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| PRESS RELEASE KENYATAAN AKHBAR o 企业新闻 (First Quarter 2007 financial result) | Klang, May 18, 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. |
| “FIRST 3 MONTHS PRE-TAX PROFIT STOOD AT RM14.099 MILLION AGAINST RM162.485 MILLION REVENUE, INCREASED BY 60.2% COMPARED TO 1Q 2006” | |

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

Summary of 1st Quarter FY2007 Financial Result

| (RM' million) | Change | | | Change | |
|------------------------|---------|---------|--------------|---------|-------------|
| | 1Q2007 | 1Q2006 | (%) | 4Q2006 | (%) |
| Revenue | 162.485 | 107.233 | +51.5 | 170.716 | -4.8 |
| Profit Before Taxation | 14.099 | 8.801 | +60.2 | 14.844 | -5.0 |
| Profit After Tax | 11.639 | 7.369 | +57.9 | 11.713 | -0.6 |
| EPS (sen) | 7.28 | 4.67 | +55.9 | 7.33 | -0.7 |
| Shareholders' Funds | 202.435 | 166.027 | +21.9 | 191.370 | +5.8 |
| NTA (sen) | 1.26 | 1.05 | +20.0 | 1.19 | +5.8 |
| Net Gearing (%) | 62.6 | 53.7 | - | 71.7 | - |

Result Commentary

For the first 3 months ended 31 March 2007, the Group recorded a profit before taxation of RM11.639 million against the revenue of RM162.485 million, 57.9% increase compared to its preceding year corresponding period. The higher profit was attributed to the 51.5% growth in revenue compared to 1st quarter of year 2006, riding on the expanded production capacity throughout the year of 2006.

Compared to 4th quarter of 2006, the revenue of current quarter is 4.8% lower and this is attributed to lower selling price on the effect of easing latex cost. In general, the overall performance of current quarter is comparable to its previous quarter as the Group is running at almost full capacity during the quarter and practically, we have no capacity to fill up new orders



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received during the quarter under review. This speaks well for our high utilization rate of not less than 95% of our total installed capacity.

Expansion Program

The commissioning of new 13 lines has been completed in the second week of this month and full stream of production is expected in early June. 10 out of these 13 lines are allocated to produce powder-free medical gloves and the remaining 3 lines are designed to produce premium surgical gloves to cater the growing demand from MNCs.

With this expansion completed, our production capacity has currently risen to 8.5 billion pieces from the previous of 7.2 billion pieces.

13% Dividend for Financial Year 2006

The Group has proposed a 5% taxable and 8% tax exempt first and final dividend for the financial year of 2006 and this will subject to the approval of shareholders in the forthcoming AGM on 18 June 2007.

Group Prospects

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 the medical application gloves 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
May 18, 2007