

TOP GLOVE FOCUSES ON GROWTH PLAN

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SHAH ALAM, Malaysia: Top Glove Corp. is considering new set-ups through synergistic mergers, acquisitions and joint ventures, all in an effort to help boost shareholder value.

Among the company's growth considerations are a nitrile latex factory, a condom factory and investments in packaging materials.

In May, the Malaysian rubber gloves company acquired two glove factories located in Nilai and Muar, Malaysia. The acquired companies have a combined production capacity of 1.1 billion gloves per year. These acquisitions, which are to be completed by August, are part of the Top Glove's bid to gain "greater access" to the Chinese market.

Meanwhile, Top Glove is implementing an expansion plan, including the construction of three new manufacturing facilities in Klang, the first of which will come on stream in July. The remaining two will be operational by the end of next year. Upon completion, the factories will increase the group's total number of production lines by 106 lines and boost production capacity by 10.6 billion gloves per year.

Top Glove posted a sharp rise in its third quarter sales at \$201.9 million, showing a 29.3 percent hike compared to the previous quarter.

In the three-months period ending May 31, the company posted a 23.5 percent rise in after-tax profit to \$18.1 million, despite a spike in both natural rubber latex and nitrile latex prices.

Quarter-on-quarter, however, profit eased 6.8 percent as a result of time lag in passing on the increase in raw material prices to the customers as well as lower volume sold.

"We have delivered growth in profit year-on-year, despite sharp increases in manufacturing costs and reduced sales volume," said Tan Sri Dr Lim Wee Chai, Top Glove executive chairman.

This, he added, is because of the company's "consistent focus" on internal improvements, which he said had enabled it to manage costs.

Top Glove has 30 production factories—25 in Malaysia, four in Thailand and one in China. It has 500 production lines with capacity to produce 48 billion pieces per year. The company employs 11,000.

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