

**PRESS RELEASE**
KENYATAAN AKHBAR o **企业新闻**

Klang, February 23, 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 RUBBER ACHIEVED RECORD 28.55% GROWTH IN NET PROFIT OF RM29.071 MILLION

I am delighted to announce that the Kossan Rubber Industries Bhd achieved a record net profit of RM29.071 million for the twelve months up to 31 December 2005, an increase of 28.59% from RM22.613 million recorded in 2004.

The higher Group's net profit was attributable to the higher revenue of RM387.966 million or an increase of 38.97% compared to RM279.155 million achieved in the previous financial year. This significant improvement in both revenues and net profit were mainly attributed to expanded production capacity in both examination glove and technical rubber products. More aggressive marketing effort, effective cost management and product strategy with great emphasis on higher end gloves are also the key ingredients to our record performance in 2005.

Summary of 4th Quarter FY2005 Financial Results

(RM' 000)	Individual Quarter		Change (%)	12 months Cumulative		Change (%)
	4Q2005	4Q2004		2005	2004	
Revenue	107,287	71,720	49.59	387,966	279,155	38.97
Operating Profit	10,244	9,472	8.15	39,875	32,115	24.16
Profit Before Tax	9,351	8,620	8.48	36,148	29,259	23.54
Profit After Tax	7,259	5,538	31.07	29,067	22,604	28.59
Net Profit*	7,165	5,595	28.06	29,071	22,613	28.55
EPS (sen)	4.48	3.5	28.00	18.18	14.14	28.57
Shareholders' Funds	-	-	-	158,743	136,880	15.97
NTA (sen)	-	-	-	1.01	1.02	-
Net Gearing				0.51	0.38	-

For more information contact: Edward Yip of Group Corporate Affairs, Kossan Rubber Industries Berhad at 03-3290 2580 or email: edwardyip@kossan.com.my or Visit our Website : www.kossan.com.my



Stronger Quarter in 2005

For the current quarter ended 31 December 2005, the Group recorded significant higher revenue of RM107.287 million, grew by 49.59% compared to RM71.720 million achieved during the same quarter in the previous financial year. Profit after tax surged 31.07% to RM7.259 million from RM5.538 million recorded in the preceding year corresponding quarter.

The growth was mainly attributed by the Group's expanded capacity, continuous improvement in cost control, production efficiency, stringent quality management; and implementation of effective marketing and product strategy.

Rising Trend in Revenue And Profitability With Compounded Annual Growth Rate of 29% And 65% For the Past 5 Years

"Long term and sustainable growth" has been the Group's commitment to our shareholders-investors. The Group has continued to deliver a rising trend in revenue and profitability over the years.

The Group's revenue has grown 3.6 times from RM107.205 million in 2000 to RM387.966 million in 2005, whilst the net profit rose by 12 times from RM2.367 million in 2000 to RM29.071 million in 2005. Growth rate in earnings per share surpassed 800%, from 4.58 sen per share to 18.18 sen per share (adjusted) over the same period.

Both revenue and net profit have registered a 5-years compounded annual growth rate of 29% and 65% respectively.

Continuously Expanding And Growing

For the period under review, our installed capacity for both examination glove and technical rubber product was practically fully utilized due mainly to fast growing demand on our products from our existing and new customers. Prior to February 2006, Kossan Rubber is operating with 49 production lines that able to produce 3.9 billion pieces of glove per annum and the Group is at all times, running not less than 95% of its overall capacity. This is in line with our key strength of high production efficiency.



KOSSAN RUBBER INDUSTRIES BHD (48166-W)

The Name You Can Trust!

Under the Group's master expansion program, an additional of 26 new production lines will be installed to the existing of 49 lines; and we are pleased to inform that the first 13 lines have been installed and fully commissioned. These 62 production lines will increase our production capacity to 5.0 billion from 3.9 billion pieces of gloves per annum. The commissioning of the remaining 13 lines is expected to complete and fully operational by July this year and the capacity will further raise to 6.0 billion per annum.

Further expansion program to install another 26 production lines will be implemented in batches for 2007/2008 and with the total 101 production lines, total capacity will rise to 9.5 billion pieces per annum.

Group Prospects

The outlook of the industry remains excellent and the Group will continue to expand, both for the glove and technical rubber product. With the Group's robust and positive outlook, Kossan Rubber is well positioned to deliver better results in the coming quarters in terms of revenue and earnings.

To assure our shareholders-investors with long term and sustainable financial achievement, Kossan Rubber will continue to pursue its strategy in capacity expansion, aggressive and effective marketing strategy, more stringent cost control, as well as better product mix with greater emphasis on premium gloves and continuous improvement in product quality and overall production efficiency.

Lim Kuang Sia
Group Managing Director/CEO
February 23, 2006

For more information contact: Edward Yip of Group Corporate Affairs, Kossan Rubber Industries Berhad at 03-3290 2580 or email: edwardyip@kossan.com.my or Visit our Website : www.kossan.com.my