



Top Glove Corporation Bhd

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PRESS RELEASE

For Immediate Release

VOLUME GROWTH AMID A CHALLENGING ENVIRONMENT

Financial results for the fourth quarter and full year ended 31 August 2013

Klang, Friday, 11 October 2013 – Top Glove Corporation Bhd (“Top Glove” or “The Company”) released today its results for the financial year ended 31 August 2013 (“FY2013”). The Group achieved revenue of RM2.31 billion in FY2013 and RM548.2 million in the fourth quarter ended 31 August 2013 (“4QFY2013”). Compared with corresponding periods in the preceding year, there was a slight decline in revenue attributed to a lower average selling price on the back of declining raw material costs.

However, the Group registered an 18% and 13% increase in sales volume in FY2013 and 4QFY2013 respectively, vis-à-vis the same periods in the year before. Owing to enhanced capacity utilisation stemming from an increase in nitrile glove demand, which now comprise 25% of total Group sales, there was also a marked improvement from an operational perspective. This contributed to an improved sales volume achievement as well as operating profit.

The improved profit before tax from operations was offset by unrealised forex losses incurred on the fair value of its US Dollar denominated foreign exchange contracts amounting to RM8.4 million in 4QFY2013 on the back of the strengthening US Dollar, which appreciated sharply against the Ringgit to 3.30 as at 31 August 2013 compared with the average rate of 3.20 in 4QFY2013. This resulted in profit before tax easing marginally to RM63.8 million in 4QFY2013 against the last financial year. Profit before tax for FY2013 also declined slightly to RM238.9 million compared with FY2012. Meanwhile, the US Dollar has since eased back to an average level of 3.19 as of 10 October 2013.

Raw material prices continued to trend down, on softer general commodity prices in the face of a challenging macroeconomic environment. For FY2013, latex prices declined by 22% to RM5.77/kg while

nitrile prices fell by 28% to RM3.82/kg versus FY2012.

Accordingly, The Board of Directors of Top Glove has proposed a final single tier dividend of 9 sen per share, subject to shareholders' approval at the forthcoming Annual General Meeting, which would bring the total payout for the year to 16 sen per share. The Group is able to maintain a dividend payout equivalent to the preceding year as its cashflow is still healthy. After factoring in acquisitions and capital expenditure of RM311.8 million and interim dividend payment, Top Glove still maintains a positive net cash position of RM158.4 million as well as a healthy balance sheet.

Its Chairman, Tan Sri Lim Wee Chai remained upbeat, commenting that, "During this challenging period, we have maintained commendable operating profit and volume growth. Hence, we have good reason to look forward to better times ahead".

He continues, "Moving forward, we will ensure we stay ahead of market trends, responding swiftly to changes for betterment through automation, research and computerisation." Accordingly, the Group will continue to increase the number of nitrile glove production lines, in line with the growing demand. As the second phase of expansion for Factory 27, 6 production lines will be added by January 2014. Construction of Top Glove's newest facility, Factory 29 is also well underway and targeted to be ready by June 2014. This will increase the Group's current total of 498 production lines to 520, further boosting production capacity from 43.9 billion to 46.1 billion pieces of gloves per annum. With its dedicated R&D Centre fully operational, the Group will also be able to intensify research initiatives in the areas of quality improvement, production efficiency, product development and innovation.

In another development, on 11 October 2013, Top Glove Sdn Bhd ("TGSB"), a wholly-owned subsidiary of the Company, has presented to the directors of Medi-Flex Ltd ("Medi-Flex") a formal proposal to seek the voluntary delisting of Medi-Flex from the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") pursuant to Rule 1307 and 1308 of the SGX-ST Listing Manual Section B: Rules of Catalist ("Catalist Rules") ("Proposed Voluntary Delisting"). TGSB and Medi-Flex have today made a joint-announcement regarding the Proposed Voluntary Delisting on the SGX-ST ("Joint-Announcement").

TGSB which owns 79.77% of Medi-Flex will make a cash offer at an offer price of SGD0.15 per share to purchase all of the issued ordinary Medi-Flex shares (excluding treasury shares) in the capital of Medi-Flex, other than those already held by TGSB, on the terms and subject to the conditions as set out in the Joint Announcement and in the offer document to be issued by TGSB to shareholders of Medi-Flex in due course.

The Proposed Voluntary Delisting will not have any effect on the issued and paid-up share capital of the Company as the consideration for the Proposed Voluntary Delisting is to be satisfied entirely in cash and does not involve any issuance of new Company shares. The Proposed Voluntary Delisting is expected to be completed in the 3rd quarter of next financial year. As such, the Proposed Voluntary Delisting is expected to contribute positively to the Group's earnings for the financial year ending 31 August 2014.

Looking ahead, Top Glove will continue to focus on exceeding its customers' expectations by enhancing its glove quality through research and development, innovation and automation. As always, it will remain prudent with costs and pass on its savings to customers where possible. Having weathered many cycles in the industry, the Group is confident of overcoming any challenges that lie ahead and emerging the stronger for it.

Kindly 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:

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