



<b>PRESS RELEASE</b> <b>KENYATAAN AKHBAR</b> o <b>企业新闻</b>	Klang, May 18, 2006
	<b>Note to Editors:</b> This press release is issued by Mr. Lim Kuang Sia, Group Managing Director/CEO of Kossan Rubber Industries Bhd <b>EMBARGOED UNTIL 5.00 P.M.</b>
<b>KOSSAN POSTS PRE-TAX PROFIT OF RM8.801 MILLION FOR FIRST 3 MONTHS OF 2006</b>	

Kossan Rubber Industries Bhd announced to Bursa Malaysia its 1<sup>st</sup> Quarter financial performance for FY2006 this evening. For the first 3 months ended 31 March 2006, the Group recorded a profit before taxation of RM8.801 million against the revenue of RM107.233 million, 3% increase compared to its preceding year corresponding period.

#### Summary of 1<sup>st</sup> Quarter FY2006 Financial Result

(RM' Mil)	Individual Quarter				
	1Q 2006	4Q2005	Change (%)	1Q2005	Change (%)
Revenue	107.233	107.287	-	85.407	+25.6
Operating Profit	9.983	10.244	-2.60	9.451	+5.62
Profit Before Tax	8.801	9.351	-5.88	8.545	+2.99
Profit After Tax	7.369	7.259	+1.51	6.993	+5.37
EPS (sen)	4.61	4.48	+2.90	4.38*	+5.25

\* Based on 159, 866,976 ordinary shares at RM0.50 each

#### Result Commentary

Overall achievement for the period under review was comparable with the third- and fourth-quarter of previous year as the Group's production capacity in examination glove had been fully utilized since August 2005 and was unable to satisfy extra orders. The flat first quarter 2006 performance was not unexpected as the fresh capacity of 1.0 billion pieces of glove from the new 13 production lines was only available towards the end of March.

Operating profit margin came in weaker by 1.8% compared with the same quarter of previous financial year and this was attributed to stiff rise in the price of centrifuge latex, stronger Ringgit against US dollar and the timing difference between the cost increase and price revision.



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

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### **10% + 2% Dividend Proposed**

A final dividend of 10% less income tax and a special tax-exempt dividend of 2% was proposed for the year ended 31 December 2005 on 19 April 2006.

### **Positive Outlook**

Going forward, the Group has a positive outlook in terms of higher revenue and profitability through its continuing capacity expansion in glove production and technical rubber products. The construction and installation of the second 13 production lines is progressing well. These new lines are expected to commence operation by September this year and the Group's existing capacity of 5.0 billion pieces of glove will be further enlarged to 5.5 billion pieces.

With the expanded capacity and growing demand, the Management is confident to deliver better results in the coming quarters.

**Lim Kuang Sia**  
Group Managing Director/CEO  
May 18, 2006

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