



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



TOP QUALITY, TOP EFFICIENCY,
GOOD HEALTH, SAFETY FIRST & BE HONEST



The Preferred Cleanroom Glove Manufacturer

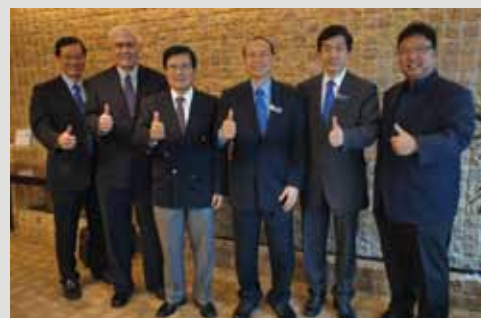
Annual Report 2011
for Financial Year Ended 31 August 2011



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Corporate Profile

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

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.

Medi Flex's factory is located in Banting, Malaysia, with 28 production lines and a total production capacity of 1.87 billion pieces of gloves per annum as at financial year ended 2011.

Today, the company offers an extensive selection of high quality natural rubber and nitrile disposable cleanroom, medical examination, and industrial gloves for the semiconductor, healthcare and a wide range of industrial applications markets.

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.

The Sponsor and the SGX-ST assume no responsibility for the contents of this document including the correctness of any of the statements or opinions made or reports contained in this document.

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 VISION AND MISSION



Image courtesy of International Business Review

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

VISION

We strive to be the world's leading manufacturer with excellent quality glove products and services that enrich and protect human lives.

QUALITY POLICY

- Quality and productivity are our business
- Continuous improvement and innovation are our duties
- Towards zero defect is our target

MISSION

To be a world class glove manufacturer providing top quality products with excellent services through continuous improvement and innovation.

BUSINESS ETHICS

- Honesty
- Integrity
- Transparency

CORPORATE VALUES

- Global customer satisfaction
- Do it right first time and every time
- Integrity and total commitment
- Excellence in quality and competitiveness
- Environmental friendly and social responsibilities

OUR BUSINESS RULES FOR THE COMPANY ARE:

- Do not lose your shareholders' money;
- Do not lose your health;
- Do not lose your temper; and
- Do not lose your customers.



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 with the annual report for the financial year ended 31 August 2011 (FY2011).”

The past twelve (12) months of FY2011 have been rather challenging for the rubber glove industry as a whole, as it continued to face margin pressures on subdued demand, high raw material costs and the weak US dollar.

After a record 2010 in which the influenza A(H1N1) virus outbreak caused a surge in demand, the industry was faced with an overstocking situation by some of the healthcare providers and major distributors.

Average latex price rose by 46%, from RM6.12/kg in FY2010 to RM8.92/kg in FY2011, due to the tightness in rubber supply amid an increase in demand from China and India for their booming auto and tyre manufacturing industries. The situation was further compounded by bad weather - severe drought and unusually heavy rainfall in Thailand, the prolonged wintering season, outbreak of the rubber tree bark disease in Vietnam as well as higher-than-expected replanting activities in most major producing countries.

During the period, the US dollar has also weakened against the Ringgit Malaysia by around 8%, as major economies grappled with uncertainties.

Amidst all these challenges, the Group has managed to achieve a reasonable revenue growth rate. Whilst profit margin may have suffered a setback, the Group still remained profitable with a strong cash flow and zero borrowings, reflecting the Group's strong and sound business fundamentals and the right direction taken by the management.

LETTER TO STAKEHOLDERS (cont'd)

The management has in the last two years re-organised its operations to produce a more diversified range of gloves to improve competitiveness and to reduce reliance on cleanroom gloves. Besides cleanroom gloves, the Group also produces more nitrile gloves to capture the increased demand in the market. As at 4QFY11, nitrile gloves accounts for 60% of its total sales. This move has started to pay off in the last financial year when the Group returned to profitability after years of losses. This year, the higher quantity of nitrile gloves sold helped cushion the decline in revenue of its latex based products.

Financial Performance

For FY2011, the Group has achieved a record sales of RM145.53 million, representing a 29% increase from RM112.82 million in the previous year; while the Group's gross profit has declined 27% to RM9.65 million, as compared to RM13.25 million the year before.

The higher revenue was mainly attributed to increased sales volume of nitrile latex gloves and higher average selling prices (ASPs) of natural latex and nitrile latex gloves, following the increase in natural latex and nitrile latex prices.

On the other hand, the Group's gross profit declined due to the persistently high raw material prices, the weak US dollar and the oversupply situation in the industry, which resulted in lower cost pass-through to the customers. In this fiscal year, we have only been able to pass on around 60% to 70% of the increase. Furthermore, there was a time lag in the cost pass-through.

As for net profit, it declined 46% to RM5.14 million from RM9.51 million. The comparability of the figures is affected by exceptional items of RM2.96 million in the previous year, which include the compensation from a legal suit amounting to RM5.76 million and the write-off of goodwill in an associate company amounting to RM2.80 million.

The Group's balance sheet position as at 31 August 2011 remained strong with a net cash position of RM5.86 million and nil net borrowings. The Group's expansion had mainly been internally financed. In September 2010, the Group commissioned eight (8) additional production lines with a capacity of 0.75 billion pieces of gloves per annum, at its factory in Banting, Malaysia. This brought the total production capacity of the Group to 1.87 billion pieces of gloves per annum with 28 production lines.

Total shareholders' equity stood at RM82.11 million and net asset per share was 8.84 sen (RM).

Dividends

In line with the results, the Board of Directors is pleased to recommend a final dividend of 0.1 Singapore cent per share, amounting to approximately SGD1 million for FY2011, which is equivalent to a payout ratio of around 48%. The proposed dividend is subject to shareholders' approval at the forthcoming Annual General Meeting.

This would represent the first time that the Board is recommending a dividend payment to its shareholders. Although the amount may be small comparatively, it is a good start as the Group has just returned to profitability last year.

The company's policy is to provide its shareholders with steady and sustainable dividend payout after due consideration for the expansion requirement of the business.

Future Prospects

Latex prices has corrected sharply in the last seven months, in tandem with other commodity prices amid growing global economic concerns, and as weather conditions improved. It has since declined about 27% from its peak of RM10.99 on 11 April 2011 to around RM7.76 on 1 November 2011.

With latex prices stabilising, we expect customers who had adhered to minimum inventory holding before, to resume buying.

Nevertheless, we have not lost sight of preparing for the longer term as the operating environment is expected to remain challenging with the volatility in the global economic sentiment, commodity prices and foreign exchange, being the major causes for concern.



LETTER TO STAKEHOLDERS (cont'd)



We will continue to strengthen our position within the rubber glove industry through continued focus on product quality enhancement and product innovation via research and development, technological advancement and cost-effectiveness improvement.

Over the mid-to-longer term, we anticipate global demand for gloves to continue growing at between 8% and 10% per annum. This is led by growth in the usage of medical gloves in emerging countries, on the back of growing healthcare awareness especially after the H1N1 pandemic, healthcare reforms in China and India and the rising health care standards in these markets.

To capture this opportunity, we have embarked on a reorganisation of our marketing team to focus on special growth areas, while we continue to strengthen the team via aggressive talent development. Simultaneously, we are looking into moving towards downstream distribution in selected markets.

In Appreciation

Our gratitude is extended 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 distinguished members of the Board, who have provided valuable advice, guidance and support to the Group throughout the year.

We look forward to your continued support as we move forward to grow and achieve greater success.

Thank you.

TAN SRI DATO SRI LIM, WEE-CHAI
Chairman
Medi-Flex Limited
2 November 2011

LEE KIM MEOW
Managing Director
Medi-Flex Limited
2 November 2011



BOARD OF DIRECTORS



Tan Sri Dato Sri Lim, Wee-Chai
Chairman

Aged 53, a Malaysian citizen, was appointed as Executive Director on 15 March 2007 and was re-designated as Chairman on 23 March 2007.

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

Tan Sri Lim graduated with a Bachelor of Science Degree with Honours in Physics in 1982 from University Malaya, and obtained his Master of Business Administration in 1985 from Sul Ross State University in Texas, United States.

Tan 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. In 1991, Tan Sri Lim founded Top Glove Sdn Bhd, a rubber glove manufacturing and trading business which started with only three production lines. Under Tan Sri Lim's visionary stewardship, Top Glove has since grown to be the world's largest rubber glove manufacturer, capturing about 26% of the world market share. As at October 2011, the company owns and operates 22 factories with a total of 411 production lines in Malaysia, Thailand and China. These factories have a production capacity of 37 billion pieces of gloves per annum, to meet the demand of over 1,000 customers in more than 185 countries.

Tan Sri Lim has been actively involved in many glove industry related associations and organizations in Malaysia. He served as the President of the Malaysian Rubber Glove Manufacturers' Association (MARGMA) from 1997-1999. Prior to that, he served as the Vice-President, Honorary Secretary and Treasurer of MARGMA for the past seven years.

In addition, he was also the Director of the Association of Malaysia Medical Industries (AMMI) and Board Member of the Malaysia Rubber Board in 1998 and 1999. In view of Tan Sri's vast experience in manufacturing and global business, he was elected as a Council Member of the Federation of Malaysian Manufacturers (FMM) in 2010 and in 2011, appointed as Council Member of The East Asia Business Council (EABC) by the Minister of International Trade and Industry Malaysia.

On 4 December 2004, Tan Sri Lim was named and awarded the highly prestigious accolade, Master and Country Entrepreneur of Malaysia for the Year 2004, by Messrs Ernst and Young. With this award, Tan 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 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 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.

Tan 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 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 Efficiency, Good Health, Safety First & Be Honest".





BOARD OF DIRECTORS (cont'd)



Lee Kim Meow
Managing Director

Aged 52, a Malaysian citizen, was appointed as an Executive Director on 15 March 2007 and subsequently, as the Managing Director on 23 March 2007. He joined Top Glove in 1997 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 holds a Bachelor of Commerce Degree from the University of New South Wales, Australia, majoring in Accounting, Finance and Information System, and a Bachelor of Law Degree from the University of London, U.K.

Mr Lee has vast experience in financial services, trading and manufacturing business having worked more than 15 years in established financial institutions and with a well known conglomerate with diversified interest in the Asean region.

In the last 10 years, Mr. Lee has been actively contributing to the development of the rubber glove industry in Malaysia as well as the ASEAN region via his involvement in the Malaysian Rubber Glove Manufacturers' Association (MARGMA) and the ASEAN Rubber Glove Manufacturers' Association (ARGMA). Currently, he is the Immediate Past President of MARGMA.

Mr. Lee is also a Board Member of the Malaysian Rubber Export Promotion Council (MREPC) and the Malaysian Rubber Board (MRB). He also serves as a Committee Member of the Tun Abdul Razak Research Centre (TARRC), LGM Properties Corporation and LGM Investment, all of which are entities related to the Malaysian Rubber Board. He is also a trustee of the Top Glove Foundation.

Aged 46, 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 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.

Currently, Mr Lim is also a Director of Malaysian Investor Relations Association Berhad (MIRA) and Advisor to the Management Committee of Top Glove Foundation.



Lim Cheong Guan
Executive Director

BOARD OF DIRECTORS (cont'd)



Wong Hung Khim
Independent Director

Aged 73, 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 61, 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 Australia, a Chartered Accountant with the Malaysia Institute of Accountants and a Certified Management Consultants in Singapore. He serves as audit committee member of MOH Holdings Pte Ltd ("MOHH"), 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 Reyphon Agricutural Ltd. He is also a Board Member of Jurong Health Services Pte Ltd and NUH Patientcare Charity Fund and NUH Health Research Endowment Fund.

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 53, a Singapore Permanent Resident, is an Independent Director appointed on 15 March 2007.

Dr. Ngo is presently an Independent Director of Tiong Nam Logistics Holding and Ezra Holdings Limited. Dr. Ngo is also a Non-Executive Director of OSK Holdings Bhd, OSK Invest Bank Bhd and a few of OSK's subsidiaries in Singapore, Malaysia and Hong Kong.

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 53, a Malaysian citizen, 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.

Wong Chong Ban

General Manager (Manufacturing)

Aged 39, 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 13 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 42, 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 seventeen (17) 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.



Jeremy Liew Say Keong

General Manager (Finance)

Aged 52, 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.



Siow Chun Min

Purchasing and Operation Manager

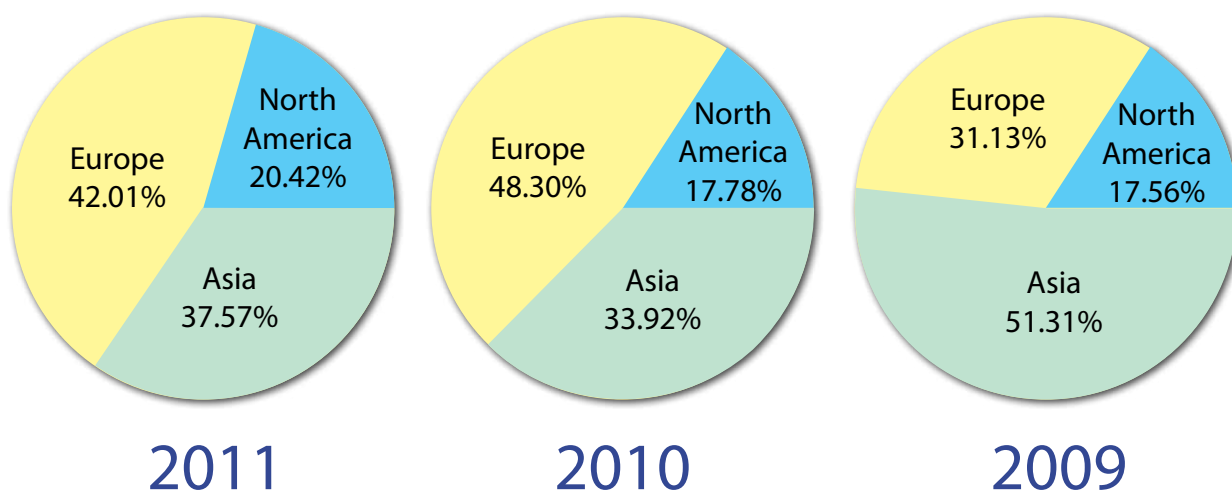
Aged 47, a Malaysian citizen, joined Top Glove Group in year 2004, he is in charge for the day-to-day purchasing, operation and scheduling of our Group.

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.





Revenue by markets



5 years financial highlights

	Turnover	Profit/ (Loss) Before Taxation	Profit/ (Loss) After Taxation
FY 2011 RM'000	145,529	5,142	5,101
FY 2010 RM'000	112,818	9,511	9,511
FY 2009 RM'000	55,883	(8,511)	(8,511)
FY 2008 RM'000 (restated)	60,161	(5,815)	(5,847)
FY 2007* RM'000	39,613	(6,444)	(6,445)

* represent 8 months financial period ended 31 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

80 Robinson Road, #02-00
Singapore 068898
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 D.E., 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

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 Section B: Rules of Catalist ("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 2011 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 4 meetings were held in the financial year ended 31 August 2011. 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	4	4	-	-	-	-	1	1
Lee Kim Meow	4	4	-	-	-	-	-	-
Lim Cheong Guan	4	4	-	-	-	-	-	-
Wong Hung Khim	4	4	4	4	1	1	1	1
Foong Daw Ching	4	3	4	3	1	0	-	-
Dr. Ngo Get Ping	4	4	4	4	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

With half of the Board deemed to be independent, the NC is of the view that 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 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.

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.



CORPORATE GOVERNANCE STATEMENT (cont'd)

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 Tan Sri Dato Sri Lim, Wee-Chai and Dr Ngo Get Ping. 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. The Board also takes independent professional advice as and when necessary to enable it to discharge its responsibilities effectively. Subject to the approval of the Managing Director, whether as a group or individually, may seek and obtain independent professional advice to assist them in their duties, at the Company's expense.

A management representative of the Company attends all Board meetings on behalf of the Company Secretary and advises the Board on board procedures and the applicable rules and regulations governing the Company. Where necessary, and from time to time, the management representative will consult the Company Secretary on board procedures, the applicable rules and regulations affecting the Company, including changes to the rules and regulations, if any. On this basis, and having regard to the background and experience of the management representative, the Board is satisfied that board procedures had been properly adhered to and that the Company has complied with the applicable rules and regulations for FY2011.

CORPORATE GOVERNANCE STATEMENT (cont'd)

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 RC conducted an annual review of the remuneration package of our 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.



CORPORATE GOVERNANCE STATEMENT (cont'd)

The components of the Directors' Remuneration for financial year ended 31 August 2011, 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 Lim, Wee-Chai	-	-	100	100
Lee Kim Meow	-	-	100	100
Lim Cheong Guan	-	-	100	100
Wong Hung Khim	-	-	100	100
Foong Daw Ching	-	-	100	100
Dr. Ngo Get Ping	-	-	100	100

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.

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:-

CORPORATE GOVERNANCE STATEMENT (cont'd)

- (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 quarterly 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 recognized 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.

Except for the associated company, Sonic Clean Pte. Ltd, which appoints Deloitte & Touche LLP as its Auditors, the Company does not appoint different auditors for its subsidiaries companies. The Board and the AC are satisfied that the appointment of different auditors for the associated company would not compromise the standard and effectiveness of the audit of the Group.

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 recognizes 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 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.



CORPORATE GOVERNANCE STATEMENT (cont'd)

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. In line with the Company's objectives of strengthening internal controls and having a robust internal audit function, the AC will review the internal auditor's reports on a quarterly basis commencing from the Company's financial year 2011, to identify gaps (if any) in its internal controls and to ensure the adequacy of the internal audit function. The AC will also interview the Company's out-going internal auditor(s) to determine the reasons for his/her resignation and suitable replacements for the internal auditor(s), without the presence of management. 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 be expected 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 1204(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 quarterly 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.

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.

CORPORATE GOVERNANCE STATEMENT (cont'd)

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 2011 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 31/08/11 RM'000	12 months period ended 31/08/10 RM'000	12 months period ended 31/08/11 RM'000	12 months period ended 31/08/10 RM'000
Top Glove Corporation Bhd* and its Subsidiaries				
Nature of Transaction :				
a. Receipt of financial assistance	-	-	-	-
b. Purchase of Products	-	-	5,342	3,254
c. Sale of Products	-	-	97,818	66,939
d. Purchase of Raw Materials and Consumables	-	-	24,916	-
e. Obtaining of Management and Support Services	-	-	-	769
f. Sales of property, plant and equipment	-	-	-	-
g. Repayment of advance to ultimate holding company	-	-	-	2,795

* Top Glove Corporation Bhd, a company listed on the Main Board of Bursa Malaysia Securities Berhad is the ultimate holding company of Top Glove Sdn Bhd, which holds 79.77% of the issued share capital of the Company. Tan Sri Dato Sri Lim, Wee-Chai is a controlling shareholder of Top Glove Corporation Bhd. Tan Sri Dato Sri Lim, Wee-Chai, Mr Lee Kim Meow and Mr Lim Cheong Guan are directors of the Company and of Top Glove Corporation Berhad. Mr Lee Kim Meow and Mr Lim Cheong Guan do not hold substantial shareholdings in Top Glove Corporation Berhad and its subsidiaries.



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

During the year under review, the Company had fully utilised the balance of the net proceeds of S\$0.036 million as working capital, as stated in the circular for Rights Issue dated 5 January 2009.

4. Non-Audit Fees

The non-audit fees paid to the external auditor, Ernst & Young LLP for the year under review were RM15,000.00.

5. Non-Sponsor Fees

In compliance with Rule 1204(20) of the 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 are pleased 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 2011.

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, Tan Sri Dato Sri Lim, Wee-Chai, Wong Hung Khim and Dr. Ngo Get Ping retire, and, being eligible, offer themselves for re-election.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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 1.9.2010	At 31.8.2011	At 21.09.2011
<u>The Company</u> Medi-Flex Limited (Ordinary shares)			
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 1.9.2010	At 31.8.2011	At 21.09.2011	At 1.9.2010	At 31.8.2011	At 21.09.2011
<u>Ultimate holding company</u> Top Glove Corporation Berhad (Ordinary shares)						
Tan Sri Dato Sri <u>Lim</u> , Wee-Chai	178,911,138	179,061,138	179,061,138	57,289,204	57,208,004	57,208,004
Lee Kim Meow	1,001,600	1,001,600	1,001,600	10,000	10,000	10,000
Lim Cheong Guan	80,000	80,000	80,000	–	–	–
(Options to subscribe for ordinary shares)						
Tan Sri Dato Sri <u>Lim</u> , Wee-Chai	420,000	420,000	420,000	434,400	365,600	365,600
Lee Kim Meow	252,000	252,000	252,000	–	–	–
Lim Cheong Guan	234,000	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 2011.

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 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

28 October 2011



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 2011 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

28 October 2011

INDEPENDENT AUDITORS' REPORT

To the Members of Medi-Flex Limited

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Medi-Flex Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 26 to 62, which comprise the statements of financial position of the Group and the Company as at 31 August 2011, 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 information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for 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 accounts and balance sheets and to maintain accountability of assets.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated 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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 consolidated 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, the consolidated financial statements of the Group and the statement 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 2011 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, 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
28 October 2011



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 August 2011

	Group		
	Note	2011 RM'000	2010 RM'000
Revenue	3	145,529	112,818
Cost of sales		(135,875)	(99,573)
Gross profit		9,654	13,245
Other income	4	621	6,067
Selling and distribution expenses		(2,258)	(1,778)
General and administrative expenses		(3,747)	(4,230)
Other operating expenses		–	(47)
Share of results of associate		872	(3,746)
Profit before taxation	5	5,142	9,511
Income tax expense	7	(41)	–
Profit after taxation attributable to equity holders of the Company		5,101	9,511
Other comprehensive income:			
Foreign currency translation loss		(107)	(564)
Total comprehensive income for the year		4,994	8,947
Profit attributable to:			
Equity holders of the Company		5,101	9,511
Total comprehensive income attributable to:			
Equity holders of the Company		4,994	8,947
Earnings per share (in cent)			
- basic	8	0.55	1.02
- diluted		0.55	1.02

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

STATEMENTS OF FINANCIAL POSITION

as at 31 August 2011

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	9	53,803	55,940	–	–
Land use rights	10	6,307	6,391	–	–
Investments in subsidiaries	11	–	–	59,913	57,501
Investment in associate	12	6,157	5,056	5,392	5,056
		66,267	67,387	65,305	62,557
Current assets					
Inventories	13	12,222	7,573	–	–
Trade and other receivables	14	5,520	5,013	–	–
Amount due from immediate holding company	15	8,971	4,497	–	–
Amount due from a related company	16	263	4	–	–
Prepayments		308	602	11	8
Tax recoverable		33	41	–	–
Cash and cash equivalents	17	5,858	9,468	62	86
		33,175	27,198	73	94
Total assets		99,442	94,585	65,378	62,651
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	18	18,210	17,578	537	420
Amount due to ultimate holding company	19	–	769	–	–
		18,210	18,347	537	420
Net current assets/(liabilities)		14,965	8,851	(464)	(326)
Total liabilities		18,210	18,347	537	420
Net assets		81,232	76,238	64,841	62,231
Equity attributable to equity holders of the Company					
Share capital	20	115,360	115,360	115,360	115,360
Merger deficit	22	(471)	(471)	–	–
Accumulated losses		(33,804)	(38,905)	(50,519)	(53,129)
Foreign currency translation reserve	23	147	254	–	–
Total equity		81,232	76,238	64,841	62,231
Total equity and liabilities		99,442	94,585	65,378	62,651

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 2011

Group	Share capital RM'000 (Note 20)	Merger deficit RM'000 (Note 22)	Accumulated losses RM'000	Foreign currency translation reserve RM'000 (Note 23)	Total equity RM'000
Balance at 1 September 2010	115,360	(471)	(38,905)	254	76,238
Profit for the year	–	–	5,101	–	5,101
Other comprehensive income for the year	–	–	–	(107)	(107)
Total comprehensive income for the year	–	–	5,101	(107)	4,994
As at 31 August 2011	115,360	(471)	(33,804)	147	81,232
Balance at 1 September 2009	115,360	(471)	(48,416)	818	67,291
Profit for the year	–	–	9,511	–	9,511
Other comprehensive income for the year	–	–	–	(564)	(564)
Total comprehensive income for the year	–	–	9,511	(564)	8,947
As at 31 August 2010	115,360	(471)	(38,905)	254	76,238

Company	Share capital RM'000 (Note 20)	Accumulated losses RM'000	Total equity RM'000
Balance at 1 September 2010	115,360	(53,129)	62,231
Profit for the year	–	2,610	2,610
Total comprehensive income for the year	–	2,610	2,610
As at 31 August 2011	115,360	(50,519)	64,841
Balance at 1 September 2009	115,360	(48,069)	67,291
Loss for the year	–	(5,060)	(5,060)
Total comprehensive income for the year	–	(5,060)	(5,060)
As at 31 August 2010	115,360	(53,129)	62,231

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 2011

	Group	
	2011 RM'000	2010 RM'000
Cash flows from operating activities		
Profit before taxation	5,142	9,511
Adjustments for:		
Depreciation of property, plant and equipment	7,316	7,086
Amortisation of land use rights	84	84
Interest income	(165)	(82)
Share of results of associate	(872)	3,746
Unrealised foreign exchange loss	31	92
(Gain)/loss on disposal of property, plant and equipment	(35)	46
Write-off of property, plant and equipment	38	3
Operating cash flows before working capital changes	11,539	20,486
Increase in inventories	(4,649)	(691)
Increase in receivables	(228)	(801)
Increase in payables	616	3,010
Cash flows generated from operations	7,278	22,004
Tax paid	(33)	(21)
Interest received	165	82
Net cash flows from operating activities	7,410	22,065
Cash flows from investing activities		
Acquisition of equity interest in investment in associate	(336)	–
Purchase of property, plant and equipment	(5,584)	(8,066)
Proceeds from disposal of property, plant and equipment	402	740
Net cash flows used in investing activities	(5,518)	(7,326)
Cash flows from financing activities		
Decrease in amount due to holding/related companies	(5,502)	(8,405)
Net cash flows used in financing activities	(5,502)	(8,405)
Net (decrease)/increase in cash and cash equivalents	(3,610)	6,334
Cash and cash equivalents at beginning of financial year	9,468	3,134
Cash and cash equivalents at end of financial year (Note 17)	5,858	9,468

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



NOTES TO THE FINANCIAL STATEMENTS

31 August 2011

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 80 Robinson Road, #02-00, Singapore 068898. 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 11.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statement of the Group and the statement 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 adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2010 or 1 September 2010. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 August 2011 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Standards issued but not yet effective

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

Reference	Description	Effective for annual periods beginning on or after
FRS 1	: Amendments to FRS 1 Presentation of Financial Statements	1 January 2011
FRS 24	: Revised FRS 24 Related Party Disclosures	1 January 2011
FRS 34	: Amendments to FRS 34 Interim Financial Reporting	1 January 2011
FRS 107	: Amendments to FRS 107 Financial Instruments: Disclosures	1 January 2011
INT FRS 113	: Amendments to INT FRS 113 Customer Loyalty Programmes	1 January 2011
INT FRS 114	: INT FRS 114 – 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
INT FRS 115	: INT FRS 115 – Agreements for the Construction of Real Estate	1 January 2011
FRS 101	: Amendments to FRS 101 Severe Hyper-inflation and Removal of Fixed Dates for First-time Adopters	1 July 2011
FRS 107	: Amendments to FRS 107 Disclosures – Transfers of Financial Assets	1 July 2011
FRS 12	: Amendments to FRS 12 Deferred Tax – Recovery of Underlying Assets	1 January 2012
FRS 1	: Amendments to FRS 1 – Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 19	: Employee Benefits (Revised 2011)	1 January 2013
FRS 27	: Separate Financial Statements (Revised 2011)	1 January 2013
FRS 28	: Investment in Associates and Joint Ventures (Revised 2011)	1 January 2013
FRS 110	: Consolidated Financial Statements	1 January 2013
FRS 111	: Joint Arrangements	1 January 2013
FRS 112	: Disclosure of Interest in Other Entities	1 January 2013
FRS 113	: Fair Value Measurements	1 January 2013

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 2012.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2011 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Basis of consolidation

Business combinations from 1 January 2010

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. 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.

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

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.

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in statement of comprehensive income.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.10. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in the statement of comprehensive income on the acquisition date.

Business combinations before 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

NOTES TO THE FINANCIAL STATEMENTS

31 August 2011 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Basis of consolidation (cont'd)

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

2.5 Transactions with non-controlling interests

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

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

2.6 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.

2.7 Associates

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

The Group's investment in associate is accounted for using the equity method. Under the equity method, the investment in associate is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to associate is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the associate's identifiable asset, liabilities and contingent liabilities over the cost of the investment is deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of results of the associate in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associate. Where there has been a change recognised in other comprehensive income by the associate, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2011 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.7 Associates (cont'd)

The Group's share of the profit or loss of its associate is shown on the face of profit or loss after tax and non-controlling interests in the subsidiaries of associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the statement of comprehensive income.

The financial statements of the associate is prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in the statement of comprehensive income.

2.8 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 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 2011 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.8 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.

2.9 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
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.

2.10 Goodwill

Goodwill 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 2011 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.10 Goodwill (cont'd)

The cash-generating unit to which goodwill has been allocated are 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.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.8.

Goodwill and fair value adjustments which arose on acquisitions of foreign operations before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

2.11 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.

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 measured 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.

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

- Cash and cash equivalents
- Trade and other receivables
- Amount due from immediate holding company and a related company

NOTES TO THE FINANCIAL STATEMENTS

31 August 2011 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.12 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.

2.13 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 2.11.

When there is objective evidence that a trade receivable is impaired, the carrying amount of the impaired trade receivable 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 2.14.

2.14 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.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2011 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.14 Impairment of financial assets (cont'd)

(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.

2.15 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.

2.16 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 August 2011 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.17 Employee benefits (cont'd)

(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.

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.

(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.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2011 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

The carrying amount of deferred tax asset 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.

NOTES TO THE FINANCIAL STATEMENTS

31 August 2011 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 29, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.22 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.23 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include unsecured bank overdrafts that form an integral part of the Group's cash management.

2.24 Related parties

A party is considered to be related to the Group if:

- (a) The party, directly or indirectly through one or more intermediaries,
 - (i) controls, is controlled by, or is under common control with, the Group;
 - (ii) has an interest in the Group that gives it significant influence over the Group; or
 - (iii) has joint control over the Group;
- (b) The party is an associate;
- (c) The party is a jointly-controlled entity;



NOTES TO THE FINANCIAL STATEMENTS

31 August 2011 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.24 Related parties (cont'd)

- (d) The party is a member of the key management personnel of the Group or its parent;
- (e) The party is a close member of the family of any individual referred to in (a) or (d); or
- (f) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) The party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

2.25 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.

(a) 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.

(i) 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 2011 was RM6,157,000 (2010: RM5,056,000). More details are given in Note 12.

(ii) Depreciation of property, plant and equipment

The cost of property, plant and equipment is 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 2011 was RM53,803,000 (2010: RM55,940,000). 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.

(iii) 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 2011, the Company's carrying amount of investment in subsidiaries is RM59,913,000 (2010: RM57,501,000).

NOTES TO THE FINANCIAL STATEMENTS

31 August 2011 (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.25 Significant accounting estimates and judgements (cont'd)

(iii) Impairment of investments in subsidiaries (cont'd)

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 11.

(iv) 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 2011, the Group's carrying amount of property, plant and equipment is RM53,803,000 (2010: RM55,940,000).

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 9.

(b) Judgements made in applying accounting policies

Management is of the opinion that judgements made in the process of applying the Group's accounting policies have no significant effect on the amounts recognised in the financial statements.

3. REVENUE

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

4. OTHER INCOME

	Group	
	2011 RM'000	2010 RM'000
Sales of scrap	324	271
Interest income	165	82
Gain on foreign exchange	97	–
Gain/(loss) on disposal of property, plant and equipment	35	(46)
Compensation from legal suit (net of legal costs)	–	5,760
	621	6,067



NOTES TO THE FINANCIAL STATEMENTS

31 August 2011 (cont'd)

5. PROFIT BEFORE TAXATION

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

	Group	
	2011 RM'000	2010 RM'000
Depreciation of property, plant and equipment (Note 9)	7,316	7,086
Amortisation of land use rights (Note 10)	84	84
Employee benefits expense (Note 6)	14,612	13,493
Loss/(gain) on foreign exchange		
- realised	(128)	(46)
- unrealised	31	92
Operating lease – minimum lease payments for premises	29	22
Write off of property, plant and equipment	38	3

6. EMPLOYEE BENEFITS EXPENSE

	Group	
	2011 RM'000	2010 RM'000
Salaries and other emoluments	14,162	12,255
Contributions to defined contribution plans	354	289
Share option granted under ESOS by ultimate holding company	–	769
Other employee benefits	96	180
	14,612	13,493

In 2010, 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.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2011 (cont'd)

6. EMPLOYEE BENEFITS EXPENSE (cont'd)

The fair value of share options granted 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 and inputs to the model used for share options granted during the financial year ended 31 August 2010, are shown below:

	2010
Fair value of share options at the following grant dates (RM)	
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
Weighted average exercise price (RM)	5.55
Expected volatility (%)	27.30 – 29.42
Expected life (years)	7.99 – 8.82
Risk free rate (%)	3.79 – 4.23
Expected dividend yield (%)	4.39

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.

7. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 August 2011 and 2010 are:

	Group	
	2011 RM'000	2010 RM'000
Current income tax	41	–



NOTES TO THE FINANCIAL STATEMENTS

31 August 2011 (cont'd)

7. INCOME TAX EXPENSE (cont'd)

Relationship between tax expense and accounting profit

The corporate income tax rate applicable to Singapore companies in the Group is 17% (2010: 17%), and to Malaysian companies of the Group is 25% (2010: 25%).

A reconciliation of income tax expense applicable to profit 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	
	2011 RM'000	2010 RM'000
	5,142	9,511
	1,285	2,722
	129	245
	–	(1,500)
	(1,225)	(2,104)
	(148)	637
	41	–

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

As at 31 August 2011, the Group has unabsorbed tax losses of RM15,323,000 (2010: RM15,232,000), unutilised capital allowances of RM1,313,000 (2010: RM6,308,000) and unutilised reinvestment allowances of RM44,763,000 (2010: RM45,057,000), 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 asset 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.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2011 (cont'd)

7. INCOME TAX EXPENSE (cont'd)

	Group	
	2011 RM'000	2010 RM'000
Unabsorbed tax losses	3,831	3,808
Unutilised capital allowances	329	1,577
Unutilised reinvestment allowances	11,191	11,264
	15,351	16,649

8. EARNINGS PER SHARE (IN CENT)

Basic earnings per share for the Group is based on the profit after taxation attributable to equity holders of the Company of RM5,101,000 (2010: RM9,511,000) divided by the weighted average number of 928,676,208 (2010: 928,676,208) ordinary shares.

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

NOTES TO THE FINANCIAL STATEMENTS

31 August 2011 (cont'd)

9. PROPERTY, PLANT AND EQUIPMENT

Group	Tools and equipment RM'000	Plant and machinery 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 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 and 1 September 2010	21,465	44,343	1,114	1,729	1,160	2,512	13,289	85,612
Additions	1,319	810	153	79	66	3,122	35	5,584
Disposals	(579)	(191)	-	-	(176)	-	-	(946)
Write-offs	(61)	(8)	(7)	-	-	-	-	(76)
Reclassification	-	5,634	-	-	-	(5,634)	-	-
As at 31 August 2011	22,144	50,588	1,260	1,808	1,050	-	13,324	90,174
Accumulated depreciation								
As at 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 and 1 September 2010	9,033	17,820	618	567	1,017	-	617	29,672
Charge for the year	1,811	4,826	161	177	75	-	266	7,316
Disposals	(322)	(81)	-	-	(176)	-	-	(579)
Write-offs	(28)	(4)	(6)	-	-	-	-	(38)
As at 31 August 2011	10,494	22,561	773	744	916	-	883	36,371
Net book value								
As at 31 August 2010	12,432	26,523	496	1,162	143	2,512	12,672	55,940
As at 31 August 2011	11,650	28,027	487	1,064	134	-	12,441	53,803

NOTES TO THE FINANCIAL STATEMENTS

31 August 2011 (cont'd)

10. LAND USE RIGHTS

	Group	
	2011 RM'000	2010 RM'000
As at 1 September	6,391	6,475
Amortised during the year (Note 5)	(84)	(84)
As at 31 August	6,307	6,391
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 5 years	5,803	5,887
	6,307	6,391

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 76 years (2010: 77 years).

11. INVESTMENT IN SUBSIDIARIES

	Company	
	2011 RM'000	2010 RM'000
Unquoted ordinary shares at cost	14,036	14,036
Impairment losses	(14,036)	(14,036)
	-	-
Loan receivable from subsidiary	83,236	80,824
Impairment losses	(23,323)	(23,323)
	59,913	57,501
Carrying amount	59,913	57,501

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 0% for the first year, second year and third year, followed by a 5% growth for fourth year and 0% growth for fifth year (2010 : The growth in the first year by 5%, followed by a 4% growth for the second year, third year, fourth year, and 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 10.87% (2010 : 9.67%) per annum. Based on this assessment, no additional 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 2011 (cont'd)

11. 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	
		2011 %	2010 %	2011 RM'000	2010 RM'000
<u>Held by the Company</u> Flexitech Sdn. Bhd. * (Malaysia)	Manufacturing of rubber gloves (Malaysia)	100	100	14,036	14,036
<u>Held through Flexitech Sdn. Bhd.</u> Techniglove Asia Sdn. Bhd. * (Malaysia)	Temporarily ceased operations (Malaysia)	100	100	–	–
				14,036	14,036

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

12. INVESTMENT IN ASSOCIATE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Unquoted equity shares, at cost	13,425	13,089	13,425	13,089
Provision for diminution in value	–	–	(8,033)	(8,033)
	13,425	13,089	5,392	5,056
Share of attributable net assets	(7,415)	(8,287)	–	–
Foreign currency translation	147	254	–	–
Carrying amount	6,157	5,056	5,392	5,056

Name of associate (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by the Group	
		2011 %	2010 %
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)	36.84	35.00

* Audited by Deloitte & Touche LLP, Singapore.

NOTES TO THE FINANCIAL STATEMENTS

31 August 2011 (cont'd)

12. INVESTMENT IN ASSOCIATE (cont'd)

On 28 April 2011, the Company acquired an additional 1.84% equity interest in its associate, Sonic Clean Pte Ltd for a cash consideration of SGD 138,000 (equivalent to RM336,000).

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

	2011 RM'000	2010 RM'000
Assets and liabilities:		
Total assets	20,321	17,279
Total liabilities	(3,609)	(2,833)
Results:		
Revenue	19,860	15,840
Profit/(loss) for the year	2,238	(2,705)

13. INVENTORIES

	Group	
	2011 RM'000	2010 RM'000
At lower of cost and net realisable value:-		
Raw materials	3,036	1,552
Work-in-progress	4,694	3,494
Finished goods	3,906	2,135
Packing materials	197	73
Consumables	389	319
	12,222	7,573

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade receivables	5,143	5,357	–	–
Less: Allowance for doubtful receivables	–	(396)	–	–
Net receivables	5,143	4,961	–	–
Deposits	44	43	–	–
Sundry debtors	333	9	–	–



NOTES TO THE FINANCIAL STATEMENTS

31 August 2011 (cont'd)

14. TRADE AND OTHER RECEIVABLES (cont'd)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Total trade and other receivables	5,520	5,013	–	–
Add: Amount due from immediate holding company (Note 15)	8,971	4,497	–	–
Amount due from a related company (Note 16)	263	4	–	–
Cash and cash equivalents (Note 17)	5,858	9,468	62	86
Total loans and receivables	20,612	18,982	62	86

Trade receivables

Trade receivables 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.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to RM290,000 (2010: RM568,000) that are past due at the statement of financial position date but not impaired. These receivables are unsecured and the analysis of their ageing at the statement of financial position date is as follows :

	Group	
	2011 RM'000	2010 RM'000
Trade receivables past due :		
Lesser than 30 days	–	374
30 to 60 days	290	194
	290	568

Trade receivables that are impaired

	Group	
	2011 RM'000	2010 RM'000
Trade receivables – nominal amounts	–	396
Less: Allowance for doubtful receivables	–	(396)
	–	–

NOTES TO THE FINANCIAL STATEMENTS

31 August 2011 (cont'd)

14. TRADE AND OTHER RECEIVABLES (cont'd)

Trade receivables that are individually determined to be impaired at the statement of financial position date relate to receivables that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

Allowance for doubtful receivables

Movements in the allowance for doubtful receivables are as follows :

	Group	
	2011 RM'000	2010 RM'000
	396	396
	(396)	-
	-	396

15. AMOUNT DUE FROM IMMEDIATE HOLDING COMPANY

	Group	
	2011 RM'000	2010 RM'000
	8,934	4,497
	37	-
	8,971	4,497

Amount due from immediate holding company is unsecured, interest-free and repayable on demand. The amount is repayable in cash.

16. AMOUNT DUE FROM A RELATED COMPANY

Amount due from a related company is trade in nature, unsecured, interest-free and repayable on 30 to 60 days' terms. The amount is repayable in cash.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2011 (cont'd)

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash at banks and in hand	3,206	3,424	62	86
Short term deposits	2,652	6,044	–	–
	5,858	9,468	62	86

Cash at banks earns interest at floating rates based on daily bank deposit rates.

The weighted average effective interest rates of deposits at the statement of financial position date were as follows:

	Group	
	2011 %	2010 %
Deposits with licensed banks	0.50	1.00
Money market funds	2.75	1.35

The average maturities of deposits as at the end of the financial year were as follows:

	Group	
	2011 Days	2010 Days
Deposits with licensed banks	1	1

There is no maturity period for money market funds as these money are callable on demand.

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade payables	9,758	7,617	–	–
Other payables	5,583	7,654	251	420
Accrued operating expenses	2,869	2,307	286	–
Total trade and other payables	18,210	17,578	537	420
Add: Amount due to ultimate holding company (Note 19)	–	769	–	–
Total financial liabilities carried at amortised cost	18,210	18,347	537	420

Trade payables

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



NOTES TO THE FINANCIAL STATEMENTS

31 August 2011 (cont'd)

19. AMOUNTS DUE TO A ULTIMATE HOLDING COMPANY

In 2010, amount due to ultimate holding company is non-trade in nature, unsecured, interest-free, and is repayable within a year in cash.

20. SHARE CAPITAL

	Group and Company			
	2011		2010	
	No. of shares '000	RM'000	No. of shares '000	RM'000
Issued and fully paid :- At beginning and end of year	928,676	115,360	928,676	115,360

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.

21. DIVIDENDS

	Group	
	2011 RM'000	2010 RM'000
Proposed but not recognised as a liability as at 31 August. First and Final (tax exempt one-tier) dividend for 2011 of SGD 0.1 cents (2010 : Nil) per ordinary share	2,275	-

22. 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.

23. 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.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2011 (cont'd)

24. 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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Sales to immediate holding company	98,846	80,036	–	–
Sales to related company	6,780	4,340	–	–
Purchases from				
- immediate holding company	10,080	7,268	–	–
- related company	3,370	2,506	–	–
Repayment of advance to immediate holding company	–	2,795	–	–
Purchases of property, plant and equipment from immediate holding company	6	94	–	–
Sales of property, plant and equipment to immediate holding company	182	66	–	–
Purchases of parts and consumables from:				
- immediate holding company	348	284	–	–
- a related company	168	93	–	–
Sales of parts and consumables to:				
- immediate holding company	256	293	–	–
- a related company	191	84	–	–
Receipt of management services from:				
- immediate holding company	11	780	–	–
- a related company	2	–	–	–
Provision of management services to immediate holding company	–	23	–	–
Repayment of advance from a subsidiary company	–	–	1,064	573
Share option expenses charged by ultimate holding company	–	769	–	–

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.

NOTES TO THE FINANCIAL STATEMENTS

31 August 2011 (cont'd)

24. RELATED PARTY TRANSACTIONS (cont'd)

b) Compensation of key management personnel

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Directors' fees	257	184	257	184
Short-term employee benefits	327	317	–	–
Defined contribution plans	39	38	–	–
Total compensation paid to key management personnel	623	539	257	184
Comprise amounts paid to :-				
Directors of the Company	519	435	257	184
Other key management personnel	104	104	–	–
	623	539	257	184

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

25. COMMITMENTS

a) Capital commitments

	Group	
	2011 RM'000	2010 RM'000
Capital expenditure contracted but not provided in the financial statements in respect of purchase of property, plant and equipment	–	3,022

b) Operating lease commitments – as lessee

The Group has entered into operating lease agreements for staff hostel. These non-cancellable leases have remaining non-cancellable lease terms of less than one year. The Group is restricted from subleasing the staff hostel to third parties.

Minimum lease payments, including amortisation of land use rights recognised in statement of comprehensive income for the financial year ended 31 August 2011 amounted to RM113,000 (2010: RM106,000).

Future minimum lease payments payable to third parties under non-cancellable operating leases (excluding land use rights) at the statement of financial position date are as follows:



NOTES TO THE FINANCIAL STATEMENTS

31 August 2011 (cont'd)

25. COMMITMENTS (cont'd)

b) Operating lease commitments – as lessee (cont'd)

	Group	
	2011 RM'000	2010 RM'000
Not later than one year	20	18

26. CAPITAL MANAGEMENT

The primary 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.

	Group	
	2011 RM'000	2010 RM'000
Trade and other payables (Note 18)	18,210	17,578
Less : Cash and cash equivalents (Note 17)	(5,858)	(9,468)
Net debt	12,352	8,110
Capital	81,232	76,238
Capital and net debt	93,584	84,348
Gearing ratio	13.2%	9.6%

27. 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 credit, liquidity, interest rate, commodity price and foreign exchange 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.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2011 (cont'd)

27. FINANCIAL RISK MANAGEMENT(cont'd)

(a) Credit risk (cont'd)

At the statement of financial position date, approximately 61% (2010: 47%) of the Group's total loans and receivables (excluding cash and cash equivalents) were due from 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's financial assets and financial liabilities at the statement of financial position date based on contractual undiscounted payments.

	Within 1 year RM'000	2 - 5 years RM'000	Total RM'000
Group 2011			
Financial assets:			
Trade and other receivables	5,520	–	5,520
Amount due from immediate holding company	8,971	–	8,971
Amount due from a related company	263	–	263
Cash and cash equivalents	5,858	–	5,858
Total undiscounted financial assets	20,612	–	20,612
Financial liabilities:			
Trade and other payables	18,210	–	18,210
Total undiscounted financial liabilities	18,210	–	18,210
Total net undiscounted financial assets	2,402	–	2,402

	Within 1 year RM'000	2 - 5 years RM'000	Total RM'000
Group 2010			
Financial assets:			
Trade and other receivables	5,013	–	5,013
Amount due from immediate holding company	4,497	–	4,497
Amount due from a related company	4	–	4
Cash and cash equivalents	9,468	–	9,468
Total undiscounted financial assets	18,982	–	18,982
Financial liabilities:			
Trade and other payables	17,578	–	17,578
Amount due from ultimate holding company	769	–	769
Total undiscounted financial liabilities	18,347	–	18,347
Total net undiscounted financial assets	635	–	635

NOTES TO THE FINANCIAL STATEMENTS

31 August 2011 (cont'd)

27. 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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade receivables US Dollars	4,562	5,379	–	–
Other receivables SG Dollars	11	8	11	8
Cash and bank balances US Dollars	603	160	–	–
SG Dollars	62	86	62	86
Trade payables US Dollars	4,365	3,857	–	–
Other payables SG Dollars	147	93	–	93
Sterling Pounds	29	42	29	42

NOTES TO THE FINANCIAL STATEMENTS

31 August 2011 (cont'd)

27. FINANCIAL RISK MANAGEMENT(cont'd)

(e) Foreign exchange risk (cont'd)

Sensitivity analysis for foreign currency risk

At 31 August 2011, if the RM had weakened by 2.84% (2010: 6.44%) (which is the % depreciation of Ringgit against USD between average rate for financial year 2011 and rate as at 1 September 2011) against the USD with all other variables held constant, profit for the financial year would have been RM19,000 (2010: RM69,000) higher. Conversely, if the RM had strengthen by 2.84% (2009: 6.44%) against the USD with all other variables held constant, profit for the financial year would have been RM19,000 (2010: RM69,000) lower.

28. 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

Other receivables (Note 14), amount due from immediate holding company (Note 15), amount due from a related company (Note 16), cash and cash equivalents (Note 17), other payables (Note 18), amount due to ultimate holding company (Note 19)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

Trade receivables and trade payables (Note 14 and 18)

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

29. SEGMENT INFORMATION

The management considers the business from a geographic segment perspective. In particular, 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.

(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.



NOTES TO THE FINANCIAL STATEMENTS

31 August 2011 (cont'd)

29. SEGMENT INFORMATION (cont'd)

(a) Geographical information (cont'd)

	North America		Asia		Europe		Total	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue								
Segment revenue	29,711	20,058	54,675	38,272	61,143	54,488	145,529	112,818
Result								
Interest income	–	–	165	82	–	–	165	82
Depreciation	–	–	7,316	7,086	–	–	7,316	7,086
Share of result of associate	–	–	872	(3,746)	–	–	872	(3,746)
<u>Other non-cash items:</u>								
Gain/(loss) on foreign exchange (net)	–	–	97	(46)	–	–	97	(46)
Gain/(loss) on disposal of property, plant and equipment	–	–	35	(46)	–	–	35	(46)
Write off of property, plant and equipment	–	–	38	3	–	–	38	3
Income tax expense	–	–	41	–	–	–	41	–
Assets								
Investment in associate	–	–	6,157	5,056	–	–	6,157	5,056
Additions to property, plant and equipment	–	–	5,584	8,066	–	–	5,584	8,066
Segment assets	–	–	99,442	94,585	–	–	99,442	94,585
Liabilities								
Segment liabilities	–	–	18,210	18,347	–	–	18,210	18,347

(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 RM98,846,000 (2010: RM80,036,000), arising from sales from the glove business segment.

30. AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements for the financial year ended 31 August 2011 were authorised for issue in accordance with a resolution of the Directors on 28 October 2011.



LIST OF PROPERTIES

The landed properties owned by Medi-Flex as at 31 August 2011 are set out below:

	PARTICULARS OF PROPERTY	DATE OF ACQUISITION(A)/ REVALUATION(R)	AGE OF BUILDING (YEARS)	TENURE	EXISTING USE	LAND AREA/ BUILD-UP AREA	AUDITED CARRYING VALUE AS AT 31.8.2011 (RM)	
FLEXITECH SDN BHD								
1)	Lot 124, Jalan 8, Komplek Olak Lempit, Mukim Tanjung 12, 42700 Banting, Selangor D.E.	HS(M) 5721, PT4051, Komplek Perabot Olak Lempit, Mukim Tanjung Dua Belas, Daerah Kuala Langat	30/06/2008 (A)	3	Leasehold (Expiring on 26/09/2087)	Production & Office Lot	Approx. 12,140.56 square meter	5,759,369
2)	Lot 126, Jalan 8, Komplek Olak Lempit, Mukim Tanjung 12, 42700 Banting, Selangor D.E.	HS(M) 5720, PT4050, Komplek Perabot Olak Lempit, Mukim Tanjung Dua Belas, Daerah Kuala Langat	30/06/2008 (A)	3	Leasehold (Expiring on 26/09/2087)	Production & Office Lot	Approx. 12,140.56 square meter	5,759,370
3)	Lot 127, Jalan 6, Komplek Olak Lempit, Mukim Tanjung 12, 42700 Banting, Selangor D.E.	HS(M) 5735, PT4065, Komplek Perabot Olak Lempit, Mukim Tanjung Dua Belas, Daerah Kuala Langat	15/09/05 (A)	6	Leasehold (Expiring on 26/09/2087)	Workers Hostel	Approx. 11,735.87 square meter	3,988,518
4)	Lot 128, Jalan 8, Komplek Olak Lempit, Mukim Tanjung 12, 42700 Banting, Selangor D.E.	HS(M) 5719, PT4049, Komplek Perabot Olak Lempit, Mukim Tanjung Dua Belas, Daerah Kuala Langat	02/08/05 (A)	6	Leasehold (Expiring on 26/09/2087)	Store	Approx. 11,735.87 square meter	3,240,778



ANALYSIS OF SHAREHOLDINGS

As At 28 October 2011

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	:	1 VOTE PER SHARE

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	47	7.38	20,989	0.00
1,000 -10,000	121	19.00	742,266	0.08
10,001 - 1,000,000	433	67.97	49,871,119	5.37
1,000,001 & above	36	5.65	878,041,834	94.55
Total	637	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	28,135,999	3.03
3.	UNISTEEL TECHNOLOGY LIMITED	14,366,666	1.55
4.	CHENG TECK LOONG	11,978,000	1.29
5.	PHILLIP SECURITIES PTE LTD	7,882,414	0.85
6.	UNITED OVERSEAS BANK NOMINEES PTE LTD	6,961,668	0.75
7.	CHEN KONG YOOUNG	5,930,000	0.64
8.	HONG LEONG FINANCE NOMINEES PTE LTD	4,844,000	0.52
9.	CHONG HOI ING	4,467,772	0.48
10.	CITIBANK NOMINEES SINGAPORE PTE LTD	3,991,000	0.43
11.	UOB KAY HIAN PTE LTD	3,788,333	0.41
12.	HSBC (SINGAPORE) NOMINEES PTE LTD	3,688,000	0.40
13.	CIMB SECURITIES (SINGAPORE) PTE LTD	3,662,000	0.39
14.	MAYBAN NOMINEES (S) PTE LTD	3,154,161	0.34
15.	TU KWANG YAM	2,746,944	0.30
16.	WONG KIM CHEN	2,580,136	0.28
17.	TU AH KIM	2,340,965	0.25
18.	TER LEONG HING	2,224,333	0.24
19.	HO PEI THEEN	2,082,980	0.22
20.	TAN SOO LING	2,059,999	0.22
TOTAL		857,693,533	92.36

ANALYSIS OF SHAREHOLDINGS

As At 28 October 2011 (cont'd)

SUBSTANTIAL SHAREHOLDER

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	0	0
TAN SRI DATO SRI LIM, WEE-CHAI ⁽²⁾	0	0	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 TGSB through his controlling interest in TGSB via TGCB.

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available and to the best knowledge of the Company as at 28 October 2011, 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 Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Medi-Flex Limited ("Company") will be held at Singapore Exchange Ltd, SGX Auditorium, 2 Shenton Way #02-02, Podium SGX Centre 1, Singapore 068804 on Friday, 9 December 2011 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 2011 together with the Directors' Report and Auditors' Report thereon. | Resolution 1 |
| 2. | To approve the final tax-exempt (one-tier) Dividend of 0.1 Singapore cent per ordinary share for the financial year ended 31 August 2011. | Resolution 2 |
| 3. | To approve Directors' Fee of S\$106,500.00 for the financial year ended 31 August 2011. | Resolution 3 |
| 4. | To re-appoint Mr Wong Hung Khim who is retiring under Section 153 (6) of Companies Act, Cap. 50. (See Explanatory Note a) | Resolution 4 |
| 5. | To re-elect Tan Sri Dato Sri <u>Lim</u> , Wee-Chai who is retiring under Article 107 of the Articles of Association. (See Explanatory Note b) | Resolution 5 |
| 6. | To re-elect Dr Ngo Get Ping who is retiring under Article 107 of the Articles of Association. (See Explanatory Note c) | Resolution 6 |
| 7. | To re-appoint Messrs Ernst & Young LLP, as the Auditors of the Company and to authorise the Directors to fix their remuneration. | Resolution 7 |
| 8. | 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:-

- | | | |
|----|-------------------------------------|--------------|
| 9. | AUTHORITY TO ALLOT AND ISSUE SHARES | Resolution 8 |
|----|-------------------------------------|--------------|

RESOLVED that pursuant to Section 161 of the Companies Act, Cap. 50 and subject to Rule 806 of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist ("Listing Rules"), authority be and is hereby given to the Directors of the Company to issue and allot new shares in the capital of the Company (whether by way of rights, bonus or otherwise) at anytime and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit, PROVIDED ALWAYS that :

- (i) the aggregate number of shares to be issued pursuant to this Resolution does not exceed 100% of the issued shares of the Company (as calculated in accordance with sub-paragraph (ii) below), of which aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 50% of the issued shares of the Company (as calculated in accordance with sub-paragraph (ii) below);
- (ii) (subject to such manner of calculation as may be prescribed by the Listing Rules for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of issued share capital shall be based on the issued shares of the Company at the time this Resolution is passed, after adjusting for:-
 - (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

(b) any subsequent bonus issues, consolidation or subdivision of shares; and

(iii) unless revoked or varied by the Company in general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or by the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. (See Explanatory Note d)

10. THE MEDI-FLEX EMPLOYEE SHARE OPTION SCHEME

Resolution 9

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. (See Explanatory Note e)

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

Resolution 10

THAT approval be and is hereby given for the purposes of Chapter 9 of the SGX-ST Listing Manual Section B: Rules of Catalist 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 24 November 2011 (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 Section B: Rules of Catalist 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 f)

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. Mr Wong will be considered independent for the purpose of Rule 704(7) of the SGX-ST Listing Manual Section B: Rule of Catalist.
- b) Tan Sri Dato Sri Lim, Wee-Chai will, upon re-election as a Director, remain as the Chairman of the Board of Director and a member of the Nominating Committee of the Company.
- c) Dr Ngo Get Ping will, upon re-election as a Director, remain as a member of the Nominating, Remuneration and Audit Committees of the Company. Dr Ngo will be considered independent for the purpose of Rule 704(7) of the SGX-ST Listing Manual Section B: Rule of Catalist.
- d) The Ordinary Resolution no. 8 is to empower the Directors of the Company from the date of this Meeting until the date of the next Annual General Meeting, to issue shares in the Company. The number of shares which the Directors may issue under this Resolution would not exceed 100% of the issued share capital of the Company at the time of passing of this Resolution. For issue of shares other than on a pro-rata basis to all shareholders of the Company, the aggregate number of shares



NOTICE OF ANNUAL GENERAL MEETING (cont'd)

to be issued shall not exceed 50% of the issued share capital of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or by the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

- e) Resolution 9, if passed, will empower the Directors from the date the resolution is passed until the next Annual General Meeting, to grant options and to issue shares pursuant to the exercise of options granted under the Medi-Flex Employee Share Option Scheme (the "Scheme") The maximum number of new shares to be issued under the Scheme shall not exceed 15 percent (15%) of the issued share capital of the Company from time to time.
- f) Resolution 10, 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 Section B: Rules of Catalist of the SGX-ST) for the reason set out in the Company's Letter to Shareholders dated 24 November 2011.

The Company's Audit Committee has confirmed (pursuant to Rule 920(1) of the Listing Manual Section B: Rules of Catalist of the SGT-ST) that the methods and procedures for determining the transaction process have not changed since the Shareholders' approval at the Annual General Meeting of 7 December 2007 and renewal thereof at the Annual General Meeting of 11 December 2008, 11 December 2009 and 7 December 2010.

By Order of the Board

Low Siew Tian
Company Secretary
Date: 24 November 2011

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 on his behalf. 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 and 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 authorised officer. The instrument appointing a proxy or proxies must be deposited of its attorney or duly authorised officer. The instrument appointing a proxy or proxies must be at the Company's registered office at 80 Robinson Road #02-00, Singapore 068898 at least 48 hours before the time of the Meeting.

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and the Register of Member of Medi-Flex Limited (the "Company") will be closed on 16 December 2011 for the purpose of preparing dividend warrants. Duly completed transfers received by the Company's Registrar, B.A.C.S Private Limited at 63, Cantonment Road, Singapore 089758 up to 5:00 p.m. on 15 December 2011 will be registered to determine shareholders' entitlement to the proposed final dividend. Members whose Securities Accounts with the Central Depository (Pte) Limited are credited with shares at 5:00 p.m. on 15 December 2011 will be entitled to the proposed dividend.

The final tax-exempt (one-tier) dividend of 0.1 Singapore cent per ordinary share, if approved at the Annual General Meeting, will be paid on 27 December 2011.

By Order of the Board

Low Siew Tian
Company Secretary
Date: 24 November 2011

MEDI-FLEX LIMITED

Proxy Form



(Incorporated in Singapore)
(Registration No. 200312754H)
A member of Top Glove Group of Companies

IMPORTANT:

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

and/or (delete as appropriate)

--	--	--	--

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting ("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 Friday, 9 December 2011 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. If no specific direction as to voting is given or in the event of any other matter arising in the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

No	Ordinary Resolutions	For	Against
	Ordinary Business		
1.	To receive and adopt the Audited Financial Statements, Directors' Report and Auditors' Report for the financial year ended 31 August 2011.		
2.	To approve Final Dividend.		
3.	To approve payment of Directors' Fee.		
4.	To re-appoint Mr Wong Hung Khim as a Director under Section 153(6) of the Companies Act, Cap. 50.		
5.	To re-elect Tan Sri Dato Sri Lim, Wee-Chai as a Director under Article 107 of the Company's Articles of Association.		
6.	To re-elect Dr Ngo Get Ping as a Director under Article 107 of the Company's Articles of Association.		
7.	To re-appoint Ernst & Young LLP as Auditors and authorise Directors to fix their remuneration.		
	Special Business		
8.	To authorise Directors to allot shares pursuant to Section 161 of the Companies Act, Cap. 50.		
9.	To authorise Directors to allot and issue shares pursuant to Medi-Flex Employee Share Option Scheme.		
10.	To approve the renewal of the General Mandate for Interested Person Transactions.		

Date this day of2011

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

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

IMPORTANT : PLEASE SEE NOTES OVERLEAF BEFORE COMPLETING THIS FORM



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 80 Robinson Road, #02-00, Singapore 068898 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 LIMITED AND FLEXITECH SDN BHD

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