KOSSAN RUBBER INDUSTRIES BHD (48166-W)
The Name You Can Trust!

PRESS RELEASE KENYATAAN AKHBAR o 企业新闻 (Third Quarter 2008 financial result)	Klang, November 20, 2008 **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 POSTED A MUCH STRONGER PROFIT BEFORE TAXATION (PBT) IN ITS 3RD QUARTER PERFORMANCE, LIFTED THE TOTAL PBT FOR THE FIRST NINE MONTHS 25.3% HIGHER TO RM54.317 MILLION "

Kossan Rubber, World's leading powder-free premium medical glove manufacturer is pleased to announce the unaudited results for the third quarter ended 30 September 2008 and provide a review of recent notable events and achievements.

Summary of 3rd Quarter FY2008 Financial Result

(RM' million)	9 mths Cumulative (Jan – Sept)			Individual Quarter		
	2008	2007	(%)	3Q2008	3Q2007	(%)
Revenue	654.461	511.578	**+27.9**	237.236	188.311	**+26.0**
Operating Profit	62.411	49.278	**+26.7**	22.058	17.461	**+26.3**
Profit Before Taxation	54.317	43.347	**+25.3**	19.268	15.458	**+24.6**
Profit After Tax	43.367	35.537	**+22.0**	15.318	12.508	**+22.5**
EPS (sen)	27.13	22.23	**+22.0**	9.58	7.82	**+22.5**
Shareholders' Funds	284.042	217.477	**+30.6**	-	-	-
NTA (RM)	1.77	1.35	**+30.6**	-	-	-
Net Gearing (%)	68.0	69.0	**-1.4**	-	-	-

RESULT COMMENTARY

Both Revenue and PBT for the first nine months were 27.9 % and 25.3% higher compared to its corresponding period of preceding financial year

For the first 9 months of FY2008, total revenue grew by 27.9% to RM654.461 million compared to RM511.578 million of the previous financial year. 9-months cumulative profit before taxation grew in tandem with the revenue and recorded a 25.3% jump while profit after taxation soared 22.0% to RM43.367 million. On quarter-to-quarter basis, the Group reported a 26.0% and 24.6% growth in revenue and profit before taxation respectively compared to its corresponding quarter in the preceding financial year. The encouraging performance was mainly attributed to higher unit of gloves sold and larger sales proportion in premium gloves including powder free and nitrile segment.

9.2% higher in revenue compared to 2nd Quarter was largely due to higher selling price; 10.4% higher in profit before taxation was attributed to higher quantity of premium gloves sold

Compared to 2nd Quarter of FY2008, the revenue of current quarter increased marginally by some 9.2% to RM237.236 million compared to RM217.282 million; and the increment was largely attributed to selling price increases during the quarter to pass on additional production cost to customers. To recap, the current quarter experienced stiff rise in total production cost as a result of surge in latex prices to RM7.20 per kg, 78% increase in natural gas, 26% more expensive electricity and substantial increase in some chemical inputs. Despites of a record high production cost facing the Group during the quarter, the average earning per glove has notably improved by 10.4% which translated into a higher profit before taxation amounting RM19.268 million compared to RM17.446 million of its preceding quarter.

Some 2.07 billion pieces of medical glove was sold during the quarter with bulk of the quantity sold comprising premium grade powder-free and nitrile segments. Out of the 2.07 billion pieces of glove sold, powder free constituted 46.5%, 25.5% in nitrile and the remaining of 28% in powdered category. To recap, the Group sold 4.6 billion pieces of glove for the first six months of FY2008 and has been running at full capacity since the beginning of this year.

EXPANSION PROGRAM

Commissioning of the 11 double-former lines to make nitrile gloves is progressing well and smooth

Our expansion program to commission another 11 double-former lines is advancing well and is expected to start commercial production in late December this year. This expansion will add some 2.0 billion pieces of nitrile gloves to our existing capacity of 9.6 billion pieces and will underpin the Group's earnings for financial year 2009.

In tackling immediate capacity constraint, we are expanding and modifying some existing lines to produce nitrile gloves

The Group has been facing capacity constraint since 1st Quarter this year and requires some extra 80 to 90 million pieces of gloves per month, particularly in the nitrile segment to satisfy the mounting orders up until our next capacity expansion. Pending the availability of new glove capacity from the new 11 double-former lines, some of our existing lines have been expanded and modified to produce more nitrile gloves.

Strategy going forward: emphasize on higher value added products

Going forward, the Group will stay focus on premium powder free medical gloves given in both natural rubber and nitrile segments. Regardless of how the consumption trend varying between natural rubber and nitrile gloves, with the Group's highly versatile production lines, the Group is poised to capture more market share for both natural rubber and nitrile gloves. Effective R&D and production automation will be the two keys areas that the Group is focusing on in order to stay competitive in the rubber glove industry and to sustain its position associated with superior quality products.

GROUP PROSPECTS

The outlook of the industry and the Group remains bright despites of current difficult economy condition. Given the facts that glove is a basic necessity for protection, affordable pricing, no substitution and less vulnerable to a slowdown, demand for medical gloves is believed to remain strong. However, recognizing the mounting uncertainties in the commodity, financial and equity market for the next 12 to 18 months, the Group will adopt a more cautious stance in planning its capacity expansion and will continue to seek avenues to strengthen the Group's overall position. Barring any untoward circumstances, the Group is confident will deliver a better operating result in the forthcoming quarters.

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