

TOP GLOVE POSTS LOWER Q2 NET PROFIT

21 March 2014 / 12:03



PETALING JAYA: Top Glove Corp Bhd saw a 17.4% contraction in its financial performance for the second quarter ended Feb 28 due to margin pressure amid higher competition and losses from its China operations.

The company's quarterly net profit fell year-on-year to RM41.55mil from RM50.31mil. Revenue also dropped to RM548.27mil from RM576.42mil earlier.

Other factors that had contributed to the lower net profit were forex losses from previously entered forward contract rates that were lower than prevailing market forex rates.

"We have not performed as well as we expected to. However, we have withstood many such cycles in the glove industry since our inception. This temporary setback will drive us to work even harder and smarter to optimise our operational productivity in preparation for better times ahead," chairman Tan Sri Lim Wee Chai said in a statement.

For the quarter under review, the company's main input costs for natural latex saw prices decline by 6% to an average of RM4.86 per kg while nitrile latex price increased 3.8% to an average of US\$1.09 per kg from

the first quarter.

Top Glove also said it would proceed with plans to add six more nitrile glove lines to its existing Factory 27 in Lukut by May, and would complete a new facility (Factory 29) in Klang by December this year.

“This will boost the number of production lines from 464 to 484 and increase production capacity from 41.3 billion to 43.5 billion pieces of gloves per year,” the company said.

Meanwhile, its delisting of its 80%-owned subsidiary, Medi-Flex Ltd from the Catalist Board of the Singapore Exchange was at the concluding stage, the company said.

Medi-Flex would be officially delisted on or around March 24, it said.