

TOP GLOVE Q1 NET PROFIT SLIDES 43%

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KUALA LUMPUR: Top Glove, the world's largest natural rubber glove manufacturer, reported on Thursday that net profit fell 42.87% year-on-year to 73.32 million ringgit (\$16.42 million) for the first quarter ended November.

It announced a 1.83% decline in revenue to 785.58 million ringgit in the quarter from the corresponding period a year ago, according to its filing to the local stock exchange. Top Glove blamed the weaker U.S. dollar, a 24% increase in the natural gas tariff, and a 11% hike in minimum wages for the fall in its profit.

"The recent Bank Negara directive that requires exporters to convert 75% of their proceeds into ringgit creates unproductive administrative work, which will decrease efficiency," Top Glove Corporation Executive Chairman Lim Wee Chai said in a statement.

"We hope the government will review this ruling and allow exporters to keep at least 50% of their proceeds in foreign currencies. We appreciate policies that facilitate business, not create obstacles that impede growth."

The company also updated its expansion plans in Malaysia with the construction of its 30th factory progressing smoothly and due for completion in April 2017; while the first phase of another factory is expected to be operational by August 2017 and the second phase by May 2018. By May 2018, Top Glove expects to have a production

capacity of 56.8 billion gloves per annum.

But Top Glove said that it saw a "challenging business terrain ahead, characterized by change and uncertainty" with intensifying competition in the manufacturing of nitrile gloves.

Top Glove stock ended up 1.61% at 5.06 ringgit on Thursday but is down 17.5% over the last year, underperforming the benchmark FTSE Bursa Malaysia KLCI's 0.8% gain in the same period.