding company of the Company is Top Glove Sdn. Bhd., a private limited company incorporated in Malaysia. The immediate holding company is a wholly owned subsidiary of Top Glove Corporation Berhad (the “ultimate holding company”), a public limited liability company incorporated in Malaysia and listed on the main market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 8 Cross Street #11-00 PWC Building, Singapore 048424. The principal place of the business is located at Lot 124 & 126, Jalan Lapan, Kompleks Perabot Olak Lempit, 13 KM, Jalan Banting-Dengkil, 42700 Banting, Selangor Darul Ehsan, Malaysia.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 13.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statement of the Group and the statements of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on the historical cost basis except as disclosed 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.

2.2 Changes in accounting policies

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial year, except for the changes in accounting policies discussed below.

On 1 September 2009, the Group adopted the following standards and interpretations mandatory for annual financial periods beginning on or after 1 January 2009 or 1 July 2009.

- Revised FRS 1 Presentation of Financial Statements
- Amendments to FRS 18 Revenue
- Amendments to FRS 23 Borrowing Costs
- Amendments to FRS 32 Financial Instruments: Presentation and FRS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
- Amendments to FRS 101 First-time Adoption of Financial Reporting Standards and FRS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 102 Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 107 Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
- FRS 108 Operating Segments
- Improvements to FRSs issued in 2008



Notes To The Financial Statements

31 August 2010 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

- INT FRS 113 Customer Loyalty Programmes
- INT FRS 116 Hedges of a Net Investment in a Foreign Operation
- Amendments to INT FRS 109 Reassessment of Embedded Derivatives and FRS 39 Financial Instruments: Recognition and Measurement – Embedded Derivatives
- INT FRS 118 Transfer of Assets from Customers
- Amendments to FRS 27 Consolidated and Separate Financial Statements
- Amendments to FRS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Item
- Restructuring to FRS 101 First-time Adoption of Financial Reporting Standards
- Revised FRS 103 Business Combinations
- Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations
- INT FRS 117 Distributions of Non-cash Assets to Owners
- Improvements to FRSs issued in 2009:
 - Amendments to FRS 38 Intangible Assets
 - Amendments to FRS 102 Shared-based Payment
 - Amendments to INT FRS 109 Reassessment of Embedded Derivatives
 - Amendments to INT FRS 116 Hedges of a Net Investment in a Foreign Operation

Adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group. They did however give rise to additional disclosures, including, in some cases, revisions to accounting policies.

The principal effects of these changes are as follows:

FRS 1 Presentation of Financial Statements – Revised Presentation

The revised FRS 1 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of other comprehensive income. In addition, the Standard introduces the statement of comprehensive income which presents income and expense recognised in the period. This statement may be presented in one single statement, or two linked statements. The Group has elected to present this statement as one single statement.

Amendments to FRS 107 Financial Instruments: Disclosures

The amendments to FRS 107 require additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures. The fair value measurement disclosures and liquidity risk disclosures are presented in Note 26 and Note 27 to the financial statements respectively.

FRS 108 Operating Segments

FRS 108 requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary and secondary reporting segments of the Group. The Group determined that the reportable operating segments are the same as the business segments previously identified under FRS 14 Segment Reporting.



Notes To The Financial Statements

31 August 2010 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

Improvements to FRSs issued in 2008

In 2008, the Accounting Standards Council issued an omnibus of amendments to FRS. There are separate transitional provisions for each amendment. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group:

FRS 1 Presentation of Financial Statements: Assets and liabilities classified as held for trading in accordance with FRS 39 Financial Instruments: Recognition and Measurement are not automatically classified as current in the statement of financial position. The Group amended its accounting policy accordingly and analysed whether Management's expectation of the period of realisation of financial assets and liabilities differed from the classification of the instrument. This did not result in any re-classification of financial instruments between current and non-current in the statement of financial position.

FRS 16 Property, Plant and Equipment: Replaces the term "net selling price" with "fair value less costs to sell". The Group amended its accounting policy accordingly, which did not result in any change in the financial position.

FRS 23 Borrowing Costs: The definition of borrowing costs is revised to consolidate the two types of items that are considered components of "borrowing costs" into one – the interest expense calculated using the effective interest rate method calculated in accordance with FRS 39. The Group has amended its accounting policy accordingly which did not result in any change in its financial position.

Improvements to FRSs issued in 2009

One of the second annual improvements to FRSs is:

- **FRS 18:** added guidance to determine if an entity is acting as a principal or as an agent. The features indicating an entity is acting as a principal are whether the entity: has primary responsibility for providing the goods or service; has inventory risk, has discretion in establishing prices, and bears the credit risk.

The second annual improvements to FRSs issued that contains fifteen amendments to twelve FRSs. The amendments range from additional guidance to changes of wording to clarify the meaning and remove unintended inconsistencies between FRSs. The changes are:

- **FRS 38 Intangible Assets:**

Clarifies that if an intangible asset acquired in a business combination is identifiable only with another intangible asset, the acquirer may recognise the group of intangible assets as a single asset provided the individual assets have similar useful lives.

Clarifies that the valuation techniques presented for determining the fair value of intangible assets acquired in a business combination that are not traded in active markets are only examples and are not restrictive on the methods that can be used.

- **FRS 102 Share-based Payment:**

Clarifies that the contribution of a business on formation of a joint venture and combinations under common control are not within the scope of FRS 102 even though they are out of scope of FRS 103 Business Combinations.

- **INT FRS 109 Reassessment of Embedded Derivatives and FRS 103 Business Combinations:** amended the scope paragraph of INT FRS 109 to clarify that it does not apply to possible reassessment, at the date of acquisition, to embedded derivatives in contracts acquired in a combination between entities or businesses under common control or the formation of a joint venture.



Notes To The Financial Statements

31 August 2010 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Future changes in accounting policies

The Group has not adopted the following FRS and INT FRS that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Improvements to FRSs issued in 2009:	
– Amendments to FRS 1 Presentation of Financial Statements	1 January 2010
– Amendments to FRS 7 Statement of Cash Flows	1 January 2010
– Amendments to FRS 17 Leases	1 January 2010
– Amendments to FRS 36 Impairment of Assets	1 January 2010
– FRS 39 Financial Instruments: Recognition and Measurement	1 January 2010
– Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 January 2010
– Amendments to FRS 108 Operating Segments	1 January 2010
– Amendments to FRS 102 Share-based Payment – Group Cash-settled Share-based Payment Transactions	1 January 2010
– Amendment to FRS 32 Financial Instruments: Presentation – Classification of Rights Issues	1 February 2010
– INT FRS 101 First-time Adoption of Financial Reporting Standards – Limited Exemption from Comparative FRS 107 Disclosures for First-time Adopters	1 July 2010
– INT FRS 119 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
– Revised FRS 24 Related Party Disclosures	1 January 2011
– INT FRS 114 FRS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Amendments relating to Prepayments of a Minimum Funding Requirements	1 January 2011

Management expects that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application, except the following:

Revised FRS 24 Related Party Disclosures

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party entity has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The Group is currently determining the impact of the expanded definition has on the disclosure of related party transactions. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in year 2011.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the statement of financial position date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.



Notes To The Financial Statements

31 August 2010 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation (cont'd)

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

The formation of the Group has been accounted for as a reorganisation of companies under common control using merger accounting. Such manner of reorganisation reflects the economic substance of the combining companies as a single economic enterprise, although the legal parent-subsidary relationships were not established until after the date of acquisition of subsidiary companies. The consolidated financial statements therefore reflect the combined financial statements of all companies that form the Group as if they were a consolidated group since date of incorporation.

Other than the above, acquisition of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.9. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in the statement of comprehensive income on the date of acquisition.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

In the preparation of the consolidated financial statements, the financial statements of the foreign subsidiaries are translated into RM on the basis outlined in Note 2.7.

2.5 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.6 Associates

An associate is an entity not being a subsidiary of a joint venture, in which the Group has significant influence. The associate is equity accounted for from date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Investment in associates is accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated statement of comprehensive income. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.



Notes To The Financial Statements

31 August 2010 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Associates (cont'd)

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The 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.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. 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 in 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.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Adjustments are made for the effects of any significant events or transactions that occur between the date of the associates' financial statements and the date of the Group's financial statements.

2.7 Functional and foreign currency

(a) *Functional currency*

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be Ringgit Malaysia (RM). Major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in RM.

(b) *Foreign currency transactions*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as 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 was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the statement of financial position date are recognised in the statement of comprehensive income except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiaries, which are recognised initially in a separate component of equity as foreign currency translation reserve in the consolidated statements of financial position and recognised in the consolidated statement of comprehensive income on disposal of the subsidiary.



Notes To The Financial Statements

31 August 2010 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Functional and foreign currency (cont'd)

(c) Foreign currency translation

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the statement of financial position date and their statement of comprehensive income are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity as foreign currency translation reserve. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the statement of comprehensive income.

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Building	-	50 years
Tools and equipment	-	10 years
Plant and machinery	-	10 years
Moulds	-	10 years
Furniture, fittings and office equipment	-	5 to 10 years
Renovation	-	10 years
Motor vehicles	-	20 years

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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 statement of comprehensive income in the year the asset is derecognised.

2.9 Goodwill

Goodwill acquired in a business combination is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events and circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.



Notes To The Financial Statements

31 August 2010 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Goodwill (cont'd)

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the statement of comprehensive income. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that cash-generating unit is disposed off, the goodwill associated with the operation disposed off is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative values of the operation disposed off and the portion of the cash-generating unit retained.

2.10 Financial assets

Financial assets are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in the statement of comprehensive income.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(a) *Financial assets at fair value through profit or loss*

Financial assets held for trading are classified as financial assets at fair value through profit or loss. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in the statement of comprehensive income. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

(b) *Loans and receivables*

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are carried at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in statement of comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.



Notes To The Financial Statements

31 August 2010 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Financial assets (cont'd)

(b) *Loans and receivables (cont'd)*

The Group classifies the following financial assets as loans and receivables:-

- Cash and cash equivalents
- Trade and other receivables, including amount due from subsidiaries and related companies

(c) *Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the assets to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount and minus any reduction for impairment or uncollectibility. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts.

For investments carried at amortised cost, gains and losses are recognised in the statement of comprehensive income when the investments are derecognised or impaired, as well as through the amortisation process.

(d) *Available-for-sale financial assets*

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised in the fair value adjustment reserve until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the statement of comprehensive income.

The fair value of investments that are actively traded in organised financial markets is determined by reference to the relevant Exchange's quoted market bid prices at the close of business on the statement of financial position date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models.

2.11 Inventories

Inventories are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value after due allowance for any obsolete or slow moving items. Cost of finished goods and work-in-progress includes direct materials, direct labour, other direct costs and appropriate production overheads. Cost of raw materials is determined on the first-in, first-out basis. Net realisable value represents the estimated selling price less estimated cost to completion and estimated costs to be incurred in marketing, selling and distribution.



Notes To The Financial Statements

31 August 2010 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Trade and other receivables

Trade receivables which generally have 30 to 60 days terms and other receivables are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.10.

When there is objective evidence that a trade receivable is impaired, the carrying amount of the impaired trade debtor will be reduced. Significant financial difficulties of the receivable, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

An estimate is made for uncollectible amounts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 2.13.

2.13 Impairment of financial assets

The Group assesses at each statement of financial position date whether there is any objective evidence that a financial asset is impaired.

(a) *Assets carried at amortised cost*

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the statement of comprehensive income.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the statement of comprehensive income.

(b) *Assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.



Notes To The Financial Statements

31 August 2010 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Impairment of financial assets (cont'd)

(c) *Available-for-sale financial assets*

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of comprehensive income, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses in respect of equity instruments are not recognised in the statement of comprehensive income. Reversals of impairment losses on debt instruments are recognised in the statement of comprehensive income if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in the statement of comprehensive income.

2.14 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. 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.

2.15 Financial liabilities

Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the statement of comprehensive income. Net gains or losses on derivatives include exchange differences.



Notes To The Financial Statements

31 August 2010 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Borrowing costs

Borrowing costs are recognised in the statement of comprehensive income as incurred except to the extent that they are capitalised. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale.

2.17 Employee benefits

(a) *Defined contribution plans*

As required by law, the Company and its subsidiaries make contribution to the state pension schemes in the countries that they operate. The state pension schemes for Singapore and Malaysia are Central Provident Fund (CPF) and Employee Provident Fund (EPF) respectively. The contributions to these schemes are recognised as compensation expense in the same year as the employment that gives rise to the contributions.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the statement of financial position date.

(c) *Share options granted by ultimate holding company*

The share options granted by the ultimate holding company allows eligible employees of the Company to purchase shares of the ultimate holding company. The cost of these options 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 the statement of comprehensive income with a corresponding increase in amounts payable to the ultimate holding company.

2.18 Leases

(a) *As lessee*

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the 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 charged to the statement of comprehensive income. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.



Notes To The Financial Statements

31 August 2010 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Leases (cont'd)

(b) *As lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

2.19 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) *Sale of goods*

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) *Interest income*

Interest income is recognised using the effective interest method.

2.20 Income taxes

(a) *Current tax*

Current tax assets and liabilities 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 by the statement of financial position date.

Current taxes are recognised in the statement of comprehensive income except that tax relating to items recognised directly in equity is recognised directly in equity.

(b) *Deferred tax*

Deferred income tax is provided using the liability method on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences except in respect of temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets 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 assets and unused tax losses can be utilised.



Notes To The Financial Statements

31 August 2010 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Income taxes (cont'd)

(b) *Deferred tax (cont'd)*

The carrying amount of deferred income tax assets is reviewed at each statement of financial position 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 income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to 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 statement of financial position date.

Deferred taxes are recognised in the statement of comprehensive income except that deferred tax relating to items recognised directly in equity is recognised directly in equity.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.21 Segment reporting

For management purposes, the Group is organised into operating segments based on their geographical locations which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 28, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.22 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group. Contingent liabilities and assets are not recognised on the statements of financial position of the Group.

2.23 Lease prepayment

Lease of land under which the lessor has not transferred all the risks and benefits of ownership are classified as operating lease. Lease prepayment for land use rights is stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the statement of comprehensive income on a straight line basis over the term of the respective lease.



Notes To The Financial Statements

31 August 2010 (cont'd)

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position 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 discussed below.

(a) *Impairment of investment in associate*

The Group determines whether investment in associate is impaired at least on an annual basis. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's investment in an associate at 31 August 2010 was RM5,056,000 (2009: RM9,366,000). More details are given in Note 14.

(b) *Depreciation of property, plant and equipment*

Property, plant and equipment are depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of property, plant and equipment to be within 5 to 50 years. These are common life expectancies applied in the glove industry. The carrying amount of the Group's property, plant and equipment at 31 August 2010 was RM55,940,000 (2009: RM55,749,000). 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.

(c) *Impairment of investments in subsidiaries*

The carrying values of investments in subsidiaries are reviewed for impairment in accordance with FRS 36 Impairment of Assets. As at 31 August 2010, the Company's carrying amount of investment in subsidiaries is RM57,501,000 (2009: RM58,264,000).

In determining of the value in use of the investment, the Company is required to estimate the expected cash flows to be generated by the subsidiary and also to choose a suitable discount rate in order to calculate the present value of those cash flows. More details are given in Note 13.

(d) *Impairment of property, plant and equipment*

The carrying values of property, plant and equipment are reviewed for impairment in accordance with FRS 36 Impairment of Assets. As at 31 August 2010, the Group's carrying amount of property, plant and equipment is RM55,940,000 (2009: RM55,749,000).

In the determination of the value in use of the property, plant and equipment, the Group is required to estimate the expected cash flows to be generated by the continuing use of the assets and from its disposal at the end of its useful life and also to choose a suitable discount rate in order to calculate the present value of those cash flows. More details are given in Note 11.



Notes To The Financial Statements

31 August 2010 (cont'd)

4. REVENUE

Revenue represents the invoiced value of goods, less returns inward and discounts allowed.

5. OTHER INCOME

	Group	
	2010 RM'000	2009 RM'000
Interest income	82	61
Gain/(Loss) on disposal of property, plant and equipment	(46)	345
Compensation from legal suit (net of legal costs)	5,760	–
Others	271	262
	6,067	668

6. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is stated after charging/(crediting):-

	Group	
	2010 RM'000	2009 RM'000
Amortisation of prepaid land lease payments (Note 12)	84	72
Depreciation of property, plant and equipment	7,086	7,919
Employee benefits expense (Note 7)	13,493	8,233
Loss/(gain) on disposal of property, plant and equipment	46	(345)
Loss/(gain) on foreign exchange		
- realised	(45)	86
- unrealised	92	(5)
Operating lease – minimum lease payments for premises	22	448
Write down of inventories	–	374
Write off of property, plant and equipment	3	3,592
Write-back of impairment for trade debts	–	(17)



Notes To The Financial Statements

31 August 2010 (cont'd)

7. EMPLOYEE BENEFITS EXPENSE

	Group	
	2010 RM'000	2009 RM'000
Salaries and other emoluments	12,255	7,499
Contributions to defined contribution plans	289	227
Share option granted under ESOS by ultimate holding company	769	466
Other employee benefits	180	41
	13,493	8,233

Employees are granted options to subscribe for shares in the ultimate holding company once they have been in service for one year. The exercise price of the option is equal to the market price of the shares on the date of grant. The contractual life of the options is ten years.

The fair value of share options granted during the year was estimated by using a binomial model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

	2010	2009
Fair value of share options at the following grant dates (RM)		
5 September 2008	–	1.14 & 1.29
5 October 2008	–	1.10
5 November 2008	–	1.17
5 December 2008	–	1.02
5 February 2009	–	1.11
5 March 2009	–	1.31 & 1.46
6 April 2009	–	1.30
5 May 2009	–	1.50 & 1.69
5 June 2009	–	1.53 & 1.73
6 July 2009	–	1.69
5 August 2009	–	1.96
20 August 2009	–	1.79 & 2.02
5 October 2009	1.48	–
5 November 2009	1.59 & 1.77	–
4 December 2009	1.82 & 2.02	–
5 January 2010	1.93	–
5 February 2010	2.12	–
5 March 2010	2.51, 2.77 & 2.97	–
5 April 2010	2.49	–
6 May 2010	1.89 & 2.14	–
5 June 2010	2.21 & 2.45	–
5 July 2010	2.42	–
6 August 2010	1.06	–
Weighted average share price (RM)	9.89	5.05
Weighted average exercise price (RM)	5.55	4.22
Expected volatility (%)	27.30– 29.42	28.89 – 29.29
Expected life (years)	7.99 – 8.82	9.00 – 9.92
Risk free rate (%)	3.79 – 4.23	3.12 – 4.99
Expected dividend yield (%)	4.39	2.75



Notes To The Financial Statements

31 August 2010 (cont'd)

7. EMPLOYEE BENEFITS EXPENSE (CONT'D)

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option were incorporated into the measurement of fair value.

8. FINANCE COSTS

	Group	
	2010 RM'000	2009 RM'000
Bankers' acceptance interest	–	2
Finance lease interest	–	42
Loan interest to ultimate holding company	–	230
	–	274

9. INCOME TAX EXPENSE

The corporate income tax rate applicable to Singapore companies in the Group is 17% (2009: 17%), and to Malaysian companies of the Group is 25% (2009: 25%).

A reconciliation of income tax expense applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group is as follows:

	Group	
	2010 RM'000	2009 RM'000
Profit/(loss) before taxation	9,511	(8,511)
Tax/(benefits) at the domestic rates applicable to the profits in the countries where the Group operates	2,722	(2,011)
Effect of expenses not deductible for tax purposes	245	709
Effect of income not subject to tax	(1,500)	–
Deferred tax assets not recognised	–	1,135
Utilisation of deferred tax assets not previously recognised	(2,104)	–
Share of results of associate	637	167
	–	–



Notes To The Financial Statements

31 August 2010 (cont'd)

9. INCOME TAX EXPENSE (CONT'D)

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

As at 31 August 2010, the Group has unabsorbed tax losses of RM15,232,000 (2009: RM15,232,000), unutilised capital allowances of RM40,493,000 (2009: RM46,072,000) and unutilised reinvestment allowances of RM45,831,000 (2009: RM42,940,000), available for offset against future taxable profits subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation in their respective countries.

Deferred tax assets/(liabilities) have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can utilise the benefit there from.

	Group	
	2010 RM'000	2009 RM'000
Differences in depreciation for tax purposes	(7,236)	(6,526)
Unabsorbed tax losses	3,808	3,808
Unutilised capital allowances	10,123	11,518
Unutilised reinvestment allowances	11,458	10,735
	18,153	19,535

10. EARNINGS/(LOSS) PER SHARE (IN CENT)

Basic earnings/(loss) per share for the Group is based on the profit after taxation attributable to equity holders of the Company of RM9,511,000 (2009: loss of RM8,511,000) divided by the weighted average number of 928,676,208 ordinary shares (2009: 714,338,104).

There were no potential dilutive ordinary shares in existence for the year presented.

Notes To The Financial Statements

31 August 2010 (cont'd)

11. PROPERTY, PLANT AND EQUIPMENT

Group	Tools and equipment RM'000	Plant and machinery RM'000	Moulds RM'000	Furniture, fittings and office equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Building RM'000	Total RM'000
Cost									
As at 1 September 2008 as restated	29,027	45,620	3,903	1,805	2,021	1,156	-	3,951	87,483
Additions	799	4,302	-	76	-	130	-	9,338	14,645
Disposals	(3,330)	(1,928)	(347)	(266)	(497)	(126)	-	-	(6,494)
Write-offs	(6,284)	(6,315)	(3,556)	(635)	(308)	-	-	-	(17,098)
Reclassification	(1)	1	-	-	-	-	-	-	-
As at 31 August 2009 and 1 September 2009	20,211	41,680	-	980	1,216	1,160	-	13,289	78,536
Additions	1,340	3,529	-	161	524	-	2,512	-	8,066
Disposals	(264)	(688)	-	(23)	(11)	-	-	-	(986)
Write-offs	-	-	-	(4)	-	-	-	-	(4)
Reclassification	178	(178)	-	-	-	-	-	-	-
As at 31 August 2010	21,465	44,343	-	1,114	1,729	1,160	2,512	13,289	85,612
Accumulated depreciation									
As at 1 September 2008 as restated	11,361	16,019	3,418	996	563	748	-	148	33,253
Charge for the year	2,518	4,408	200	196	180	214	-	203	7,919
Disposals	(2,651)	(1,489)	(206)	(206)	(214)	(113)	-	-	(4,879)
Write-offs	(4,218)	(5,249)	(3,412)	(526)	(101)	-	-	-	(13,506)
As at 31 August 2009 and 1 September 2009	7,010	13,689	-	460	428	849	-	351	22,787
Charge for the year	2,108	4,237	-	163	144	168	-	266	7,086
Disposals	(94)	(97)	-	(4)	(5)	-	-	-	(200)
Write-offs	-	-	-	(1)	-	-	-	-	(1)
Reclassification	9	(9)	-	-	-	-	-	-	-
As at 31 August 2010	9,033	17,820	-	618	567	1,017	-	617	29,672
Net book value									
As at 31 August 2009	13,201	27,991	-	520	788	311	-	12,938	55,749
As at 31 August 2010	12,432	26,523	-	496	1,162	143	2,512	12,672	55,940



Notes To The Financial Statements

31 August 2010 (cont'd)

12. PREPAID LAND LEASE PAYMENTS

	Group	
	2010 RM'000	2009 RM'000
As at 1 September	6,475	3,774
Additions	–	2,773
Amortised during the year (Note 6)	(84)	(72)
As at 31 August	6,391	6,475
Amount to be amortised		
- Not later than one year	84	84
- Later than one year but not later than 5 years	420	420
- Later than five years	5,887	5,971
	6,391	6,475

The Group has land use rights over four plots of state-owned land in Malaysia where the group manufacturing facilities reside. The land use rights are not transferable and have a remaining tenure of 77 years (2009: 78 years).

13. INVESTMENT IN SUBSIDIARIES

	Company	
	2010 RM'000	2009 RM'000
Unquoted ordinary shares at cost	14,036	14,036
Impairment loss on unquoted ordinary shares	(14,036)	(14,036)
Loan receivable from subsidiary	80,824	81,587
Impairment of loan receivable from subsidiary	(23,323)	(23,323)
	57,501	58,264

Loan receivable from subsidiary is unsecured, interest-free and repayable on demand. Accordingly, the fair value of the loan is not determinable as the timing of the future cash flows arising from the loan cannot be estimated reliably. The management is of the opinion that the loan receivable from subsidiary is in effect quasi-equity.

The recoverable amounts of investment in Flexitech Sdn Bhd have been determined based on a value in use calculation using the cash flow projections based on financial budgets approved by Board of Directors covering a five year period. The turnover growth rate will be 5% for the first year, followed by a 4% growth for the second year, third year, fourth year, and fifth year. (2009 : The growth in the first year by 45%, followed by 13% for the second year, 0% for the third year, 11% growth for fourth year, and 0% growth for fifth year), based on management's expectation of the long term macroeconomic and business environment. The post-tax discount rate applied to post-tax cash flow projection is 9.67% (2009 : 7.68%) per annum. Based on this assessment, no impairment loss on the Company's investment in subsidiary and loan receivable has been recognised during the year.



Notes To The Financial Statements

31 August 2010 (cont'd)

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows :-

Name of subsidiary (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by the Group		Cost of Investment	
		2010	2009	2010	2009
		%	%	RM'000	RM'000
<u>Held by the Company</u>					
Flexitech Sdn. Bhd. ** (Malaysia)	Manufacturing of rubber gloves (Malaysia)	100	100	14,036	14,036
Hiclean International Pte Ltd * (Singapore)	Temporarily ceased operations (Singapore)	–	100	–	#
<u>Held through Flexitech Sdn. Bhd.</u>					
Techniglove Asia Sdn. Bhd. ** (Malaysia)	Temporarily ceased operations (Malaysia)	100	100	–	–
				14,036	14,036

* On 11 August 2010, Hiclean International Pte Ltd was struck off the Register of Companies pursuant to Section 344 of the Companies Act (Cap. 50) of Singapore.

** Audited by member firm of Ernst & Young Global in Malaysia.

Investment cost is less than RM1,000.

14. INVESTMENT IN ASSOCIATE

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Unquoted equity shares, at cost	13,089	13,089	13,089	13,089
Impairment loss	–	–	(8,033)	(3,723)
Share of post acquisition reserves	(8,287)	(4,540)	–	–
Foreign currency translation	254	817	–	–
	5,056	9,366	5,056	9,366



Notes To The Financial Statements

31 August 2010 (cont'd)

14. INVESTMENT IN ASSOCIATE (CONT'D)

Name of associate (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by the Group	
		2010 %	2009 %
Sonic Clean Pte. Ltd. * (Singapore)	Carry on the business of providing all kinds of aqueous cleaning services, consumables cleaning and sub-assembly work in clean room environment, and investment holding (Singapore)	35	35

* Audited by Deloitte & Touche LLP, Singapore.

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

	2010 RM'000	2009 RM'000
Assets and liabilities:		
Total assets	17,279	23,002
Total liabilities	(2,833)	(4,241)
Results:		
Revenue	15,840	15,255
Loss for the year	(2,705)	(2,810)

15. INVENTORIES

	Group	
	2010 RM'000	2009 RM'000
At lower of cost and net realisable value:-		
Raw materials	1,552	707
Work-in-progress	3,494	3,376
Finished goods	2,135	2,142
Packing materials	73	150
Consumables	319	507
	7,573	6,882

In 2009, the Company had written down inventories in relation to obsolescent and slow moving stocks amounting to RM374,000 to the statement of comprehensive income.



Notes To The Financial Statements

31 August 2010 (cont'd)

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade receivables (current)				
Third parties	5,357	6,056	–	–
Immediate holding company	4,497	3,167	–	–
Related company	4	–	–	–
	9,858	9,223	–	–
Less: Allowance for impairment	(396)	(396)	–	–
	9,462	8,827	–	–
Other receivables (current)				
Deposits	9	73	–	–
Sundry debtors	43	6	–	–
	52	79	–	–
Trade and other receivables (current)	9,514	8,906	–	–
Add: Cash and cash equivalents (Note 17)	9,468	3,134	86	70
Total loans and receivables	18,982	12,040	86	70

Trade receivables

Trade receivables from third parties are non-interest bearing and are generally on 30 to 60 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Amounts due from immediate holding company

Amounts due from immediate holding company are unsecured, interest-free and repayable on demand. The amounts are repayable in cash.

Impairment of trade receivables

Movements in the allowance for impairment of trade receivables are as follows :

	Group	
	2010 RM'000	2009 RM'000
At beginning of year	(396)	(413)
Write-back of allowance for impairment	–	17
At end of year	(396)	(396)



Notes To The Financial Statements

31 August 2010 (cont'd)

16. TRADE AND OTHER RECEIVABLES (CONT'D)

The table below is an analysis of trade receivables as at the end of the financial year:-

	Group	
	2010 RM'000	2009 RM'000
Not past due and not impaired	9,450	8,756
Past due but not impaired	12	71
	9,462	8,827
Impairment receivables – individually assessed :		
Past due more than 24 months	396	396
Less: Allowance for impairment	(396)	(396)
	–	–
Total trade receivables, net	9,462	8,827
Aging of receivables that are past due but not impaired :		
- more than 12 months	12	71
	12	71

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash at banks and in hand	3,424	2,767	86	70
Short term deposits	6,044	367	–	–
	9,468	3,134	86	70

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for one year and earn interests at the short-term deposit rates.



Notes To The Financial Statements

31 August 2010 (cont'd)

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade payables	7,617	6,419	–	–
Other payables:				
Accrued operating expenses	9,961	7,975	420	437
Due to ultimate holding company	769	2,795	–	–
Due to immediate holding company	–	6,379	–	–
	10,730	17,149	420	437
Total trade and other payables	18,347	23,568	420	437
Total financial liabilities carried at amortised cost	18,347	23,568	420	437

Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30-90 days terms.

Amounts due to ultimate and immediate holding companies

Amount due to ultimate holding company of RM769,000 (2009: RM1,173,000) is non-trade in nature, unsecured, interest-free, and is repayable within a year in cash.

In 2009, amount due to ultimate holding company of RM1,622,000 is non-trade in nature, unsecured, bear interest at 1.0% per annum, and is repayable within a year in cash.

In 2009, amount due to immediate holding company is non-trade in nature, unsecured, interest-free and have no fixed terms of repayment. The amount is repayable in cash.

19. SHARE CAPITAL

	Group and Company			
	2010 No. of shares '000	2010 RM'000	2009 No. of shares '000	2009 RM'000
Issued and fully paid :-				
At beginning of year	928,676	115,360	500,000	74,642
Issue of ordinary shares	–	–	428,676	40,718
Balance at end of year	928,676	115,360	928,676	115,360

In 2009, 428,676,208 new shares were issued, in relation to the rights issue of S\$0.04 for each rights shares on the basis of one rights share for every one existing share in the Company held by the shareholders. The rights issue were issued for cash proceeds of RM823,000 and capitalisation of loan from the holding company to the Company's subsidiary amounting to RM40,297,000.



Notes To The Financial Statements

31 August 2010 (cont'd)

19. SHARE CAPITAL (CONT'D)

The holders of ordinary shares of the Company are entitled to receive dividend as and when declared by the Company. All ordinary shares of the Company carry one vote per share without restriction and have no par value.

The Company has not granted any options since adoption date, pursuant to the Medi-Flex Employee Share Option Scheme.

20. MERGER DEFICIT

The merger deficit represents the excess of the par value of the Company shares issued over the par value of the shares of subsidiaries acquired in the restructuring exercise in prior years. The formation of the Group under the restructuring exercise has been accounted for as a reorganisation of companies under common control using merger accounting.

21. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve represents 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.

22. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

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 on terms agreed between the parties during the financial year.

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Sales to associate	-	193	-	-
Sales to immediate holding company	80,036	10,326	-	-
Sales to related company	4,340	384	-	-
Purchases from				
- immediate holding company	7,268	1,076	-	-
- related company	2,506	326	-	-
Interest charged by ultimate holding company	-	230	-	-
Receipt of financial assistance from:				
- immediate holding company	-	8,420	-	-
- ultimate holding company	-	15,770	-	-
Repayment of advance				
- immediate holding company	-	50,797	-	-
- ultimate holding company	2,795	-	-	-
Purchases of property, plant and equipment from immediate holding company	94	113	-	-
Sales of property, plant and equipment to:				
- immediate holding company	66	1,605	-	-
- a related company	-	166	-	-



Notes To The Financial Statements

31 August 2010 (cont'd)

22. RELATED PARTY TRANSACTIONS (CONT'D)

(a) Transactions with related parties (cont'd)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Purchases of parts and consumables from:				
- immediate holding company	284	412	-	-
- a related company	93	352	-	-
Sales of parts and consumables to:				
- immediate holding company	293	684	-	-
- a related company	84	252	-	-
Receipt of management services from:				
- immediate holding company	780	204	-	-
- a related company	-	9	-	-
Provision of management services to:				
- immediate holding company	23	46	-	-
- a related company	-	23	-	-
Repayment of advance from:				
- subsidiary company	-	-	573	851
Provision of financial assistance to:				
- subsidiary company	-	-	-	41,005
Subscription of ordinary shares by holding company	-	40,297	-	40,297
Share option expenses charged by ultimate holding company	769	466	-	-

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

(b) Compensation of key management personnel

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Directors' fees	184	184	184	184
Short-term employee benefits	317	248	-	-
Defined contribution plans	38	28	-	-
Total compensation paid to key management personnel	539	460	184	184
Comprise amounts paid to :-				
Directors of the Company	435	365	184	184
Other key management personnel	104	95	-	-
	539	460	184	184

The remuneration of key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.



Notes To The Financial Statements

31 August 2010 (cont'd)

23. CAPITAL COMMITMENTS

	2010 RM'000	Group 2009 RM'000
Capital expenditure contracted but not provided in the financial statements in respect of purchase of property, plant and equipment	3,022	240

24. MATERIAL LITIGATION

A wholly-owned subsidiary of the Group, Flexitech Sdn. Bhd. ("Flexitech") was served with a winding up petition on 27 April 2010 ("Winding Up Petition") by Piramax Sdn Bhd ("Piramax") pursuant to a statutory notice of demand under Section 218(1)(e) and (2)(a) of the Malaysian Companies Act, 1965 ("Statutory Notice"), which was served on Flexitech on 16 March 2010 for claims amounting to approximately RM1.69 million for the non-payment of defective machinery supplied. The Statutory Notice and Winding-Up Petition were based on a summary judgment obtained by Piramax in the Shah Alam High Court Suit No. 22-69-2008 on 21 January 2010 ("Summary Judgment").

On 21 June 2010, Flexitech successfully obtained an order for a stay of execution of the summary Judgment from the Court of Appeal.

On 23 June 2010, Flexitech filed an application at the Shah Alam High Court to strike out the winding up petition and also filed a counter claim for RM4.6 million against Piramax.

Based on the advice received from its legal advisors, the Board of Directors of the Company is confident of striking out the Winding Up Petition and envisage that there will not be any material impact on the performance of the Group and the Winding-Up Petition has no significant financial and operational impact on the Group.

25. CAPITAL MANAGEMENT

The main objective of the Group's capital management is to ensure that it maintains a healthy capital ratio to support its operations and maximise shareholder value.

The Group manages its capital structure by making necessary adjustments to it, in response to the changes in economic conditions.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group targets to always maintain the ratio below 100%. If the threshold is exceeded, the Group may call for a fund raising either from the public or from its existing shareholders. The Group may also adjust the dividend payment to its shareholders in order to maintain a healthy capital structure. The Group includes within net debt, trade and other payables, less cash and cash equivalents. Capital includes share capital, merger deficit, accumulated losses and foreign currency translation reserve.

	2010 RM'000	Group 2009 RM'000
Trade and other payables (Note 18)	18,347	23,568
Less : Cash and cash equivalents (Note 17)	(9,468)	(3,134)
Net debt	8,879	20,434
Capital	76,238	67,291
Capital and net debt	85,117	87,725
Gearing ratio	10.4%	23.3%



Notes To The Financial Statements

31 August 2010 (cont'd)

26. FINANCIAL RISK MANAGEMENT

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions. The policies for managing each of these risks are summarised below:-

(a) Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored through strictly limiting the Group's associations to business partners with high creditworthiness. For new customers, the marketers are required to do a Company search on the creditworthiness of the customer. An upfront advance payment is required for first time customers before the goods are delivered. Once it becomes a regular customer, a minimum advance is required followed by a letter of credit. For long term customers, letters of credit are required. Trade receivables are monitored on an ongoing basis through Group management reporting procedures. The Group determines concentrations of credit risk by monitoring new, regular and long term customers.

At the end of the reporting period, approximately 48% (2009: 36%) of the Group's trade receivables was due from its immediate holding company.

(b) Liquidity risk

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debts position.

The table below summarises the maturity profile of the Group financial liabilities at the statement of financial position date based on contractual undiscounted payments.

Group	2010 RM'000				2009 RM'000			
	1 year or less RM'000	1-5 years RM'000	Over 5 years RM'000	Total RM'000	1 year or less RM'000	1-5 years RM'000	Over 5 years RM'000	Total RM'000
Trade payables (Note 18)	7,617	–	–	7,617	6,419	–	–	6,419
Accrued operating expenses (Note 18)	9,961	–	–	9,961	7,975	–	–	7,975
Amount due to ultimate holding company (Note 18)	769	–	–	769	2,795	–	–	2,795
Amount due to immediate holding company (Note 18)	–	–	–	–	6,379	–	–	6,379
Total undiscounted financial liabilities	18,347	–	–	18,347	23,568	–	–	23,568



Notes To The Financial Statements

31 August 2010 (cont'd)

26. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Interest rate risk

The Group's exposure to the risk of changes in interest rates arises mainly from the Group's cash deposits placed with financial institutions. For interest income from the cash deposits, the Group managed the interest rate risks by placing cash deposits with reputable financial institutions on varying maturities and interest rate terms.

(d) Commodity price risk

The Group has commodity price risk as latex is one of the main raw materials. Latex is a traded commodity and its price is subject to the fluctuations of the world commodity markets. Any significant increases in the prices for latex will have a material adverse impact on the financial position and results of operation. The Group's profitability will be adversely affected if the Group is unable to pass on any increase in raw material prices to its customers on a timely basis or find cheaper alternative sources of supply.

The Group monitors the material price fluctuation closely and constantly studies other ways to reduce material wastage in order to reduce the impact of material price risk.

(e) Foreign exchange risk

The Group's foreign exchange risk arises from its subsidiaries operating in foreign countries and from operations of its local subsidiaries. The Group has transactional currency exposure. Such exposure arises from sales or purchases by subsidiaries in currencies other than the subsidiaries' functional currencies.

The Company and its subsidiaries maintain their respective books and accounts in their functional currencies. As a result, the Group is subject to transaction and translation exposures resulting from currency exchange rate fluctuations. However, to minimise such foreign currency exposures, the Group uses currency borrowings and natural hedges. It is not the Group's policy to take speculative position in foreign currencies.

The financial assets and financial liabilities that are not denominated in Ringgit Malaysia are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade receivables				
US Dollars	5,379	6,028	–	–
SG Dollars	8	–	8	–
Cash and bank balances				
US Dollars	160	403	–	–
SG Dollars	86	67	86	68
Trade payables				
US Dollars	3,857	2,748	–	–
Other payables				
SG Dollars	93	111	93	111
Sterling Pounds	42	42	42	42



Notes To The Financial Statements

31 August 2010 (cont'd)

26. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Foreign exchange risk (cont'd)

Sensitivity analysis for foreign currency risk

At 31 August 2010, if the RM had weakened by 6.44% (2009: 0.14%) (which is the % depreciation of Ringgit against USD between average rate for financial year 2010 and rate as at 1 September 2010) against the USD with all other variables held constant, profit for the financial year would have been RM69,000 (2009: RM176,000) higher. Conversely, if the RM had strengthen by 6.44% (2009: 14%) against the USD with all other variables held constant, profit for the financial year would have been RM69,000 (2009: RM176,000) lower. The foreign currency exchange rate sensitivity in profit is mainly due to sales transactions in USD currency.

27. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale:-

Financial instruments whose carrying amount approximates fair value

The carrying amounts of cash and cash equivalents, other receivables, other payables, amount due from/(to) immediate holding company, amount due to ultimate holding company and amount due from subsidiaries, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

The carrying amounts of trade receivables and trade payables approximate fair values because these are subject to normal trade credit terms.

28. SEGMENT INFORMATION

The management considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the three primary geographic areas: North America, Asia and Europe. All geographic locations are engaged in the business of manufacturing and trading of gloves.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets which are expected to be used for more than one period.



Notes To The Financial Statements

31 August 2010 (cont'd)

28. SEGMENT INFORMATION (CONT'D)

(a) Geographical information

Segment revenue is based on the location of customers. Segment assets and capital expenditure are based on the location of those assets.

	North America		Asia		Europe		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment revenue	20,058	9,815	38,272	28,672	54,488	17,396	112,818	55,883
Segment assets	–	–	94,585	90,859	–	–	94,585	90,859
Other segment information:								
Addition to non-current assets	–	–	8,066	14,645	–	–	8,066	14,645
Other non-cash expense	–	–	3	3,592	–	–	3	3,592
Depreciation	–	–	7,086	7,919	–	–	7,086	7,919

(b) Business information

The Group is principally engaged in the business of manufacturing and trading of gloves. The assets, liabilities and capital expenditure of the Group are employed in this sole business segment.

(c) Information about major customers

Revenue from one major customer amount to RM80,036,000 (2009: RM10,326,000), arising from sales from the glove business segment.

29. AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements for the financial year ended 31 August 2010 were authorised for issue in accordance with a resolution of the Directors on 29 October 2010.



List of Properties

The landed properties owned by Medi-Flex as at 31 August 2010 are set out below:

	PARTICULARS OF PROPERTY	DATE OF ACQUISITION(A)/ REVALUATION(R)	AGE OF BUILDING (YEARS)	TENURE	DESCRIPTION/ EXISTING USE	LAND AREA/ BUILD-UP AREA	AUDITED NET BOOK VALUE AS AT 31.8.2010 (RM)
1)	<u>Flexitech Sdn Bhd</u> Lot 127, Jalan 6, Komplek Olak Lempit, Mukim Tanjung 12, 42700 Banting, Selangor	15/09/05 (A)	N/A	Leasehold (Expiring on 26 Sep 2087)	Workers Hostel	Approx 11,735.87 square meter	4,060,770
2)	Lot 128, Jalan 8, Komplek Olak Lempit, Mukim Tanjung 12, 42700 Banting, Selangor	02/08/05 (A)	N/A	Leasehold (Expiring on 26 Sep 2087)	Store	Approx 11,735.87 square meter	3,260,864
3)	Lot 124, Jalan 8, Komplek Olak Lempit, Mukim Tanjung 12, 42700 Banting, Selangor	30/06/2008 (A)	N/A	Leasehold (Expiring on 26 Sep 2087)	Production & Office Lot	Approx 12,140.56 square meter	5,870,597
4)	Lot 126, Jalan 8, Komplek Olak Lempit, Mukim Tanjung 12, 42700 Banting, Selangor	30/06/2008 (A)	N/A	Leasehold (Expiring on 26 Sep 2087)	Production & Office Lot	Approx 12,140.56 square meter	5,870,596



Shareholding Statistics

as at 28 October 2010

Issued and Fully Paid-Up Capital	:	S\$50,363,681
No. of Shares Issued	:	928,676,208 shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per share

ANALYSIS OF SHAREHOLDINGS

RANGE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS		NO. OF SHARES	
		%		%
1 – 999	49	7.36	22,103	0.00
1,000 – 10,000	123	18.47	738,820	0.08
10,001 – 1,000,000	455	68.32	51,516,451	5.55
1,000,001 and above	39	5.85	876,398,834	94.37
TOTAL	666	100.00	928,676,208	100.00

TOP TWENTY SHAREHOLDERS

No.	NAME	NO. OF SHARES	%
1.	TOP GLOVE SDN BHD	740,808,163	79.77
2.	DBS VICKERS SECURITIES (S) PTE LTD	28,259,332	3.04
3.	UNISTEEL TECHNOLOGY LIMITED	14,366,666	1.55
4.	PHILLIP SECURITIES PTE LTD	8,607,414	0.93
5.	CHENG TECK LOONG	8,151,000	0.88
6.	UNITED OVERSEAS BANK NOMINEES PTE LTD	7,377,668	0.79
7.	SING INVEST & FIN NOMINEES PTE LTD	4,859,000	0.52
8.	CHONG HOI ING	4,467,772	0.48
9.	KIGAWA SHIGEO	4,223,666	0.45
10.	CHEN KONG YOOUNG	3,838,000	0.41
11.	UOB KAY HIAN PTE LTD	3,788,333	0.41
12.	HSBC (SINGAPORE) NOMINEES PTE LTD	3,767,666	0.41
13.	TU AH KIM	3,458,965	0.37
14.	MAYBAN NOMINEES (S) PTE LTD	3,154,161	0.34
15.	CIMB SECURITIES (S'PORE) PTE LTD	2,914,000	0.31
16.	TU KWANG YAM	2,838,944	0.31
17.	WONG KIM CHEN	2,580,136	0.28
18.	CITIBANK NOMINEES SINGAPORE PTE LTD	2,096,000	0.23
19.	HO PEI THEEN	2,082,980	0.22
20.	LIM ANDY	1,995,000	0.22
TOTAL		853,634,866	91.92



Shareholding Statistics

as at 28 October 2010 (cont'd)

SUBSTANTIAL SHAREHOLDERS

Name	No. of Ordinary Shares			
	Direct Interest		Deemed Interest	
	No. of shares	%	No. of shares	%
Top Glove Sdn Bhd ⁽¹⁾	740,808,163	79.77	-	-
Tan Sri Dato Sri <u>Lim</u> , Wee-Chai ⁽²⁾	-	-	740,808,163	79.77

Notes :-

- (1) Top Glove Sdn Bhd (TGSB) is wholly-owned by Top Glove Corporation Bhd (TGCB). Hence, TGCB is deemed to have an interest in the shares held by TGSB in the Company.
- (2) Tan Sri Dato Sri Lim, Wee-Chai is deemed to be interested in the Shares held by Top Glove Sdn Bhd through his controlling interest in Top Glove Sdn Bhd via Top Glove Corporation Bhd.

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available and to the best knowledge of the Company as at 28 October 2010, approximately **20.12%** of the issued ordinary shares of the Company is held by the public. The Company is therefore in compliance with Rule 723 of the SGX-ST Listing Manual.



Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Medi-Flex Limited (“Company”) will be held at the Singapore Exchange Ltd, SGX Auditorium, 2 Shenton Way #02-02, Podium SGX Centre 1, Singapore 068804 on Tuesday, 7 December 2010 at 12.00 noon for the following purposes:

AS ORDINARY BUSINESS

- | | | |
|----|---|--------------|
| 1. | To receive and to adopt the Audited Financial Statements of the Company for the financial year ended 31 August 2010 together with the Directors’ Report and Auditors’ Report thereon. | Resolution 1 |
| 2. | To approve Directors’ Fee of S\$76,500.00 for the financial year ended 31 August 2010. | Resolution 2 |
| 3. | To re-appoint Mr Wong Hung Khim who is retiring under Section 153 (6) of Companies Act, Cap. 50. (See Explanatory Note a) | Resolution 3 |
| 4. | To re-elect Mr Lim Cheong Guan who is retiring under Article 107 of the Articles of Association. | Resolution 4 |
| 5. | To re-elect Mr Foong Daw Ching who is retiring under Article 107 of the Articles of Association. (See Explanatory Note b) | Resolution 5 |
| 6. | To re-appoint Messrs Ernst & Young LLP, as the Auditors of the Company and to authorise the Directors to fix their remuneration. | Resolution 6 |
| 7. | To transact any other ordinary business which may be properly transacted at an Annual General Meeting. | |

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions (with or without amendments) as Ordinary Resolutions:-

- | | | |
|----|---|--------------|
| 8. | AUTHORISATION TO ISSUE SHARES AND CONVERTIBLE SECURITIES | Resolution 7 |
|----|---|--------------|

That pursuant to Section 161 of the Companies Act, Cap. 50 and in accordance with Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, approval be and is hereby given to the Directors to issue:-

- (a) shares in the Company (whether by way of bonus, rights or otherwise); or
- (b) convertible securities; or
- (c) additional convertible securities arising from adjustments made to the number of convertible securities previously issued in the event of rights, bonus or capitalisation issues; or
- (d) shares arising from the conversion of convertible securities, at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that :-
 - (i) the aggregate number of shares and convertible securities that may be issued shall not be more than 50% of the total number of issued shares excluding treasury shares, in the capital of the Company or such other limit as may be prescribed by the Singapore Exchange Securities Trading Ltd (“SGX-ST”) as at the date the general mandate is passed. Unless prior shareholder approval is required under the Listing Rules, an issue of treasury shares will not require further shareholder approval, and will not be included in the aforementioned limits;

Notice Of Annual General Meeting (cont'd)

- (ii) the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to existing shareholders shall not be more than 20% of the total number of issued shares excluding treasury shares in the capital of the Company or such other limit as may be prescribed by the SGX-ST as at the date the general mandate is passed. Unless prior shareholder approval is required under the Listing Rules, an issue of treasury shares will not require further shareholder approval, and will not be included in the aforementioned limits;
- (iii) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraphs (i) and (ii) above, the total number of issued shares excluding treasury shares shall be calculated based on the total number of issued shares excluding treasury shares in the capital of the Company as at the date the general mandate is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or employee stock options in issue as at the date the general mandate is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares; and
- (iv) unless earlier revoked or varied by the Company in general meeting, such authority shall continue in force until the next Annual General Meeting or the date by which the next Annual General Meeting is required by law to be held, whichever is earlier". (See Explanatory Note c)

9. THE MEDI-FLEX EMPLOYEE SHARE OPTION SCHEME

Resolution 8

THAT approval be and is hereby given to the Directors to offer and grant options under the Medi-Flex Employee Share Option Scheme (the "Scheme") and to allot and issue from time to time such number of shares in the Company as may be required to be issued pursuant to the exercise of options under the Scheme, provided always that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed fifteen percent (15%) of the total issued capital of the Company from time to time.

10. APPROVAL OF THE RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

Resolution 9

THAT approval be and is hereby given for the purposes of Chapter 9 of the Listing Manual (the "Listing Manual") of the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the Company, its subsidiaries and associated companies or any of them to enter into any of the transactions falling within the types of interested person transactions (the "Recurrent Transactions") set out in the Company's Letter to Shareholders dated 22 November 2010 (the "Letter"), with any party who is of the classes of Interested Persons described in the Letter, provided that such interested person transactions are carried out on normal commercial terms and in accordance with the review procedures for Recurrent Transactions as set out in the Letter (the "General Mandate");

THAT the General Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company;

THAT the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual which may be prescribed by the SGX-ST from time to time; and

THAT the Directors of the Company and each of them be hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the General Mandate and/or this Resolution. (See Explanatory Note d)



Notice Of Annual General Meeting (cont'd)

Explanatory Notes

- a) Mr Wong Hung Khim will, upon re-appointment as a Director, remain as the Chairman of the Nominating and Remuneration Committees; and a member of the Audit Committee of the Company.
- b) Mr Foong Daw Ching will, upon election as a Director, remain as a Chairman of Audit Committee and a member of the Remuneration Committee of the Company.
- c) The Ordinary Resolution no. 7 is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and/or convertible securities in the Company up to an amount not exceeding in aggregate 50 percent of the issued shares in the capital of the Company of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20 percent of the issued shares in the capital of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.
- d) Resolution 9, if passed, will renew the General Mandate to allow the Company, its subsidiaries and associated companies or any of them to enter into certain Recurrent Interested Person Transactions with person who are considered "Interested Persons" (as defined in Chapter 9 of the Listing Manual of the SGX-ST) for reason set out in the Company's letter to Shareholders dated 22 November 2010.

The Company's Audit Committee has confirmed (pursuant to Rule 920(1) of the Listing Manual of the SGT-ST) that the methods and procedures for determining the transaction process have not changed since the Shareholder's approval at the Annual General Meeting of 7 December 2007 and renewal thereof at the Annual General Meeting of 11 December 2008 and 11 December 2009.

By Order of the Board

Low Siew Tian

Company Secretary

Date : 22 November 2010

Notes:

- a) A member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- b) Where a member of the Company appoint two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
- c) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorized officer. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 8 Cross Street, #11-00 PWC Building, Singapore 048424 at least 48 hours before the time of the Meeting.



MEDI-FLEX

MEDI-FLEX LIMITED

Proxy Form



(Incorporated in the Republic of Singapore)

(Registration No. 200312754H)

A member of Top Glove Group of Companies

IMPORTANT:

1. For investors who have used their CPF monies to buy Medi-Flex Limited shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

I/We _____ NRIC/Passport No. _____

of _____

being a member/members of the above-mentioned Company, hereby appoint:

Name:	NRIC/Passport No.:	Proportion of Shareholdings (%):
Address:		

and/or (delete as appropriate)

Name:	NRIC/Passport No.:	Proportion of Shareholdings (%):
Address:		

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at the Singapore Exchange Ltd, SGX Auditorium, 2 Shenton Way #02-02, Podium SGX Centre 1, Singapore 068804 on Tuesday, 7 December 2010 at 12.00 noon and at any adjournment thereof, I/We direct my/our proxy/proxies to vote "For" or "Against" the Resolutions to be proposed at the Meeting as hereunder indicated.

No.	Ordinary Resolutions	For	Against
	Ordinary Business		
1.	To adopt the Audited Financial Statements, Directors' Report and Auditors' Report for the financial year ended 31 August 2010.		
2.	To approve payment of Directors' Fee.		
3.	To re-appoint Mr Wong Hung Khim as a Director under Section 153(6), Companies Act, Cap. 50		
4.	To re-elect Mr Lim Cheong Guan as a Director under Article 107 of the Company's Articles of Association		
5.	To re-elect Mr Foong Daw Ching as a Director under Article 107 of the Company's Articles of Association		
6.	To re-appoint Ernst & Young LLP as Auditors and authorize Directors to fix their remuneration		
	Special Business		
7.	To authorise Directors to allot shares pursuant to Section 161 of the Companies Act, Cap. 50		
8.	To authorise Directors to allot and issue shares pursuant to Medi-Flex Employee Share Option Scheme		
9.	Approval of the renewal of the General Mandate for Interest Person Transactions		

Dated this..... day of 2010

.....

Signature(s) of member(s) or Common Seal

Total No. of Shares in	No. of Shares Held
CDP Register	
Register of Members	

IMPORTANT: PLEASE READ NOTES OVERLEAF



Notes to the Proxy Form

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, he shall specify the percentage of his shares to be represented by each proxy and if no percentage is specified, the first named proxy shall be deemed to represent 100 per cent of his shareholding and the second named proxy shall be deemed to be an alternate to the first named.
4. The instrument appointing a proxy or proxies together with the letter of power of attorney, if any, under which it is signed or a duly certified copy thereof, must be deposited at the registered office of the Company at 8 Cross Street, #11-00 PWC Building, Singapore 048424 at least 48 hours before the time appointed for the Annual General Meeting.
5. A corporation which is a member may authorise by resolution of its directors or other governing body such a person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50.
6. Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instruments of the appointor specified in the instrument appointing a proxy or proxies.
8. In the case of a member whose shares are entered against his name in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.



MEDI-FLEX



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