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| PRESS RELEASE KENYATAAN AKHBAR ◦ 企业新闻 (Second Quarter 2007 financial result) | Klang, August 17, 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. |
| “THE GROUP REPORTED RM27.888 PROFIT BEFORE TAXATION FOR THE FIRST 6 MONTHS, A JUMP BY 36.2% RIDDING ON 34.4% GROWTH IN REVENUE COMPARED TO ITS CORRESPONDING PERIOD IN PREVIOUS YEAR” | |

Kossan Rubber, World’s leading powder-free premium medical glove manufacturer is pleased to announce the unaudited results for the second quarter ended 30 June 2007 and provide a review of recent notable events and achievements.

Result Commentary

The Group recorded a 20.6% growth in revenue to RM160.783 million from RM133.269 million reported in the corresponding quarter in the previous financial year. Profit before taxation jumped 18.2% to RM13.790 million compared to RM11.671 million registered in the quarter ended 30 June 2006.

For the first 6 months of current financial year, revenue hits RM323.268 million cumulatively or increased by 34.4% compared to RM240.502 million in the previous financial year. The Group achieved a 36.2% increase in profit before taxation to RM27.888 million.



Compared to the Group's achievement in first quarter this year, current quarter achievement came in flat due to capacity constraint. The Group reported a marginally lower revenue and profit before taxation by RM1.702 million and RM309,000 respectively. This is not unexpected as the Group is still short of capacity to tap on more orders despite with rounds of capacity expansion since last financial year.

Summary of 1st Quarter FY2007 Financial Result

| (RM' million) | 6 mths Cumulative (Jan – June) | | | Individual Quarter | | |
|------------------------|--------------------------------|---------|--------------|--------------------|---------|--------------|
| | 2007 | 2006 | (%) | 2Q2007 | 2Q2006 | (%) |
| Revenue | 323.268 | 240.502 | +34.4 | 160.783 | 133.269 | +20.6 |
| Operating Profit | 31.815 | 23.124 | +37.6 | 15.823 | 13.141 | +20.4 |
| Profit Before Taxation | 27.888 | 20.472 | +36.2 | 13.790 | 11.671 | +18.2 |
| Profit After Tax | 23.028 | 16.972 | +35.7 | 11.390 | 9.603 | +18.6 |
| EPS (sen) | 14.4 | 10.7 | +35.8 | 7.1 | 6.0 | +18.3 |
| Shareholders' Funds | 213.824 | 175.685 | - | 213.824 | 175.685 | - |
| NTA (RM) | 1.33 | 1.10 | - | 1.33 | 1.10 | - |
| Net Gearing (%) | 56.2 | 60.0 | - | 56.2 | 60.0 | - |

Expansion Program

The commissioning of new 13 lines has been completed in early June with commercial production only started full stream in mid-June and thus, lead to flattish growth in current quarter. We expect a much stronger performance in the second half of this year amid the full contribution from these 13 lines.

With this expansion completed, our production capacity has since risen to 8.5 billion pieces from the previous of 7.2 billion pieces. For the first seven months ended 31 July, total gloves produced by the Group hits approximately 4.0 billion pieces with bulk of the output comprising premium powder free gloves. Full year output of gloves is expected not less than 7.9 billion pieces or 93% to our effective capacity.

Riding on the strong momentum of glove orders, the Group is adding another 14 production lines and is expected to complete by end of this year. These 14 new lines are mainly geared for our aimed double digits growth in 2008.



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

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
August 17, 2007

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