



PRESS RELEASE KENYATAAN AKHBAR o 企业新闻	Klang, November 16, 2006
	Note to Editors: This press release is issued by Mr. Lim Kuang Sia, Group Managing Director/CEO of Kossan Rubber Industries Bhd EMBARGOED UNTIL 5.00 P.M.
KOSSAN POSTS 40.8% HIGHER PRE-TAX PROFIT OF RM13.250 MILLION FOR 3RD QUARTER OF 2006 RIDING ON STRONGER REVENUES	

Kossan Rubber Industries Bhd announced to Bursa Malaysia its 3rd Quarter financial performance for FY2006 this evening. For the quarter ended 30 September 2006, the Group recorded significantly higher revenue of RM162.643 million translating an increase of 52.3% against the revenue of RM106.812 million achieved during the same quarter in the previous financial year. Profit after tax surged 42.8% to RM10.892 million from RM7.628 million recorded in the preceding year corresponding quarter.

For the current cumulative year to date 30 September 2006, the Group achieved revenues of RM403.145 million and profit after tax of RM27.864 million as compared to revenue of RM280.680 million and profit after tax of RM21.808 million recorded in the corresponding period ended 30 September 2005, translating a growth rate of 43.6% and 27.8% respectively.

Summary of 3rd Quarter FY2006 Financial Result

(RM' million)	Individual Quarter			Year-to-date		
	3Q05	3Q06	% Change	6 mth' 05	6 mth' 06	% Change
Revenue	106.812	162.643	+52.3	280.680	403.145	+43.6
Operating Profit	10.363	15.085	+45.6	29.631	38.209	+28.9
Profit before taxation	9.410	13.250	+40.8	26.797	33.722	+25.8
Profit After Taxation	7,628	10.892	+42.8	21.808	27.864	+27.8



Expanded revenues were attributed mainly to higher selling price

The significant improvement in revenues were mainly attributed to higher selling price to cover the increase in raw material cost and partially some marginal capacity increase from the new 13 production lines added in September this year.

Commissioning of the 2nd 13 production lines was on schedule and fully operational since late September this year

Currently, Kossan is operating with 75 production lines with production capacity (annualized) exceeding 6.0 billion pieces of glove per annum and despite with enlarged capacity, we are still facing shortage to fill up the piled up demand until February next year. Currently, our glove division is running at above 95% capacity and we need fresh capacity to shorten customers waiting time.

We have kicked start our 2007 capacity expansion program

Riding on the strong demand on our powder free medical and nitrile gloves, we have kicked start our 2007 expansion program by commissioning another 13 production lines which able to produce not less than 1.5 billion pieces of gloves per annum. The construction of the new plant has been progressing well and we expect the commercial production to commence in April or May next year. By May 2007, our production capacity will expand from the current of 6.0 billion to 7.5 billion pieces per annum.

Positive Outlook for the Industry and the Company

The outlook for the industry, both gloves and technical rubber products remains excellent on the back of growing global consumptions and increased outsourcing from the West. Given our track record in good product quality, timely delivery, professional in business dealings, highly versatile production technology, Kossan has emerged as the world largest powder-free medical grade gloves manufacturer and enjoy a competitive edge to tap on this new market share and continues to be the preferred manufacturer-supplier for multinational corporations in developed nations.

Coupled with the recent sharp fall in latex price and meaningful capacity expansion program, the Management is confident to deliver better results in the coming quarters.

Lim Kuang Sia

Group Managing Director/CEO

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