



TOP GLOVE CORPORATION BERHAD (474423-X)
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PRESS RELEASE

STRONG FIRST HALF REVENUE AND PROFIT GROWTH DESPITE CHALLENGING CONDITIONS

Financial results for the second quarter ended 28 February 2013

Klang, Thursday, 14 March 2013 – Top Glove Corporation Bhd (“Top Glove”) today released the results for its second quarter ended 28 February 2013 (“2QFY2013”).

For 1HFY2013 (September to February), the company recorded sales revenue growth of 5% to RM1.16 billion from RM1.1 billion, and a marked improvement in net profit of 27% to RM110.2 million from RM86.7 million, in comparison to 1HFY2012.

For 2QFY2013, the Group recorded sales revenue of RM576.4 million and a net profit of RM51.3 million. The revenue for 2QFY2013 represents an increase of 5% from RM549.0 million, while net profit eased by 5.4% from RM54.2 million, vis-à-vis the corresponding quarter last financial year.

The surge in sales volume for the last 6 months of 22% from last year, was attributed to an increase in demand from all regions for both natural rubber and nitrile gloves – particularly the nitrile gloves, whose sales went up by 43% from the preceding financial year and now comprise 17% of total glove sales. Strong demand growth of natural rubber gloves was also seen in the emerging economies in Latin America and Asia. Improved production capacity utilisation and a more competitive pricing structure also served to boost sales.

Net profit for 2QFY2013 fell 5.4% primarily due to the effects of the minimum wage policy implementation which came into effect on 1 January 2013. However, on-going automation initiatives on existing and new production lines which reduce the dependence on unskilled workers will generate efficiency gains to mitigate the impact of higher labour cost, moving forward.

Top Glove's Group Chairman, Tan Sri Lim Wee Chai viewed the second quarter as a transition period and maintained, "Our results are healthy. We have achieved a higher sales volume and expect to post an even stronger performance in the coming quarters, once the price revision and efficiencies of automation come into effect".

Meanwhile, latex prices showed a 23% decline from an average RM7.58/kg in 1HFY2012 to RM5.80/kg in 1HFY2013 whilst nitrile prices eased by 30% from an average of USD1.88/kg in 1HFY2012 to USD1.31/kg in 1HFY2013, exerting a positive impact on the Group's performance, although these savings were offset by the impact of minimum wage implementation on 1 January 2013.

The Group's blueprints for expansion remain very much on track. It is pressing ahead with plans to increase the number of production lines from the current 462 to 538 lines by April 2014, which will further boost its production capacity from the present figure of 40.3 billion to 47.9 billion pieces of gloves per annum.

Top Glove's net cash position stands at RM256.9 million, notwithstanding the capital outlay for factory expansion and upstream plantation. Top Glove also recently made an investment in an associate company Value Add Sdn Bhd, in which the former has a 27% equity stake (amounting to approximately RM12.2 million). Of this, Tan Sri Lim remarked, "This is a small investment of positive net cash which will generate a better yield and potential capital appreciation for our shareholders".

With regards to the minimum wage policy, the effects of which are beginning to impact the industry, Tan Sri Lim asserted, "Our automation efforts, which include the installation of robotic arms, auto stacking and packing machines on both existing as well as new production lines are expected to be fully in place by mid-year. These will serve to reduce our reliance on manual labour while further enhancing our efficiency levels, towards alleviating the impact of the minimum wage implementation".

The global demand for medical gloves as a basic necessity in the healthcare industry is expected to remain resilient. “We currently have 25% of the global market share. Going forward, our focus and target will be on capturing 30% of the global market share by 2015, which we are confident of achieving, with our capacity expansion and product mix rebalancing initiatives,” Tan Sri Lim concluded.

Please refer to the appendix 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 is listed on the Bursa Malaysia Stock Exchange Main Board and 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 an established corporate culture and good business direction of producing consistently high quality, cost efficient gloves. Top Glove has more than 1,800 customers worldwide and exports to more than 185 countries.

Summary of key information:

	As at March 2013
Number of Factories	24 (18 in Malaysia, 4 in Thailand, 2 in China)
Number of Glove Production Lines	462
Glove Production Capacity	40.3 billion pieces per annum
Number of Employees	11,000
Estimated world demand	165 billion pieces of gloves for the year 2013

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