



TOP GLOVE CORPORATION BERHAD (474423-X)  
TOP QUALITY, TOP EFFICIENCY, GOOD HEALTH,  
SAFETY FIRST & BE HONEST  
[www.topglove.com.my](http://www.topglove.com.my)

# PRESS STATEMENT

## 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](http://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:*

	<b>As at 28<sup>th</sup> February 2011</b>
Number of Factories	20 (14 in Malaysia, 4 in Thailand, 2 in China)
Number of Glove Production Lines	379
Glove Production Capacity	33.75 billion pcs per annum
Number of Employees	10,900
Estimated world demand	150 billion pcs of gloves for the year 2011

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16<sup>th</sup> March, 2011

<b>SUMMARY OF CURRENT &amp; HISTORICAL PERFORMANCE</b>
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**CURRENT**

**Results for the Second Quarter ended February 28, 2011**

- 1) Strong and healthy balance sheet
- 2) On-going expansion plans

**HISTORICAL TREND**

- 3) Consistent growth in revenue with compounded annual growth rate of 36%
- 4) Strong growth in net profit with compounded annual growth rate of 37%
- 5) Financial results of the Group since listing
- 6) Dividends

## **CURRENT:**

### **Results for the 2<sup>nd</sup> Quarter ended 28 February 2011 (2QFY2011)**

#### **1) Strong and healthy balance sheet :**

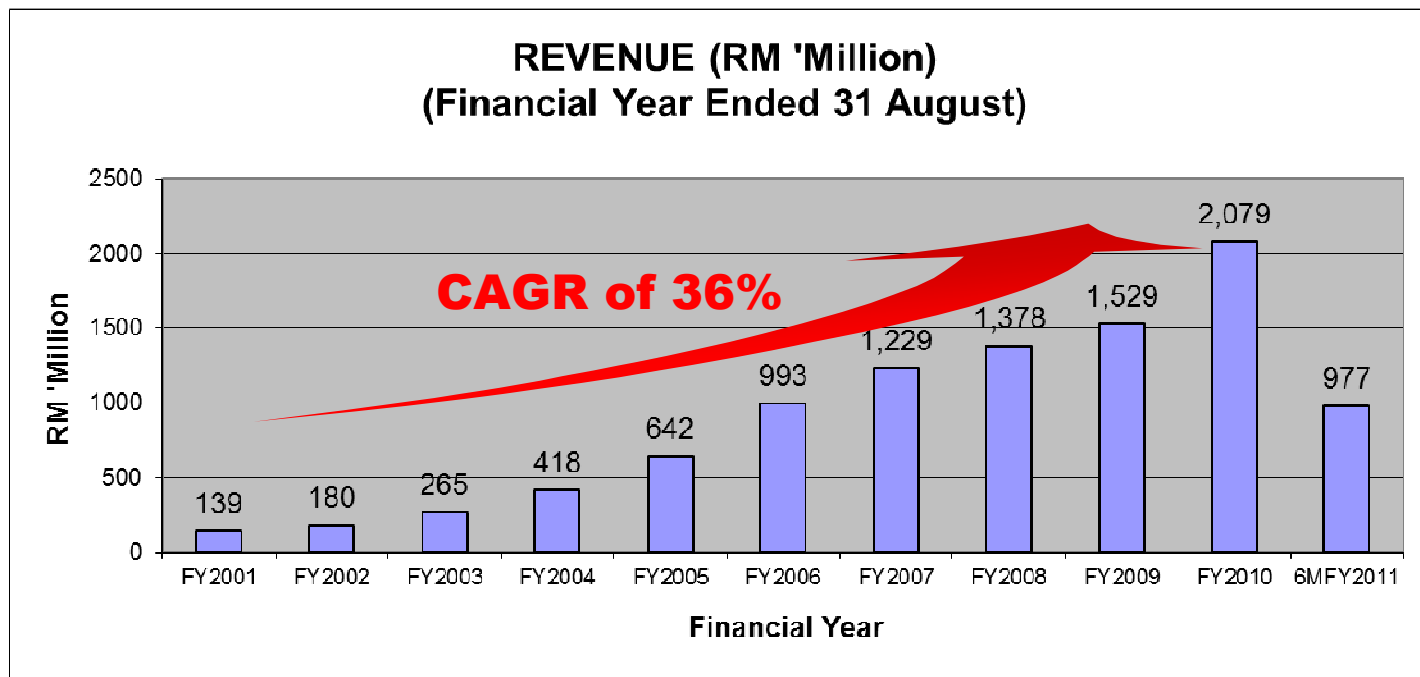
	As at 28 Feb 2011 (RM'million)	As at 28 Feb 2010 (RM'million)	Variance (%)
Total cash and short term investments	209.9	277.7	(24)
Total borrowings	2.4	7.9	(70)
Net cash and short term investments	207.5	269.8	(23)
Net cash flow from operating activities	14.5	138.0	(89)
Shareholders equity	1,128.4	951.9	19
Net assets per share (RM)	1.8	1.5	20

#### **2) On-going expansion plans :**

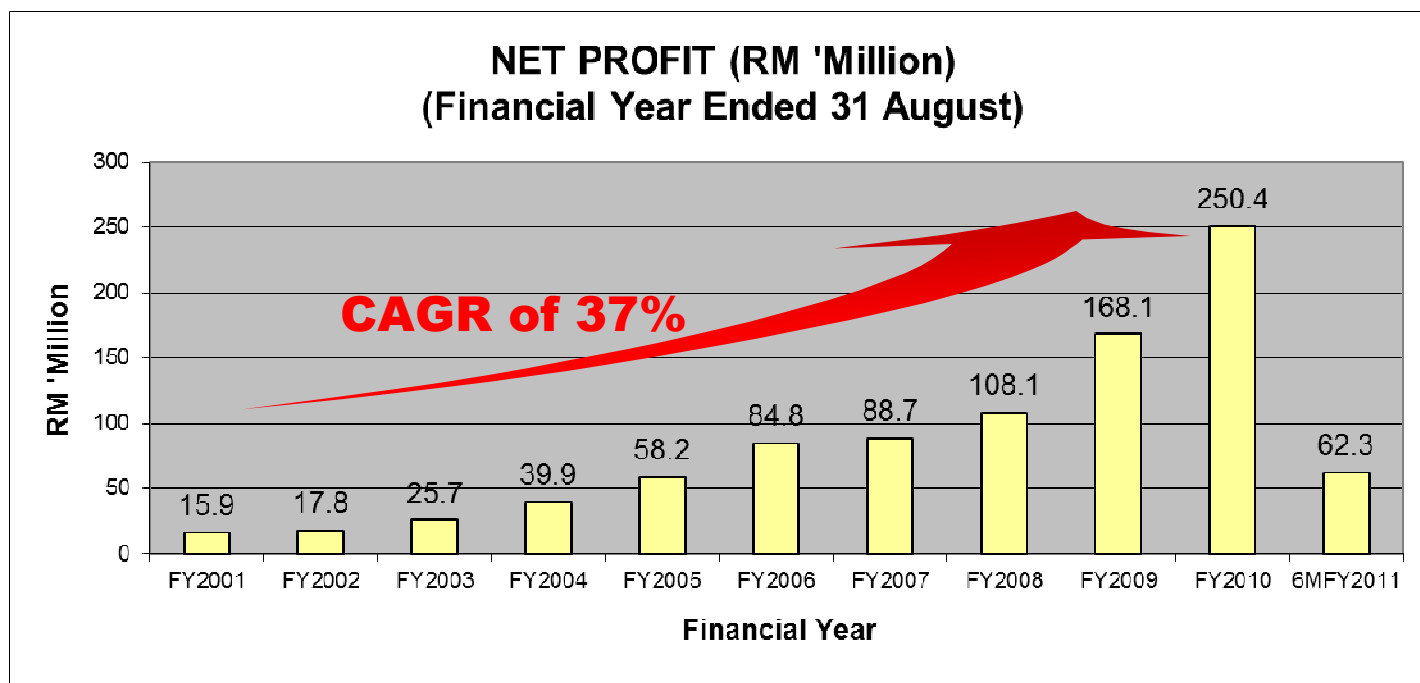
<b>Factory</b>	<b>Location</b>	<b>No. of additional lines</b>	<b>Capacity p.a</b>	<b>Target completion</b>
Factory 21	Klang, Malaysia	16	1.5 billion pcs	April 2011
Factory 7	Sadao, Thailand	16	1.5 billion pcs	August 2011
Factory 22	Klang, Malaysia	16	1.5 billion pcs	August 2011
Factory 23	Ipoh, Malaysia	32	3.0 billion pcs	August 2011
<b>Total</b>		<b>80</b>	<b>7.5 billion pcs</b>	

**HISTORICAL TREND:**

**3) Consistent growth in revenue with compounded annual growth rate of 36%**



**4) Strong growth in net profit with compounded annual growth rate of 37%**



## 5) Financial results of the Group since listing :

RM 'mil	Financial year ended 31 August										6M2011 6 mths ended 28 Feb 2011 (unaudited)
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
Revenue	138.9	180.2	265.1	418.1	641.8	992.6	1,228.8	1,377.9	1,529.1	2,079.4	976.7
EBITDA	23.9	27.1	39.5	60.6	89.2	130.3	175.7	197.8	287.5	364.7	106.4
EBITDA margin	17.2%	15.0%	14.9%	14.5%	13.9%	13.1%	14.3%	14.4%	18.8%	17.5%	11.0%
PBT	17.2	20.2	29.3	45.2	65.7	91.8	118.6	134.6	222.0	305.0	75.9
PBT margin	12.4%	11.2%	11.1%	10.8%	10.2%	9.2%	9.7%	9.8%	14.5%	14.7%	7.8%
Taxation	1.3	2.4	3.6	5.3	7.5	7.0	29.9	26.5	53.9	54.6	13.6
PAT	15.9	17.8	25.7	39.9	58.2	84.8	88.7	108.1	168.1	250.4	62.3
PAT margin	11.4%	9.9%	9.7%	9.5%	9.1%	8.5%	7.2%	7.8%	11.0%	12.0%	6.4%

## 6) Dividends

The Group target dividend payout ratio is 40% from net profit attributable to equity.

Financial Year	Net Dividend per share (sen)	Total Dividend (RM'000)	Status
2010	16.00	98,877	Paid
2009	11.00	65,872	Paid
2008	5.50	32,389	Paid
2007	4.61	27,435	Paid
2006	3.45	21,173	Paid
2005	2.19	14,110	Paid
2004	2.06	12,295	Paid
2003	1.53	9,550	Paid
2002	0.46	2,808	Paid
2001	0.66	4,000	Paid
<b>Total</b>		<b>288,509</b>	

Note : Net dividend per share has been adjusted to reflect :

- Subdivision of shares from one ordinary share of RM1.00 to two ordinary shares of RM0.50 each which was completed in February 2005.
- Bonus issue of 30% in April 2002, 40% in April 2003, 40% in February 2007 and 100% in July 2010.

