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| PRESS RELEASE KENYATAAN AKHBAR o 企业新闻 | Klang, February 14, 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. |
| KOSSAN RUBBER POSTS RECORD PROFIT OF RM39.725 MILLION ON RM573.860 MILLION OF REVENUE | |

Kossan Rubber, World's leading powder-free premium medical glove manufacturer is pleased to announce the unaudited results for the fourth quarter ended 31 December 2006 and provide a review of recent notable events and achievements.

Kossan Rubber Industries Bhd achieved another year of record profits in 2006 with pretax profit increasing by 34.2% to reach RM48.566 million. The Group's net profit attributable to shareholders rose by RM10.779 million or 37.2% to RM39.725 million whilst net return on equity was higher at 20.7% compared to 18.0% in 2005.

The higher profit was contributed by growth in revenue of 49.4% or RM573.860 million compared to RM384.192 million in the previous financial year, driven by continued strong growth in both the examination gloves and technical rubber products businesses of the Group. This strong performance validates our leading position for the premium examination gloves and rubber products in the world market.

| (RM' million) | Individual 4 th Quarter | | Change (%) | 12 months Cumulative | | Change (%) |
|----------------------------|------------------------------------|---------|-------------|----------------------|---------|-------------|
| | 2005 | 2006 | | 2005 | 2006 | |
| Revenue | 107.287 | 170.716 | 59.1 | 384.192 | 573.860 | 49.4 |
| Operating Profit | 10.244 | 17.397 | 69.8 | 39.837 | 55.606 | 39.6 |
| Profit Before Taxation | 9.351 | 14.844 | 58.7 | 36.181 | 48.566 | 34.2 |
| Profit After Tax | 7.259 | 11.713 | 61.4 | 29.025 | 39.577 | 36.4 |
| Net Profit to Shareholders | 7.165 | 11.748 | 64.0 | 28.946 | 39.725 | 37.2 |
| EPS (sen) | 4.48 | 7.35 | 64.1 | 18.16 | 24.76 | 36.3 |
| Shareholders' Funds | - | - | - | 160.859 | 191.370 | 19.0 |
| NTA (sen) | - | - | - | 1.01 | 1.19 | - |
| Net Gearing (%) | - | - | - | 55.6 | 71.7 | - |



Highlights of the Kossan Rubber's Performance in 2006

- Earnings per share soared by 36.3% to 24.76 sen from 18.16 sen in 2005;
- Utilization rate of production capacity for examination glove division maintain at above 95% whilst technical rubber product at 85%;
- Kossan Rubber achieved an organic production capacity growth rate of 65% to 6.5 billion pieces of gloves from 3.9 billion in 2005;
- Total bank borrowings stood at RM140.237 million, approximately 80% are short term in nature which comprising various trade facilities;
- Total Assets expanded by 37.9% in 2006 to stand at RM434.760 million compared to 2005.

Continuously Expanding and Growing

The Group added 26 new production lines to the existing of 49 lines in 2006 and this raised the effective production capacity to 6.5 billion pieces of glove from the 3.9 billion pieces in the previous year. Despite with a further increase of 65% in production capacity throughout the year of 2006, the enlarged capacity is still insufficient to cater the increasing demand from our new and existing customers. To our valued customers, we wish to express our heartfelt thanks to them for their patience on the up and coming new capacity.

Again in this year, more lines will be added on the back of strong demand for our gloves. As part of our expansion master plan for 2007, a new 13 lines that able to produce an additional of 1.3 billion pieces of glove has been installed and is expected to commence commercial production by end of April 2007. This will raise our production capacity to 8.5 billion pieces per annum effectively. The construction of new lines which started in September 2006 has progressed well and heading to 85% of completion. Riding on our well-planned and market driven expansion program, we are confident able to perform even stronger for 2007.

Focus on Powder-Free Examination and Surgical Gloves

By capitalizing our strength and quality track record in manufacturing premium gloves, we will continue to focus on powder-free (both natural rubber and nitrile) and surgical glove segment in our expansion programs going forward. Up to 31 December 2006, more than 4.0 billion pieces, or 70% of the 5.9 billion pieces of glove produced are in powder-free examination glove while the balance of 30% are powdered glove for medical application.



Improved Shareholder Value

Kossan Rubber's strong and sustainable profit performance is well reflected in its share price. Kossan Rubber share price rose from RM2.16 at the start of 2006 to RM4.68 at the end 2006 and its market capitalization has increased by 216.7% from RM345.311 million to RM748.173 million during the same period.

Group Prospects

The outlook of the industry remains excellent and the Group will continue to expand, both for the gloves and technical rubber products. With the Group's strong track record in manufacturing quality products and its leading role in the medical application glove market, we are well-positioned to tap on more market share and confident to deliver a better operating results in 2007 barring unforeseen circumstances.

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

A Note of Appreciation

I would like to put on record my deepest appreciation to all our customers, shareholders, business associates, fund managers and investment analysts who have supported and believed in us over the years.

Lim Kuang Sia
Group Managing Director/CEO
February 14, 2007