



# AirBoss of America Corp.

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Toronto Stock Exchange Symbol: BOS

## NEWS RELEASE

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### AIRBOSS ANNOUNCES 2nd Quarter 2007 RESULTS

AirBoss of America Corp. ("AirBoss") announces the following results for the three and six month periods ended June 30, 2007:

(thousand \$CAD, except shares and per share amounts)	Three months ended June 30		Six months ended June 30	
	2007	2006	2007	2006
Net Sales	\$59,367	\$60,884	\$119,024	\$121,999
Gross margin	5,639	9,115	12,008	17,401
Earnings before interest, tax and amortization from continuing operations (EBITDA) (Note 1)	2,901	5,746	6,575	10,462
Interest expense	854	796	1,629	1,626
Net income from continuing operations	935	3,402	2,078	5,230
Net loss from discontinued operations	(67)	(280)	(60)	(331)
Net income	868	3,122	2,018	4,899
<u>Net income per share from continuing operations</u>				
-Basic	0.04	0.14	0.09	0.22
-Diluted	0.04	0.14	0.09	0.22
<u>Net income per share</u>				
-Basic	0.04	0.13	0.08	0.21
-Diluted	0.04	0.13	0.08	0.21
<u>Dividend declared per share</u>	0.025	-	0.025	-
<u>Cash flow before changes in non-cash working capital from continuing operations</u>				
	1,841	3,475	3,648	6,209
<u>Common shares outstanding (millions)</u>				
-Basic	23.8	23.7	23.8	23.3
-Diluted	24.0	24.2	24.0	23.8

Sales for the three-month period ended June 30, 2007 decreased 2.5% while net income from continuing operations decreased from \$3.4 million in 2006 to \$0.9 million in 2007.

Rubber compounding 2<sup>nd</sup> Quarter sales volumes decreased by 7% as a result of continued weakness in the conveyor belting, solid tire, automotive and retread tire sectors. The Company sees some improvement in these sectors in the last half of 2007 and expects to add customers in new market segments such as roofing, flooring and hose. In addition to the impact of lower volumes, margins were affected by domestic supply shortages of certain synthetic rubbers which necessitated replacement sourcing on the foreign spot market at a higher cost.

Demand for rubber compounds in certain other traditional markets such as automotive and on-road pneumatic tires is expected to continue to remain weak in 2007. These account for a smaller percentage of our total business but will have the effect of sustaining an industry excess capacity situation and therefore a very competitive marketplace.

Margins should improve in Rubber Compounding in the second half of the year with the elimination of the need to purchase a significant amount of materials on the spot market and the elimination of certain redundancy costs incurred in the first six months.

AirBoss-Defense Division sales increased by \$1.1 million or 24.8% in the 2<sup>nd</sup> Quarter due to increased shipments of CBRN footwear. Sales of CBRN military and First Response protective wear in both Europe and North America should continue to increase in the second half of 2007. As a result of orders received in June 2007 we anticipate that sales for the second half should substantially exceed those for the first six months. This additional volume should also improve margins which were reduced on US Military sales due to the strengthened Canadian dollar.

AirBoss of America Corp. develops, manufactures, and sells high quality, proprietary rubber-based products offering enhanced performance and productivity to transportation, military and industrial markets. With a capacity to supply 250 million pounds of rubber annually to a diverse group of rubber manufacturers, AirBoss is also one of North America's largest custom rubber compounding companies. The Company's shares trade on the TSX under the symbol BOS. Visit [www.airbossofamerica.com](http://www.airbossofamerica.com).

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The full quarterly report will be posted on the Company's website ([www.airbossofamerica.com](http://www.airbossofamerica.com)).

A conference call to discuss the quarterly results is scheduled for 9:00 am EDT, August 10<sup>th</sup>, 2007. Please follow the link on our website or at [www.ccnmatthews.com](http://www.ccnmatthews.com) under webcasts or dial in to the following numbers: 416-641-6130 or Toll Free: 1-866-226-1792. Direct Replay Access number: 1-800-408-3053.

**Note 1** - EBITDA refers to net earnings from continuing operations determined in accordance with GAAP, before amortization, interest expense and income tax. The Company discloses EBITDA, a financial measurement used by interested parties and investors to monitor the ability of an issuer to generate cash from operations for debt service, financing working capital and capital expenditures, and pay dividends. EBITDA does not have a standardized meaning prescribed by GAAP and is not necessarily comparable to similar measures presented by other issuers. EBITDA is not a measure of performance under GAAP and should not be considered in isolation or as a substitute for net income under GAAP.

(\$thousands)	Three months ended June 30		Six months ended June 30	
	2007	2006	2007	2006
Income from continuing operations before income taxes	<b>809</b>	3,685	<b>2,554</b>	6,333
Interest expense	<b>854</b>	796	<b>1,629</b>	1,626
Amortization from continuing operations	<b>1,238</b>	1,265	<b>2,392</b>	2,503
<b>EBITDA from continuing operations</b>	<b>2,901</b>	5,746	<b>6,575</b>	10,462

#### AIRBOSS FORWARD LOOKING STATEMENT DISCLAIMER

*Certain statements included herein, including those that express management's expectations or estimates of future developments or AirBoss' future performance, constitute "forward-looking statements" within the meaning of applicable securities laws. Words such as "may", "could" "expects", "anticipates", "forecasts", "plans", "intends" or similar expressions are intended to identify forward-looking statements.*

*Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management at the time the statements are made, are inherently subject to significant business, economic and competitive uncertainties and contingencies. AirBoss cautions that such forward-looking statements involve known and unknown risks, uncertainties and other risks that may cause AirBoss' actual financial results, performance, or achievements to be materially different from its estimated future results, performance or achievements expressed or implied by those forward-looking statements. Numerous factors could cause actual results to differ materially from those in the forward-looking statements, including without limitation: changes in accounting policies and methods including uncertainties associated with critical accounting assumptions and estimates; AirBoss' ability to maintain existing customers or develop new customers in light of increased competition; cyclical trends in the tire and automotive, construction, mining, retail and rail transportation industries; sufficient availability of raw materials at economical costs; weather conditions affecting raw materials, production and sales; potential product liability and warranty claims; its dependence on key customers; equipment malfunction; changes in the value of the Canadian dollar relative to the US dollar; ability to obtain financing on acceptable terms; environmental damage caused by it and non-compliance with environmental laws and regulations; changes in tax laws, and potential litigation.*

*This list is not exhaustive of the factors that may affect any of AirBoss' forward-looking statements. Investors are cautioned not to put undue reliance on forward-looking statements. All subsequent written and oral forward-looking statements attributable to AirBoss or persons acting on its behalf are expressly qualified in their entirety by this notice. Whether as a result of new information, future events or otherwise, AirBoss disclaims any intent or obligation to update publicly these forward-looking statements. Risks and uncertainties about AirBoss's business are more fully discussed in the Management's Discussion and Analysis of Financial Condition and Results of Operations in the 2006 Annual Report to Shareholders under the heading "Risk Factors".*