



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

SUSTAINED PERFORMANCE IN A CHALLENGING ENVIRONMENT

Financial results for the second quarter ended February 28, 2011 (Q2FY2011)

Klang, Wednesday, Mar 16, 2011 – Top Glove Corporation Bhd (Top Glove) today announced a sales revenue of RM485.2 million and net profit of RM25.4 million for the second quarter (1 December 2010 to 28 February 2011) of the financial year ending 31 August 2011.

Revenue for the quarter declined 1% compared to RM491.5 million reported in the first quarter (1 September 2010 to 30 November 2010), while net profit fell 30% from RM36.1 million, given the difficulty in fully recovering the latex cost increases and also the impact of the weaker US dollar.

Year-on-year, revenue declined 5% from RM509.9 million and net profit reduced 64% from RM70.5 million. This is mainly due to the exceptionally high sales volume during the H1N1 flu virus outbreak, in addition to the more favourable latex price and exchange rate, experienced last year. Average latex price increased by 59% while the US dollar weakened by 9.4% against the ringgit, during the period.

“This was a challenging period, as Top Glove faced substantial increases in its main raw material costs and adverse foreign exchange movements. Nevertheless, we have started to revise our latex glove prices and it is starting to arrest the decline in our revenue. We are also rigorously mitigating the impact of foreign exchange through hedging with forward contracts,” commented Top Glove group chairman, Tan Sri Dato’ Sri Lim Wee Chai.

Tan Sri Lim added that Top Glove's long-standing business relationship with its customers had enabled it to

seek their understanding in passing on part of the increased raw material costs to them.

“Even though in the short term we expect the business conditions to remain difficult, I’m encouraged by our prospects going forward while we take actions to strengthen the Group and improve returns to shareholders,” said Tan Sri Lim.

“Latex price has started to decline in recent weeks from its all-time high of RM10.95 on 22 February 2011 to RM8.61 on 16 March 2011. We believe it will go down further with many rubber producing countries stepping up production as weather conditions improved.

“And contrary to the typical low production levels experienced during the wintering season, we may see an increase in output this year (albeit lower than average) as compared to the last few months when excessive rain fall caused a major negative impact on the yield,” added Tan Sri Lim.

In order to mitigate latex cost increases in the future, Top Glove has started moving upstream by acquiring land and diversifying into rubber plantation. Top Glove is also increasing its production lines to produce nitrile gloves, which command better margins and not subjected to the volatility in latex prices.

“In Q2FY11, we have increased our nitrile glove production to account for 11% of our product mix and we have set a target of at least 15% by end of this year,” Tan Sri Lim stated.

Top Glove believed the current adverse situation is only temporary and that demand will remain strong as gloves are deemed a necessity item especially in the medical and healthcare industry. Demand from emerging markets is also growing as the health care standards in these markets improve. To capture the opportunity Top Glove has undertaken a reorganisation of its marketing team to focus on special growth areas.

Tan Sri Lim added that the Group was committed to strengthening its leadership position within the rubber glove industry through continued focus on enhancing its quality via research and development, innovation, manufacturing process re-engineering, improving cost-effectiveness and running its business with honesty, integrity and transparency.

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 good and established corporate culture and a business direction of producing consistently high quality, cost efficient gloves. Top Glove has more than 900 customers worldwide and exports to more than 180 countries.

Summary of key information:

image not found or type unknown

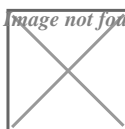


Image not found or type unknown

