



Top Glove Corporation Bhd

(Company No. 199801018294 [474423-X])

Top Glove Media Contact:

Michelle Voon
wavoon@topglove.com.my
+603-3362 3098 Ext 2228
+6016 668 8336

Investor Contact:

invest@topglove.com.my

PRESS RELEASE

For Immediate Release

TOP GLOVE RECORDS SUSTAINED PERFORMANCE IN 3QFY11 AND DECLARES AN INTERIM DIVIDEND OF 5 SEN

Klang, Friday, June 17, 2011 – Top Glove Corporation Bhd (Top Glove) today announced a sales revenue of RM535.36 million and net profit of RM25.60 million for the third quarter (1 March 2011 to 31 May 2011) of the financial year ending 31 August 2011.

Top Glove also announced that the Board of Directors has declared a first single tier interim dividend of 5 sen per share (net of tax) for the quarter, which is payable on 21 July 2011.

Quarter on quarter, revenue increased 10% from RM485.21 million, while net profit was up by 1% from RM25.41 million. Meanwhile, revenue was 4% lower year-on-year from RM555.85 million, and net profit declined 60% as compared to RM 64.48 million in the third quarter of FY2010. Last year's result was an anomaly as the influenza A(H1N1) virus outbreak caused a surge in demand, and latex prices and the US dollar exchange rate were also more favourable then. Average latex price increased by 39% (from RM7.10/kg in 3Q2010 to RM9.85/kg in 3Q2011), while the US dollar against Ringgit weakened by 7.4% (from RM3.26 in 3Q2010 to RM3.02 in 3Q2011).

“Our ASPs are regularly revised to reflect the increase in costs. However, due to an oversupply situation in the glove industry, it is difficult for Top Glove to pass on the rise in costs to its customers in full. Up until now in this fiscal year, we have only been able to pass on around 70% to 80 % of the increase. Furthermore, there is a time lag in the cost pass-through that we have to contend with.

“Latex price has declined about 14% in the past one month from its all-time high of RM10.99 on 11 April 2011 to around RM9.40 in recent weeks. As latex price stabilised, we expect customers who had adhered to minimum inventory holding before, to resume buying,” said Top Glove Group Chairman, Tan Sri Lim Wee

Chai.

On the other hand, to mitigate the negative impact of the rising Ringgit, Top Glove has been rigorously hedging its open foreign exchange position with forward contracts.

Tan Sri Lim commented that even though the business conditions have been challenging, he is confident that the company's strong balance sheet and cash flow position would allow it to make the necessary investments and improvements to stay competitive and counter the headwinds.

Besides, Top Glove has been rebalancing its product mix by producing more nitrile gloves to avoid over reliance on natural rubber gloves.

Tan Sri Lim added, however since nitrile is also dependent on crude oil, which is depleting and competing with other types of usage, our new production lines have been built to be inter-switchable between producing natural rubber gloves and nitrile gloves.

Its new factory in Klang, F21, which has 16 lines dedicated to produce nitrile gloves is already up and running. While two additional new factories, F22 and F23, which are slated to be completed by October 2011 and March 2012 respectively, will also be installed with nitrile glove production lines. The expansion will increase Top Glove's capacity from 35.25 billion pcs p.a. to 41.55 billion pcs p.a.

Top Glove has also been investing more heavily in R&D in order to continue innovating new products, to further enhance its product quality and to improve productivity and cost efficiency.

Top Glove believed the glove industry still remains resilient, for gloves are a necessity especially in the medical and healthcare industry. The increased awareness of healthcare and hygiene in developing countries also helps sustain the demand for rubber gloves.

Please refer to attached file for additional information on Top Glove's performance.

For more information on Top Glove Corporation Berhad, please visit www.topglove.com.my

About Top Glove Corporation Berhad

Top Glove Corporation Berhad was listed on the Second Board of the Kuala Lumpur Stock Exchange in 2001 and was transferred to the Main Board on 16 May 2002. The company is one of the component stocks of the FTSE Bursa Malaysia ("FBM") Mid 70 Index, FBM Top 100 Index and FBM Emas Index.

Top Glove is currently the world's largest rubber glove manufacturer with a good and established corporate culture and business direction of producing consistently high quality, cost efficient gloves. Top Glove has more than 1,000 customers worldwide and exports to more than 180 countries.

Summary of key information:

Image not found or type unknown

