



**PRESS RELEASE**

**KENYATAAN AKHBAR** o 企业新闻

**(Fourth Quarter 2007 Financial Result)**

**Klang, February 25, 2008**

**Note to Editors:**

This press release is issued by  
Mr. Lim Kuang Sia,  
Group Managing Director/CEO  
of Kossan Rubber Industries Bhd  
**FOR IMMEDIATE RELEASE**

**“KOSSAN RUBBER POSTS RM60.195 MILLION ROFIT AFTER TAXATION FOR THE FULL FINANCIAL YEAR OF 2007,  
UP BY 37.8% COMPARED TO ITS PREVIOUS YEAR ”**

Kossan Rubber, World’s leading powder-free premium medical glove manufacturer is pleased to announce the unaudited results for the fourth quarter ended 31 December 2007 and provide a review of recent notable events and achievements.

### **Result Commentary**

Kossan Rubber Industries Bhd achieved another year of record profits in 2007 with pretax profit increased by 21.8% to RM59.026 million and net profit attributable to shareholders rose significantly by 37.8% to RM60.195 million while net return on equity grew strongly from 21.4% in 2006 to 23.6% in 2007. The strong financial performance of the Group was attributed to a stronger growth in revenue and adoption of FRS 112 on reinvestment allowances.



## Summary of 4<sup>th</sup> Quarter FY2007 Financial Result

	Cumulative 12 months		Change (+/-)	Q-o-Q		Change (+/-)	Individual Quarter '07		Change (+/-)	9 mths'07
	2007	2006		4Q2007	4Q2006		4Q	3Q		
<b>Operations</b>										
Revenue	697,918	573,965	21.6%	186,340	170,716	9.2%	186,340	188,311	-1.0%	511,578
Operating Profit	69,343	55,401	25.2%	20,065	17,397	15.3%	20,065	17,461	14.9%	49,278
PBT	59,026	48,453	21.8%	15,679	14,844	5.6%	15,679	15,458	1.4%	43,347
PAT	60,195	43,685	37.8%	24,658	15,835	55.7%	24,658	12,508	97.1%	35,537
EPS	37.66	27.37	37.8%	15.42	9.93	55.4%	15.42	7.82	97.2%	22.20
S/Funds	254,609	203,725	25.0%	-	-	0.0%	-	-	0.0%	217,477
NTA	1.59	1.27	25.0%	-	-	0.0%	-	-	0.0%	1.35
Net Gearing (x)	0.53	0.62	-14.5%	-	-	0.0%	-	-	0.0%	0.69
<b>Profit Margin Analysis</b>										
Operating Profit	9.94%	9.65%	0.28%	10.77%	10.19%	0.58%	10.77%	9.27%	1.50%	9.63%
PBT	8.46%	8.44%	0.02%	8.41%	8.70%	-0.28%	8.41%	8.21%	0.21%	8.47%
PAT	8.62%	7.61%	1.01%	13.23%	9.28%	3.96%	13.23%	6.64%	6.59%	6.95%

The Group recorded a 9.2% growth in revenue to RM186.340 million from RM170.716 million reported in the corresponding quarter in the previous financial year. Profit before taxation jumped 5.6% to RM15.679 million compared to RM14.844 million registered in the quarter ended 31 December 2006. The adoption of FRS 112 on reinvestment allowance recognition has resulted in a net deferred tax credit for the current quarter and the financial year ended 31 December 2007. Despite the write-back of the tax credits, the growth in revenue and core profits for financial year 2007 are well within our expectation.

For the full year of 2007, revenue grew 21.6% to RM697.918 million compared to RM573.965 million in the previous financial year. The Group achieved a 21.8% increase in profit before taxation to RM59.026 million. The growth in revenue was attributed to 22.4% rise in glove revenue and 17.7% in technical rubber products respectively.



## **Better Product Mix With Bulk in Premium Gloves Category**

For the full year of 2007, total gloves produced and sold hits approximately 7.4 billion pieces or 95% to our effective installed capacity of 7.8 billion pieces and compared with 5.9 billion pieces of glove sold in 2006, total units sold grew by 25.4%. For the 7.4 billion pieces of glove produced and sold, premium powder free and nitrile category accounted for approximately 72% (56% comprising powder free and 16% from nitrile) of our overall product mix and the remaining of 28% are in powdered category.

## **Our Expansion Programs Have Been Running Smooth And More Capacity Will be Planned for Higher Value Gloves**

During the financial year of 2007, a total of 27 new production lines were added to the existing of 75 which 13 out of the 27 new production lines were completed and operational in the fourth quarter and the remaining of 14 lines in December 2007. Since December 2007, the Group is operating with a total of 102 advance production lines which is able to produce not less than 10.0 billion pieces of glove per annum.

Riding on the increasing demand in nitrile glove, the Group is adding another 22 production lines in first quarter and is expected to complete by third quarter this year. These lines will be installed on the newly acquired industrial land measuring 4.05 hectares will contribute some 2.5 billion pieces of nitrile gloves and may double our current capacity in nitrile glove of 16.3%.

With the recent 14 lines newly installed in last December and another 22 lines in the fourth quarter this year, we are on track to replicate our historical growth rate in 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.

## **Prospects in Rubber Glove Industry Remain Bright Despite the Volatility of the Exchange Rate and Rising Latex Prices Led by High Crude Oil Prices**

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. Nevertheless, there is no fundamental change in the rubber glove industry or sign of demand slowing down due to the nature of this product i.e. medical glove is a necessity for protection and recession proof.

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

February 25, 2008