corporate profile

Incorporated in Singapore on 12 December 2003 as Flex-Med International Pte Limited, and later converted to a public company as Medi-Flex Limited on 27 September 2004, we specialise in the manufacture of disposable gloves for three broad sectors, namely, Cleanroom, Medical, and Industrial.

Based in Malaysia, our origins can be traced back to April 1999 when our wholly owned subsidiary, Flexitech, commenced production of disposable medical examination gloves. By 2000, we began to focus on the production of specialty gloves, in particular cleanroom gloves, in a partnership with Techniglove International. Our full-scale commercial production of disposable cleanroom gloves began in June 2001. Hence this resulted in us supplying to a diversity of sectors, and in turn, reduced our vulnerability to a downturn in any particular industry. The disposable nature of our gloves generates recurrent sales.

Flexitech's quality management system was awarded the ISO 9001:2000 certification by the United Kingdom Accredited Services and the Anglo Japanese American Registrar, in January 2002.

As we grow from strength to strength, we have managed to increase our installed production capacity to more than 400 million gloves in 2004.















..the year 2004 will go on record in our Group's brief history as the landmark year during which the Group accomplished several strategically significant milestones and transcended to the next level of growth.

letter to shareholders

Dear Shareholders

Year in Review

On behalf of the Board of Directors of Medi-Flex Limited, I am pleased to present our first Annual Report for the financial year ended 31 December 2004 ("FY04").

Having started in the glove manufacturing business just six years ago in 1999 producing disposable medical examination gloves, the year 2004 will go on record in our Group's brief history as the landmark year during which the Group accomplished several strategically significant milestones and transcended to the next level of growth. These included our successful Initial Public Offering ("IPO"), which comprised of 34 million new ordinary shares of par value S$0.10 each at S$0.20 and hence becoming a listed entity on the SGX-SESDAQ on 10 November 2004.

As a relatively new player to the global disposable glove manufacturing industry with resources amounting to a fraction of industry giants', the only strategy that can stand Medi-Flex in good stead would entail a niche strategy targeting specific growth segments with opportunities for greater value-add.

We started focusing on specialty gloves in 2000, especially premier cleanroom gloves, which entail a higher technology level especially in additional procedures.

Collaborating with our strategic partner, Techniglove International, a USA-based cleanroom gloves marketing company, we commenced the production of cleanroom gloves in June 2001 and progressively expanded our in-house capability.

I am pleased to report that the effectiveness of our strategy of focusing on manufacturing latex and nitrile disposable gloves for the cleanroom, medical and industrial sectors, is now starting to kick in.

Today, Medi-Flex has established a track record for Cleanroom and Medical disposable gloves and orders have continued to come in strongly coupled with queries from prospective customers. During FY04, the Group was operating at close to maximum capacity on a 24-hour basis seven days a week to cope with increased orders.

Financial Highlights

For FY04, the Group achieved a 17.0% growth in profit before tax to RM5.2 million compared to the previous corresponding period FY03, on the back of a 15.7% increase in revenue to RM46.9 million. Gross profit margin improved in FY04 by 0.6% to 18.1%, mainly attributable to growth in sales of Cleanroom gloves which yielded better profit margins.

Profit after tax grew 11.6% to RM4.4 million, with positive impact from tax-related benefits arising from the utilisation of reinvestment allowance in Malaysia. This translated to earnings per ordinary share of 5.92 sen computed on the weighted average 73,919,079 ordinary shares of S$0.10 each, compared to FY03's 11.72 sen based on 33,449,557 ordinary shares.





Operating expenses such as Selling and Distribution expenses and General and Administrative expenses rose due to increased freight and forwarding charges, headcount and payroll in tandem with higher turnover.

On a segmental basis, the Cleanroom gloves segment saw significant revenue growth of RM9.2 million or 71.6% to RM22.1 million and has become the Group's largest contributor to Group revenue. Cleanroom, Medical and Industrial gloves segment respectively accounted for 47.2%, 39.9% and 12.9% of the Group's total FY04 revenue (FY03: 31.9%, 52.9% and 15.2%). The Group also enjoyed a 67.1% increase in sales from its Asian market compared to FY03.

Net Asset Value per share as at 31 December 2004 was 29.63 sen, up from 21.75 sen a year ago. During FY04, net cash provided by operating activities increased to RM4.8 million from RM3.7 million. Cash and bank balances increased by RM11.4 million to RM13.9 million.

As the Group needs to maximize the leverage from this period of strong demand worldwide for its products, the Board of Directors has not recommended any dividend for FY04.

Acceleration of 2005 Expansion Programme

We started business in April 1999 with two dipping lines and an annual installed production capacity of approximately 93 million gloves, which was increased to three dipping lines and 180 million gloves in 2000. By May 2004, with the addition of our seventh dipping line, our production capacity grew to approximately 415 million gloves.

As indicated in our IPO prospectus dated 1 November 2004, we embarked on our major expansion programme in July 2004 and leased a new manufacturing facility extending over 6 acres, which is strategically located at Olak Lempit, Banting, Selangor, Malaysia.









Our original plan was to boost our existing seven dipping lines at our first plant with an additional seven dipping lines at the new plant which including auxiliary equipment will cost approximately RM18.5 million. This will double our total installed production capacity from 415 million gloves in 2004 to approximately 850 million gloves in 2005, in particular ramping up capacity for cleanroom glove production. Plans for the new plant include a 12,000 square feet cleanroom facility and biomass-based boiler plant to generate source of renewable energy. One of the additional seven dipping lines was completed and fully operational on schedule by end 2004, while the other three additional dipping lines were completed and fully operational in early 2005.

S$3.5 million or two-thirds of our IPO net proceeds of S$5.3 million has been earmarked for the purchase of additional new machinery and equipment. The balance S$1.8 million will be utilised when suitable opportunities arise in future which can expedite growth through the acquisition of or investment in businesses that could create synergies, and as working capital.

Clear indicators in the industry subsequent to our IPO, however, have convinced the Directors on the sustainability of growing industry demand worldwide. In view of the intensity of incoming orders and queries backed with confirmed orders that go unfulfilled, the Directors have decided to bring forward the Group's expansion programme.

Instead of doubling the Group's annual installed production capacity from 415 million gloves to 850 million gloves by end 2005, we are tripling capacity to 1.3 billion gloves by end 2005. This revised schedule will see the addition of four dipping lines in the new plant, up from seven lines. Correspondingly, the planned cleanroom facility, which is 3 times larger than the existing cleanroom facility in Jalan Meru plant is currently under construction.

The enlarged expansion programme will be funded by a combination of IPO net proceeds, internally generated funds and bank borrowings. While the Group's gearing may rise slightly over the short term, the directors are optimistic this investment in scale is likely to start paying off in the near future. Cash flow generating from operations is expected to rise soon over the short term, as our ability to leverage on increased demand and convert orders to sales strengthens in tandem with our accelerated expansion turning operational through 2005, with benefits to accrue from improving economies of scale.

Going Forward

In line with our long term strategy, the Group has grown from strength to strength and with great pride we can claim that the Group today counts amongst the largest suppliers of premier disposable cleanroom gloves in Malaysia. Our turnover has achieved a topline CAGR of 34.8% for the four years including FY04 and we will continue to change our revenue mix with a focus on the Cleanroom and Medical gloves segments.

Our prospects going forward are driven by factors such as worldwide homogeneity of disposable gloves and the increasing trend towards using disposable gloves, which is partly driven by heightened awareness for greater pre-emptive measures in the aftermath of SARS and avian flu epidemics. Moreover, major MNC brands are increasingly outsourcing production requirements to companies in countries with comparative advantages such as Malaysia, which already accounts for more than 50% of the world's output.

In view of the above and barring any unforeseen circumstances, the Directors are upbeat on the outlook for FY2005. We expect the strong demand the Group experienced for its products particularly cleanroom gloves in FY04 to sustain in FY2005 and are confident the Group is in a much stronger position to leverage on the global industry's organic growth to perform better than FY04.

With our progressive tripling of production capacity to be largely operational only in the second half of FY2005, we would accordingly expect the positive impact of the Group's expansion programme to be more significant from the second half of FY2005 and subsequent financial periods.

It is noteworthy to current shareholders and potential investors that our ability to tap the full potential of our business in the past years was inevitably constrained by production capacity as orders and enquiries outstripped our capacity. Further, in operating on a smaller scale we could not attain the critical mass for cost-efficient operations.





However, Medi-Flex's prospects have now been enhanced with the proceeds of its recent IPO and enhanced corporate profile and standing from its public listing, with an opportunity to tap the capital markets in the future and its enlarged capacity base facilitating the signing on of new MNC customers.

There is also the potential for further expansion into new geographical markets and related new products such as disposable face masks, cleanroom and medical garments riding on our existing customer base. We envisage that strategic alliances with like-minded partners will be the key to spring-boarding the Group to the next echelon of growth.

The accelerated expansion of Medi-Flex to a much larger scale and more advanced technology is underpinned by strong industry fundamentals, which can firmly propel the Group's thrusts forward as it progresses towards its vision of evolving to become the largest manufacturer of premium latex and nitrile disposable cleanroom gloves in Asia.

Appreciation

I wish to thank all customers, strategic partners, business associates, IPO sponsors and advisors as well as our shareholders, Board of Directors and employees, who have contributed immensely towards the Group's success to date. I would also like to thank SGX for guidance through listing. Finally, I would also like to acknowledge the contributions of our Executive Director Mr Hew Yew Fook, Operation Manager Mr Ngan Boon Seng and Marketing Manager Liew Hock Nean for their enduring commitment during our early years and I believe they will continue to be instrumental in steering Medi-Flex through new challenges ahead.

Yours sincerely

A. K. Tu
Managing Director







^ Mr Tu Ah Kim
> Mr Hew Yew Fook
>> Mr Tu Kwang Yam

board of directors

Mr Tu Ah Kim
Mr Tu is appointed as the Group's Managing Director on 12 December 2003. Since the inception of our business, Mr Tu has been with the Group. Not only is Mr Tu in-charged of establishing our Company's strategies and objectives and regularly reviews our Group's performance, he also oversees the business operations and is responsible for setting the direction. He is also involved in the day-to-day management of our Group.

Prior to joining our Group, Mr Tu founded Waste Water Engineering (M) Bhd in 1990, where he was a director and shareholder from 1990 to 1998. Mr Tu started his career in Behn Meyer &Co (M) Sdn Bhd in 1978 and held many positions later until he left in 1988.

Mr Tu holds a Bachelor of Engineering degree with honours in Mechanical Engineering from the University of Malaya. He is a registered professional engineer with the Board of Engineers in Malaysia and is also a member of the Institution of Engineers.

Mr Hew Yew Fook
Appointed on 15 September 2004, Mr Hew is the Executive Director of the Group and has been with the Group for 6 years. As the Executive Director, Mr Hew had been instrumental in setting up our Class 10 cleanroom facility for the production of cleanroom gloves and had spearheaded the Group's efforts to achieve ISO 9001:200 certification.

His responsibilities range from production management, purchases, quality assurance, human resources to management of inventory, gloves costing and other administrative matters. Being directly involved and in tune with the operation of the Group, Mr Hew also provides crucial technical support for our marketing activities.

Prior to joining the Group, Mr Hew was a factory manager with A.W. Faber Castell (M) Sdn Bhd, involving in product, contract and costing systems development and in providing technical support to marketing activities. Starting his career as a chemist in 1989 at BJL Glove (M) Sdn Bhd, Mr Hew has taken on many responsibilities which had helped accumulate his experience relating to disposable glove production.

Mr Hew holds a Bachelor of Science in Chemistry from the University of Malaya.

Mr Tu Kwang Yam
Mr Tu was appointed as Non-Executive Director on 15 September 2004. He is currently an executive director of Sudi Bina Sdn Bhd, where he is involved in project tendering, costing and planning, contract administration, project management, execution and delivery of all building and infrastructure projects undertaken. Mr Tu has a wealth of experience in the building and construction industry having held directorships in various construction and contractor services companies since 1993.

Mr Tu holds a certificate in Building Technology from Tunku Abdul Rahman College in Malaysia.

board of directors

Mr Lim Kwee Gee
Mr Lim was appointed as Non-Executive Director of our Group on 12 December 2003. He is currently holding directorship in ANC Group Private Limited, i-Invest Private Limited and in few other companies in Malaysia.

From 2003 to 2004, Mr Lim was a non-executive director of another SGX-SESDAQ-listed company. In 2002, he was the finance director of Tropical Interest Sdn Bhd. Between 1997 and 2001, Mr Lim worked with three companies, engaging in the business of information technology and telecommunications in Singapore and Malaysia. From 1995 to 1997, he worked with two stockbroking firms in Malaysia as an investment analyst.

Mr Lim holds a Bachelor of Science (Computer and Information Science) from the National University of Singapore.

Mr Wong Hung Khim
Appointed on 15 September 2004, Mr Wong is an Independent Director of our Group. He is also the non-executive chairman of Zhonghui Holdings Ltd and independent Director of Stamford Land Corporation Ltd and Overseas Union Enterprise Ltd.

Mr Wong served as Permanent Secretary in the Ministry of Community Development, executive director of the then Port of Singapore Authority, deputy chairman and CEO 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 Trades Union Congress.

Up till December 2002, he was the group chairman and CEO of Delgro Corporation Ltd and SBS Transit Ltd and many of its subsidiaries.

Mr Wong holds an honours degree in Physics from the University of Singapore.

Mr Foong Daw Ching
Mr Foong, Independent Director of our Group, was appointed on 15 September 2004. He is currently the Managing Partner of TeoFoongWongLCLoong, a Certified Public Accountants firm in Singapore.

Prior to his current appointment, Mr Foong was an audit senior and subsequently an audit manager with Price WaterHouse Singapore, an international audit firm, from 1979 to 1985. From 1973 to 1978, he was first an article clerk and then an audit supervisor at Crane and Partners, a Chartered Accountants firm in the United Kingdom.

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, a Fellow Certified Public Accountant in Australia, a Chartered Accountant with the Malaysian Institute of Accountants and a Certified Management Consultants in Singapore. For his services to the community, Mr Foong was awarded the Public Service Medal (PBM) by the President of Singapore in 2003.





^ Mr Lim Kwee Gee
< Mr Wong Hung Khim
> Mr Foong Daw Ching



senior management

Mr Yong Kok Fong – our Chief Financial Officer. He is responsible for the overall financial planning and management functions of our Group, including the overview of financial reports and ensuring compliance with Malaysia and Singapore statutory requirements. Having joined us in May 2004, Mr Yong has 6 years of experience in auditing and accounting, with 3 1/2 years at Ernst & Young (Malaysia) where he last held the position of an audit senior.

Mr Yong has been a member of the Association of the Chartered Certified Accountant, United Kingdom since July 2002. He is also a Chartered Accountant with the Malaysian Institute of Accountants from September 2002 and an associate member of the Malaysian Institute of Taxation since May 2003.

Mr Ngan Boon Seng – our Operation Manager. Having been with us for 6 years, he is responsible for monitoring and trouble-shooting the different factory production processes as well as handling maintenance and repair of the manufacturing facilities. Mr Ngan has extensive experience, spanning 16 years, in the production of latex gloves. Beginning his career as a supervisor to the production executive in Sri Johani (M) Sdn Bhd in 1989, he held many positions relating to production supervisory with various companies like Aik Poh Rubber Industry Sdn Bhd, Formatex Medical Sdn Bhd, Ultrawin Sdn Bhd, Precious Mountain Sdn Bhd, Smart Glove Corporation Sdn Bhd and SJ Medical Products (M) Sdn Bhd.

Mr Ngan holds a Bachelor of Science degree with honours from the University of Malaya.

Mr Liew Hock Nean – our Marketing Manager. He is responsible for setting the Group's long term marketing plans and the day-to-day operations of our marketing department. Having more than 16 years of experience in marketing for several manufacturing companies, Mr Liew has worked for companies like SJ Medical Products (M) Sdn Bhd, Sime Darby Plantations (Latex Products Division), Seal Polymer Industries Sdn Bhd, Yee Lee Corporation Bhd and Malaytex USA Inc., to name a few.

Mr Liew holds a Masters in Business Administration, a Masters in Science (Operational Research) and a Bachelor of Science with honours degree in Civil Engineering from the University of Strathclyde, United Kingdom.

Mr Pang Wei Pin – our Group Accountant. Having joined the Group in May 2004, he is responsible for the finance, accounting and taxation functions of our Group. Mr Pang has 5 years of experience in accounting and auditing with various companies such as Elken Sdn Bhd (headquarter), Ernst & Young (Malaysia) and Tai Yapp & Co. He is currently a member of CPA Australia and a Chartered Accountant with the Malaysian Institute of Accountants.

milestones



1999
- Commenced production with 2 dipping lines
- Capacity of 93 million gloves

2000
- Increased to 3 dipping lines with a total capacity of 180 million gloves
- Collaboration began with TGI, USA

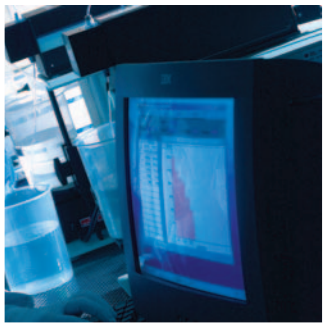


2001
- Addition of dipping lines to total of 4
- Capacity increased to 218 million gloves

2002
- 6 dipping lines
- Capacity of 311 million gloves
- Attained ISO9001:2000 certification

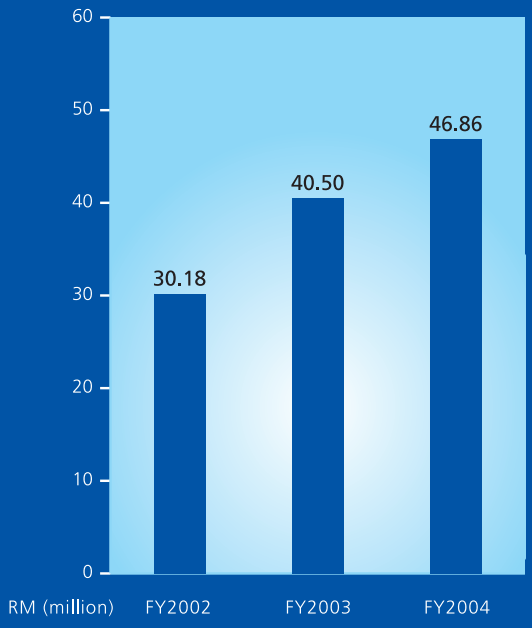
2004
- 7 dipping lines
- Capacity of 415 million gloves



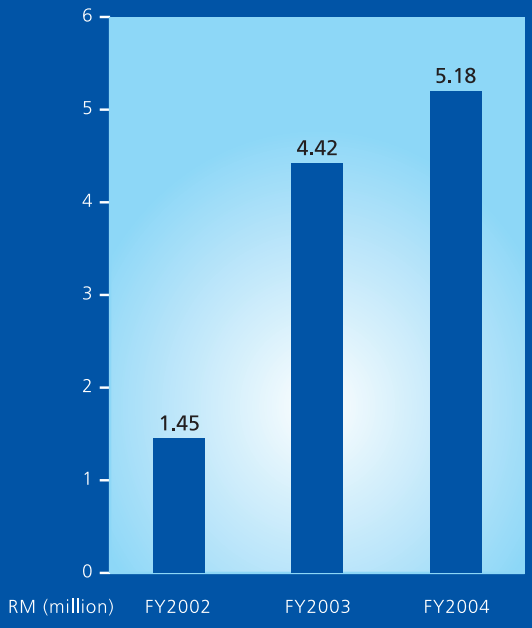


financial highlights

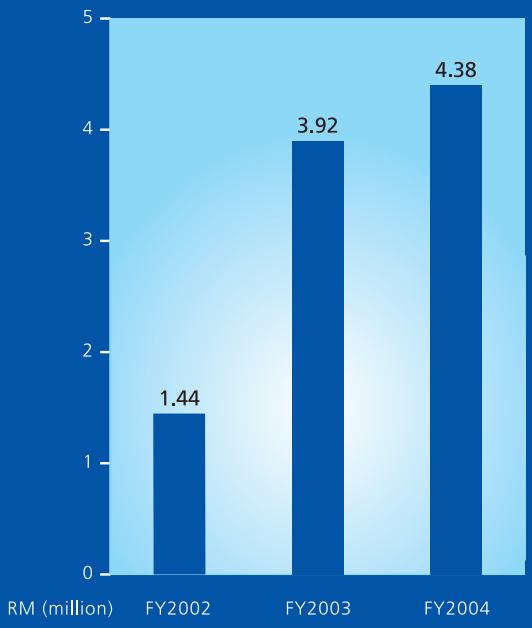
Turnover



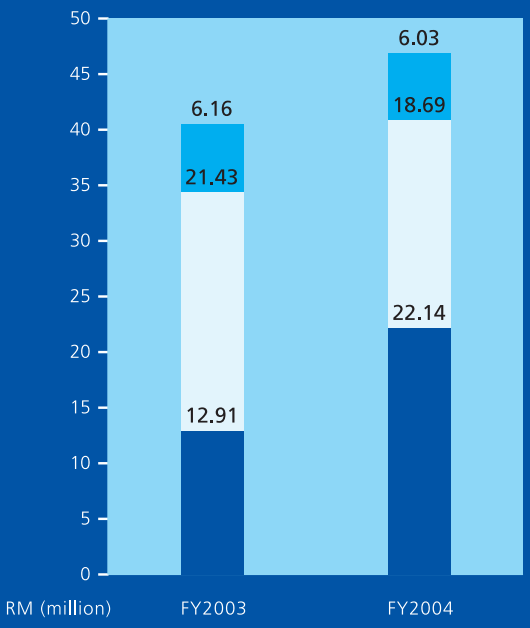
Profit before Taxation



Profit After Taxation



Segmental Turnover Breakdown



Cleanroom
FY2003: 31.9% FY2004: 47.2%

Medical
FY2003: 52.9% FY2004: 39.9%

Industrial
FY2003: 15.2% FY2004: 12.9%

corporate information

BOARD OF DIRECTORS	:	Tu Ah Kim (Managing Director) Hew Yew Fook (Executive Director) Tu Kwang Yam (Non-executive Director) Lim Kwee Gee (Non-executive Director) Wong Hung Khim (Independent Director) Foong Daw Ching (Independent Director)
COMPANY SECRETARIES	:	Tan Min-Li, LLB (Hons), LLM Chua Kern, LLB (Hons)
REGISTERED OFFICE	:	50, Raffles Place, #29-00 Singapore Land Tower Singapore 048623 Tel: 6323 8383 Fax: 6323 8282
COMPANY REGISTRATION NUMBER	:	200312754H
PRINCIPAL PLACE OF BUSINESS	:	Lot 5071, Batu 5 1/2 Jalan Meru 41050, Klang, Selangor, Malaysia
SHARE REGISTRAR AND SHARE TRANSFER OFFICE	:	B.A.C.S Private Limited 63, Cantonment Road Singapore 089758
AUDITORS	:	Ernst &Young Certified Public Accountants 10 Collyer Quay, #21-01 Ocean Building Singapore 049315 Partner-in-charge: Yee Woon Yim (Appointed since financial year 2004)
BANKERS	:	Am Finance Berhad Bangunan AmFinance No. 8 Jalan Yap Kwan Seng 50450 Kuala Lumpur, Malaysia AmInvestment Services Berhad 9th Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 55200 Kuala Lumpur, Malaysia Citibank Berhad 165 Jalan Ampang Menara Citibank 50450 Kuala Lumpur, Malaysia Malaysia Industrial Development Finance Berhad Bangunan MIDF No. 195A, Jalan Tun Razak 50400 Kuala Lumpur, Malaysia Malayan Banking Berhad 62-66 Jalan SS21/35 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan, Malaysia Malayan Banking Berhad 2, Battery Road Maybank Tower Singapore 049907







