



PRESS RELEASE KENYATAAN AKHBAR o 企业新闻	Klang, August 17, 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 POSTS PRE-TAX PROFIT OF RM11.671 MILLION FOR 2ND QUARTER OF 2006 RIDING ON STRONGER REVENUE	

Kossan Rubber Industries Bhd announced to Bursa Malaysia its 2nd Quarter financial performance for FY2006 this evening. For the quarter ended 30 June 2006, the Group recorded significantly higher revenue of RM133.269 million translating an increase of 50.7% against the revenue of RM88.460 million achieved during the same quarter in the previous financial year. Profit after tax surged 33.6% to RM9.603 million from RM7.187 million recorded in the preceding year corresponding quarter.

For the current cumulative year to date 30 June 2006, the Group achieved revenues of RM240.502 million and profit after tax of RM16.972 million as compared to revenue of RM173.867 million and profit after tax of RM 14.180 million recorded in the corresponding period ended 30 June 2005, translating a growth rate of 38.3% and 19.7% respectively.

Summary of 2nd Quarter FY2006 Financial Result

	Individual Quarter			Year-to-date		
	2Q05	2Q06	% Change	6 mth' 05	6 mth' 06	% Change
Revenue	88,460	133,269	50.7%	173,867	240,502	38.3%
Operating Profit	9,818	13,141	33.8%	19,269	23,124	20.0%
Profit before taxation	8,842	11,671	32.0%	17,387	20,472	17.7%
Profit After Taxation	7,187	9,603	33.6%	14,180	16,972	19.7%



Growing demand in powder free and nitrile examination gloves boosts up the top and bottom lines

The significant improvement in revenues and profit after tax were mainly attributed to expanded glove production capacity with a new 13 efficient production lines, which mainly catered for high-end powder free and nitrile examination gloves in April this year. Currently, Kossan is operating with 62 production lines with production capacity (annualized) not less than 5.0 billion pieces of glove per annum against 3.9 billion pieces prior to the recent capacity expansion, an increase of approximately 30%.

On quarter to quarter comparison, the 2nd quarter 2006's profit after tax of RM9.603 million was 30.3% higher compared to the 1st quarter of RM7.369 million, corresponds to 30% growth in production capacity. The demand on our examination gloves, both powder-free and nitrile, is growing strong and we have no spare capacity despite the expanded capacity since April this year.

2nd 13 lines is targeted to commence commercial production in September

The business of the Group continues to expand, both for the gloves and technical rubber products. The 2nd phase of expansion to install another 13 production lines to our KLI-2 factory is progressing well and is targeted to commence commercial production in early September this year. This will raise the current glove production capacity (annualized) of the Group to 5.5 billion pieces per annum. Currently, our glove division is running at approximately 95% of its total installed capacity whereas, the technical rubber products division is running at approximately 80 to 85%.

Positive Outlook for the Industry and the Company

The outlook for the industry, both gloves and technical rubber products remains excellent on the back of growing global consumptions and increased outsourcing from the West. Given our track record in good product quality, timely delivery, professional in business dealings and versatile production technology, Kossan has a competitive edge to tap on this new market share and continues to be the preferred manufacturer-supplier for multinational corporations in developed nations.

Coupled with the recent sharp fall in latex price and meaningful capacity expansion program, the Management is confident to deliver better results in the coming quarters.

Lim Kuang Sia

Group Managing Director/CEO

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