



PRESS RELEASE
KENYATAAN AKHBAR o 企业新闻
(Third Quarter 2007 financial result)

Klang, November 26, 2007

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.

“THE GROUP REPORTED RM43.347 MILLION PROFIT BEFORE TAXATION FOR THE FIRST 9 MONTHS, A JUMP BY 28.5% RIDDING ON 26.9% GROWTH IN REVENUE COMPARED TO ITS CORRESPONDING PERIOD IN PREVIOUS YEAR”

Kossan Rubber, World’s leading powder-free premium medical glove manufacturer is pleased to announce the unaudited results for the second quarter ended 30 September 2007 and provide a review of recent notable events and achievements.

Result Commentary

The Group recorded a 15.8% growth in revenue to RM188.311 million from RM162.643 million reported in the corresponding quarter in the previous financial year. Profit before taxation jumped 16.7% to RM15.458 million compared to RM13.250 million registered in the quarter ended 30 September 2006.

For the first 9 months of current financial year, revenue hits RM511.578 million cumulatively or increased by 26.9% compared to RM403.145 million in the previous financial year. The Group achieved a 28.5% increase in profit before taxation to RM43.347 million. The surge in revenue was largely due to an approximately 30% rise in output on stronger demand for gloves

Compared to the Group’s achievement in second quarter this year, the revenue and the profit before taxation for current quarter expanded by 17.1% and 12.1% respectively. The higher revenue and profits were partly due to new production capacity for gloves from the 13 new lines which were commissioned and commenced commercial production since August this year.



Summary of 3rd Quarter FY2007 Financial Result

RM'000	Cummulative 9 months			Q-o-Q			Individual Quarter '07		
	2007	2006	Change (+/-)	2007	2006	Change (+/-)	3Q	2Q	Change (+/-)
Operations									
Revenue	511,578	403,145	26.9%	188,311	162,643	15.8%	188,311	160,783	17.1%
Operating Profit	49,278	38,209	27.3%	17,461	15,085	15.8%	17,461	15,823	10.4%
Profit Before Taxation	43,347	33,722	28.5%	15,458	13,250	16.7%	15,458	13,790	12.1%
Profit After Taxation	35,537	27,864	27.5%	12,508	10,892	14.8%	12,508	11,390	9.8%
EPS (sen)	22.2	17.4	27.5%	7.82	6.81	14.8%	7.82	7.12	9.8%
Shareholders Funds	217,477	179,657	21.1%	-	-	0.0%	-	-	0.0%
NTA (RM)	1.35	1.12	20.5%	-	-	0.0%	-	-	0.0%
Net Gearing (x)	0.69	0.80	-13.8%	-	-	0.0%	-	-	0.0%

Profit Margin Analysis

Operating Profit	9.51%	9.48%	0.03%	9.27%	9.27%	0.00%	9.27%	9.84%	-0.57%
Profit Before Taxation	8.47%	8.36%	0.11%	8.21%	8.15%	0.06%	8.21%	8.58%	-0.37%
Profit After Taxation	6.95%	6.91%	0.03%	6.64%	6.70%	-0.05%	6.64%	7.08%	-0.44%

Expansion Program

The commissioning of new 13 lines for our Wear Safe Malaysia plant 2 (“WSM-2”) has been completed in July with its commercial production only started full stream in August this year. After 2 quarters of flattish growth early this year, we expect a much stronger performance from the up and coming quarters.

With this expansion completed, our production capacity has since risen to 8.5 billion pieces from the previous of 7.2 billion pieces. For the first 10 months ended 31 October, total gloves produced by the Group hits approximately 5.9 billion pieces with bulk of the output comprising premium powder free gloves. Full year output of gloves is expected not less than 7.5 billion pieces or 96% to our effective capacity of 7.8 billion pieces of gloves for the whole year.



Riding on the strong momentum of glove orders, the Group is adding another 14 production lines and is expected to complete by end of this year. These 14 new lines are mainly catered for part of our aimed double digits growth in 2008. With our continual expansion efforts, we are on track to bag a stronger growth for the next 2 to 3 years.

Latest Corporate Development

The Company had on 14 November 2007 announced that Doshin Rubber Products Sdn Bhd, a 70% owned subsidiary on 10 November 2007 entered into a memorandum of understanding ("MOU") with AMONA INTERNATIONAL VENTURES SDN BHD ("AMONA") a company incorporated in Malaysia and KOHRANG INDUSTRIAL GROUP ("KOHRANG") a company incorporated in the Islamic Republic of Iran, to record their agreement in principle to collaborate on a proposed joint venture to manufacture rubber bearings ("the Project") to be used in construction of buildings in the Islamic Republic of Iran ("the Territory").

The MOU is valid for one (1) year. All the parties involved will undertake a feasibility study to jointly set-up a joint venture company to design and construct testing facilities, manufacturing and testing of seismic rubber bearings to be used in construction of buildings. The actual composition and total estimated cost, to be funded from internal funds, would only be determined at a later stage.

Other than the above, there are no other corporate proposals announced but not completed, for the current quarter and the interim financial period ended 30 September 2007, to the date of this report.

Group Prospects

The volatility of the Ringgit Malaysia against the United States Dollar and rising price of latex and crude oil has been most challenging for the rubber products industry. Management is continuously improving its operations efficiency to achieve the profit margin.

Despite the above, the outlook of the industry remains excellent and the Group will continue to expand, both for the premium medical gloves and technical rubber products. With the Group's strong track record in manufacturing quality products and its leading role in medical glove and technical rubber products market, we are well-positioned to tap on more market share and confident to deliver a better operating results in the forthcoming quarters.

Lim Kuang Sia
Group Managing Director/CEO
November 26, 2007