



**KOSSAN RUBBER INDUSTRIES BHD**  
Company No. 197901003918 (48166-W)  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

|   | UNAUDITED<br>AS AT<br>31/03/2023<br>RM '000 | AUDITED<br>AS AT<br>31/12/2022<br>RM '000 |
|---|---|---|
| <b>ASSETS</b>   |   |   |
| <b>Non-Current Assets</b>                                   |   |   |
| Property, plant & equipment                                 | 1,340,748                                   | 1,356,924                                 |
| Investment properties                                       | 42,945                                      | 40,168                                    |
| Other investments   | 181   | 181                                       |
| Goodwill on consolidation                                   | 4,926                                       | 4,926                                     |
| Intangible assets   | 1,123                                       | 1,108                                     |
| Rights-of-use assets  | 63,884                                      | 63,071                                    |
| Deferred tax assets   | 4,254                                       | 4,254                                     |
|   | <b>1,458,061</b>                            | <b>1,470,632</b>                          |
| <b>Current Assets</b>                                       |   |   |
| Inventories   | 255,063                                     | 287,073                                   |
| Trade receivables   | 219,412                                     | 264,851                                   |
| Current tax assets  | 203,285                                     | 205,577                                   |
| Other receivables   | 27,417                                      | 26,438                                    |
| Other investments <sup>1</sup>                              | 751,515                                     | 724,567                                   |
| Cash and bank balances                                      | 1,265,893                                   | 1,348,010                                 |
|   | <b>2,722,585</b>                            | <b>2,856,516</b>                          |
| <b>TOTAL ASSETS</b>   | <b>4,180,646</b>                            | <b>4,327,148</b>                          |
| <b>EQUITY AND LIABILITIES</b>                               |   |   |
| <b>Equity attributable to equity holders of the Company</b> |   |   |
| Share capital   | 323,885                                     | 323,885                                   |
| Reserves  | 3,472,713                                   | 3,551,781                                 |
|   | <b>3,796,598</b>                            | <b>3,875,666</b>                          |
| Non-controlling interests                                   | 22,945                                      | 22,266                                    |
| <b>Total Equity</b>   | <b>3,819,543</b>                            | <b>3,897,932</b>                          |
| <b>Non-Current Liabilities</b>                              |   |   |
| Loans and borrowings  | 117   | 291                                       |
| Deferred tax liabilities                                    | 137,703                                     | 137,703                                   |
| Lease liabilities   | 5,477                                       | 6,473                                     |
|   | <b>143,297</b>                              | <b>144,467</b>                            |
| <b>Current Liabilities</b>                                  |   |   |
| Trade and other payables                                    | 169,517                                     | 204,883                                   |
| Derivative financial liabilities                            | 4,693                                       | 1,214                                     |
| Lease liabilities   | 7,112                                       | 6,207                                     |
| Bank borrowings   | 6,217                                       | 27,353                                    |
| Term loans  | 30,267                                      | 43,230                                    |
| Taxation  | -   | 1,862                                     |
|   | <b>217,806</b>                              | <b>284,749</b>                            |
| <b>Total liabilities</b>                                    | <b>361,103</b>                              | <b>429,216</b>                            |
| <b>TOTAL EQUITY AND LIABILITIES</b>                         | <b>4,180,646</b>                            | <b>4,327,148</b>                          |
| <b>Net assets per share (sen)</b>                           | <b>148.79</b>                               | <b>151.89</b>                             |

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Annual Financial Statements for the year ended 31 December 2022

<sup>1</sup> Other Investments in current assets represents investments in money market with a redemption notice of one (1) business day and has insignificant risk in the underlying assets invested.



**KOSSAN RUBBER INDUSTRIES BHD**  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

|   | Attributable to<br>equity holders of Company |                        |                    |                    |                      |           | Non-<br>Controlling<br>Interests | Total     |
|---|--|------------------------|--------------------|--------------------|----------------------|-----------|----------------------------------|-----------|
|   | Share<br>Capital                             | Translation<br>Reserve | Treasury<br>Shares | Capital<br>Reserve | Retained<br>earnings | Total     |                                  |           |
|   | RM '000                                      | RM '000                | RM '000            | RM '000            | RM '000              | RM '000   | RM '000                          | RM '000   |
| <b>Unaudited - for the period ended<br/>31 March 2022</b> |  |                        |                    |                    |                      |           |                                  |           |
| <b>At 01 January 2023</b>                                 | 323,885                                      | 3,817                  | (26,764)           | 2,431              | 3,572,297            | 3,875,666 | 22,266                           | 3,897,932 |
| <b>Movement during the period</b>                         | -  | 8,976                  | -                  | -                  | -                    | 8,976     | -                                | 8,976     |
| <b>Dividends<br/>To owners of the Company</b>             | -  | -                      | -                  | -                  | (63,790)             | (63,790)  | -                                | (63,790)  |
| <b>Total comprehensive income<br/>for the period</b>      | -  | -                      | -                  | -                  | (24,254)             | (24,254)  | 679                              | (23,575)  |
| <b>At 31 March 2023</b>                                   | 323,885                                      | 12,793                 | (26,764)           | 2,431              | 3,484,253            | 3,796,598 | 22,945                           | 3,819,543 |
| <b>Unaudited - for the period ended<br/>31 March 2022</b> |  |                        |                    |                    |                      |           |                                  |           |
| <b>At 01 January 2022</b>                                 | 323,885                                      | 12,890                 | (26,764)           | 939                | 3,721,396            | 4,032,346 | 28,003                           | 4,060,349 |
| <b>Movement during the period</b>                         | -  | (186)                  | -                  | -                  | -                    | (186)     | -                                | (186)     |
| <b>Total comprehensive income<br/>for the period</b>      | -  | -                      | -                  | -                  | 90,103               | 90,103    | 549                              | 90,652    |
| <b>At 31 March 2022</b>                                   | 323,885                                      | 12,704                 | (26,764)           | 939                | 3,811,499            | 4,122,263 | 28,552                           | 4,150,815 |
|   |  |                        |                    |                    |                      |           |                                  |           |

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Annual Financial Statements for the year ended 31 December 2022



**KOSSAN RUBBER INDUSTRIES BHD**  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

|  | <b>INDIVIDUAL PERIOD</b>                         |   | <b>CUMULATIVE PERIOD</b>                            |   |
|--|--|---|---|---|
|  | Current year<br>Quarter<br>31/03/2023<br>RM '000 | Preceding Year<br>Corresponding<br>Quarter<br>31/03/2022<br>RM '000 | Current<br>Year<br>to Date<br>31/03/2023<br>RM '000 | Preceding<br>Year<br>to Date<br>31/03/2022<br>RM '000 |
| <b>Revenue</b>   | 394,708  | 687,007   | 394,708   | 687,007   |
| Operating expenses   | (430,576)  | (576,038)   | (430,576)   | (576,038)   |
| Other operating income   | 17,242   | 9,895   | 17,242  | 9,895   |
| Profit/(loss) from operations  | (18,626)   | 120,864   | (18,626)  | 120,864   |
| Finance cost   | (448)  | (1,025)   | (448)   | (1,025)   |
| <b>Profit/(loss) before taxation</b>   | (19,074)   | 119,839   | (19,074)  | 119,839   |
| Taxation   | (4,501)  | (29,187)  | (4,501)   | (29,187)  |
| <b>Profit/(loss) after taxation</b>  | (23,575)   | 90,652  | (23,575)  | 90,652  |
| <b>Other comprehensive income, net of tax</b>                                |  |   |   |   |
| - Exchange difference translation  | -  | -   | -   | -   |
| <b>Total comprehensive income for the period</b>                             | (23,575)   | 90,652  | (23,575)  | 90,652  |
| <b>Attributable to:</b>  |  |   |   |   |
| Equity shareholders of the Company   | (24,254)   | 90,103  | (24,254)  | 90,103  |
| Non-controlling interests  | 679  | 549   | 679   | 549   |
|  | (23,575)   | 90,652  | (23,575)  | 90,652  |
| <b>Total comprehensive income for the period attributable to:</b>            |  |   |   |   |
| Equity shareholders of the Company   | (24,254)   | 90,103  | (24,254)  | 90,103  |
| Non-controlling interests  | 679  | 549   | 679   | 549   |
|  | (23,575)   | 90,652  | (23,575)  | 90,652  |
| <b>Earnings/(loss) per share attributed to equity holders of the Company</b> |  |   |   |   |
| Basic/diluted (sen)  | (0.95)   | 3.53  | (0.95)  | 3.53  |

The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Annual Financial Statements for the year ended 31 December 2022



**KOSSAN RUBBER INDUSTRIES BHD**  
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**NOTES TO UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

|  | <div>Current<br/>Quarter ended<br/>31/03/2023<br/>RM '000</div> | <div>Current<br/>Financial<br/>Period ended<br/>31/03/2023<br/>RM '000</div> |
|--|---|--|
| <b><u>Other operating income</u></b>         |   |  |
| Interest income                              | 9,209   | 9,209  |
| Investment income                            | 367   | 367  |
| Fair value gains on financial asset at FVTPL | 6,581   | 6,581  |
| Rental income                                | 164   | 164  |
| Other income                                 | 921   | 921  |
|  | <b>17,242</b>   | <b>17,242</b>  |
| <b><u>Other expenses</u></b>                 |   |  |
| Interest expenses                            | 448   | 448  |
| Depreciation                                 | 32,411  | 32,411   |
| Foreign exchange gain - realised             | 112   | 112  |
| Foreign exchange gain - unrealised           | 1,128   | 1,128  |
| Loss on derivatives - unrealised             | (4,979)   | (4,979)  |



**KOSSAN RUBBER INDUSTRIES BHD**  
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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

|   | Period to date<br>ended<br>31/03/2023<br>RM '000 | Period to date<br>ended<br>31/03/2022<br>RM '000 |
|---|--|--|
| <b>Net profit before taxation</b>                         | (19,074)   | 119,839  |
| <b>Adjustment for non-cash items</b>                      |  |  |
| Depreciation  | 32,411   | 31,463   |
| Interest income   | (9,209)  | (3,932)  |
| Interest expenses   | 448  | 1,025  |
| Foreign exchange gain - unrealised                        | (1,128)  | (1,733)  |
| Loss on derivatives - unrealised                          | 4,979  | 1,221  |
| <b>Operating profit before changes in working capital</b> | <u>8,427</u>                                     | <u>147,883</u>                                   |
| <b>Changes in Working Capital</b>                         |  |  |
| Net change in current assets                              | 81,595   | 136,373  |
| Net change in current liabilities                         | (31,887)   | (49,795)   |
| <b>Cash from operating activities</b>                     | <u>58,135</u>                                    | <u>234,461</u>                                   |
| Dividends paid  | (63,790)   | -  |
| Interest expenses   | (448)  | (1,025)  |
| Interest income   | 9,209  | 3,932  |
| Taxation paid   | (4,071)  | (191,409)  |
| <b>Net cash from operating activities</b>                 | <u>(965)</u>                                     | <u>45,959</u>                                    |
| <b>Investing activities</b>                               |  |  |
| Investment in financial instruments                       | (26,948)   | (878,281)  |
| Acquisition of property, plant and equipment              | (19,840)   | (20,535)   |
|   | <u>(47,753)</u>                                  | <u>(852,857)</u>                                 |
| <b>Financing activities</b>                               |  |  |
| Additional/(Repayment) of finance lease liabilities       | (91)   | 208  |
| Repayment of bank borrowings                              | (34,273)   | (29,163)   |
| <b>Net change in cash &amp; cash equivalent</b>           | <u>(82,117)</u>                                  | <u>(881,812)</u>                                 |
| <b>Cash &amp; cash equivalent at beginning of year</b>    | 1,348,010  | 2,557,765  |
| <b>Cash &amp; cash equivalent at end of the period</b>    | <u>1,265,893</u>                                 | <u>1,675,953</u>                                 |
| <b>Cash &amp; cash equivalent at end of the period</b>    |  |  |
| Cash & bank balances                                      | 1,075,380  | 1,431,695  |
| Short term deposits with licensed banks                   | 190,513  | 244,258  |
|   | <u>1,265,893</u>                                 | <u>1,675,953</u>                                 |

**The Unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Annual Financial Statements for the year ended 31 December 2022**

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**INTERIM FINANCIAL REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2023****Explanatory Notes****1. Basis of Preparation**

The unaudited interim financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards and paragraph 9.22 of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad. The accounting policies and method of computation adopted for the interim financial reports were consistent with new standards effective from 1/1/2023 inclusive of those adopted for the audited financial statements for the year ended 31 December 2022.

**2. Annual Audit Report**

The audit report of the audited financial statements for the year ended 31 December 2022 was not subject to any qualification.

**3. Seasonal or Cyclical Operations**

The operations of the Group were not affected by any seasonal or cyclical factors.

**4. Extraordinary and Exceptional Items**

There were no extraordinary and exceptional items of an unusual nature affecting assets, liabilities, equity, net income, or cash flows for the current quarter and financial period ended 31 March 2023.

**5. Changes in Material Estimates**

There were no significant changes in estimates used in the current quarter and financial period ended 31 March 2023.

**6. Movement of Company's Securities**

There were no issuance and repayment of debt and equity securities, share cancellations and resale of treasury shares in the current quarter and financial period ended 31 March 2023.

**7. Dividend Paid**

A 1st interim dividend of 2.5 sen per ordinary share for financial year ended 31 December 2022 declared on 16 Feb 2023 amounting to RM 63.79 million was paid out on 22 March 2023.

Other than the above, there were no other dividends paid in the current quarter and financial period ended 31 March 2023.

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**Explanatory Notes****8. Segmental Reporting**

|   | Divisions                      |                   |                       |                    | Total<br>RM '000 |
|---|--------------------------------|-------------------|-----------------------|--------------------|------------------|
|   | Technical<br>Rubber<br>RM '000 | Gloves<br>RM '000 | Clean-Room<br>RM '000 | Others*<br>RM '000 |                  |
| <b>Quarter and financial<br/>period ended</b> |                                |                   |                       |                    |                  |
| <b>- 31/03/2023</b>                           |                                |                   |                       |                    |                  |
| Revenue                                       | 56,153                         | 317,536           | 21,019                | -                  | 394,708          |
| Profit/(loss) before tax                      | 7,915                          | ( 34,904)         | 1,593                 | 6,322              | ( 19,074)        |
| <b>- 31/03/2022</b>                           |                                |                   |                       |                    |                  |
| Revenue                                       | 49,318                         | 609,261           | 28,428                | -                  | 687,007          |
| Profit before tax                             | 5,080                          | 111,013           | 1,309                 | 2,437              | 119,839          |

\* **Others** division of the Group mainly comprise investment holding, engineering and management services which are not of sufficient size to be reported separately.

**9. Valuation of Property, Plant and Equipment**

There were no changes or amendments to the valuation of property, plant and equipment from the previous year audited financial statements.

**10. Material Events Subsequent to the End of the Interim Report**

There were no significant event that has occurred between 01 April 2023 and the date of this announcement which will materially affect the earnings or income of the Group.

**11. Changes in the Composition of the Group****Treasury Shares**

|  | No of shares<br>'000 | Total Value<br>RM '000 |
|--|----------------------|------------------------|
| Balance as at 01 January 2023                  | 6,252                | 26,764                 |
| Buy back during the period ended 31 March 2023 | -                    | -                      |
| Balance as at 31 March 2023                    | <u>6,252</u>         | <u>26,764</u>          |

Of the total 2,557,871,616 issued and fully paid ordinary shares as at 31 March 2023, 6,252,000 ordinary shares are held as treasury shares by the Company.

Other than the above, there were no other changes in the composition of the Group including disposal of subsidiaries and long-term investment, restructuring and discontinuing operations of the Group in the current quarter and financial period ended 31 March 2023.

**12. Contingent Liabilities**

As at 31 March 2023, the Company has unsecured outstanding contingent liabilities amounting to RM36.60 million (31 Dec 2022: RM70.88 million) being corporate guarantees given to financial institutions for banking facilities granted to certain subsidiaries.

**13. Capital and other Commitments**

|  | As at financial period ended |                      |
|--|------------------------------|----------------------|
|  | 31/03/2023<br>RM'000         | 31/12/2022<br>RM'000 |
| Property, plant and equipment                |                              |                      |
| Within one year: Contracted but not provided | <u>88,128</u>                | <u>96,345</u>        |

**KOSSAN RUBBER INDUSTRIES BHD**

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**Explanatory Notes****14. Additional Information required pursuant to MMLR.****14.1 Review of Results**

|                          | <b>Current Quarter and<br/>Financial period ended</b> |                 |                |
|--------------------------|---|-----------------|----------------|
|                          | <b>31/03/23</b>                                       | <b>31/03/22</b> | <b>Changes</b> |
|                          | <b>RM '000</b>  | <b>RM '000</b>  | <b>%</b>       |
| Revenue                  | 394,708   | 687,007         | ( 42.55)       |
| Operating profit/(loss)  | ( 18,626)   | 120,864         | (115.41)       |
| Profit/(loss) Before     |   |                 |                |
| Interest and tax         | ( 18,626)   | 120,864         | (115.41)       |
| Profit/(loss) before tax | ( 19,074)   | 119,839         | ( 115.92)      |
| Profit/(loss) after tax  | ( 23,575)   | 90,652          | (126.01)       |
| Profit/(loss) attributed |   |                 |                |
| To Ordinary Equity       |   |                 |                |
| Shareholders             | ( 24,254)   | 90,103          | (126.92)       |

|   | <b>Divisions</b>            |                |                   |                |                |
|---|-----------------------------|----------------|-------------------|----------------|----------------|
|   | <b>Technical<br/>Rubber</b> | <b>Gloves</b>  | <b>Clean-Room</b> | <b>Others</b>  | <b>Total</b>   |
|   | <b>RM '000</b>              | <b>RM '000</b> | <b>RM '000</b>    | <b>RM '000</b> | <b>RM '000</b> |
| <b>Quarter and financial<br/>period ended</b> |                             |                |                   |                |                |
| <b>- 31/03/2023</b>                           |                             |                |                   |                |                |
| Revenue                                       | 56,153                      | 317,536        | 21,019            | -              | 394,708        |
| Profit/(loss) before tax                      | 7,915                       | ( 34,904)      | 1,593             | 6,322          | ( 19,074)      |
| PBT/(LBT)/Revenue %                           | 14.10                       | ( 10.99)       | 7.58              | na             | ( 4.83)        |
| <b>- 31/03/2022</b>                           |                             |                |                   |                |                |
| Revenue                                       | 49,318                      | 609,261        | 28,428            | -              | 687,007        |
| Profit before tax                             | 5,080                       | 111,013        | 1,309             | 2,437          | 119,839        |
| PBT/Revenue %                                 | 10.30                       | 18.22          | 4.61              | na             | 17.44          |
| <b>Comparison of financial period</b>         |                             |                |                   |                |                |
| <b>Percentage change</b>                      | <b>%</b>                    | <b>%</b>       | <b>%</b>          | <b>%</b>       | <b>%</b>       |
| Revenue                                       | 13.86                       | ( 47.88)       | ( 26.07)          | na             | ( 42.55)       |
| Profit/(loss) before tax                      | 55.81                       | (131.44)       | 21.70             | 159.42         | ( 115.92)      |



**KOSSAN RUBBER INDUSTRIES BHD**

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**Explanatory Notes****14.1 Review of Results (continue)****Comparison of Current quarter and financial period to date ("1Q23") with Preceding year corresponding quarter and financial period to date ("1Q22")**

For the first quarter ended 31 March 2023, the Group recorded revenue of RM394.71 million, a decrease of 42.55% as compared with RM687.00 million in 1Q22 due to the lower revenue from the Gloves and Clean-Room divisions. Loss before taxation (LBT) was RM19.07 million as compared with a profit before tax of RM119.84 million in 1Q22 due to losses from the Gloves division mitigated by the profit from the TRP and Clean-Room divisions.

The Gloves division's revenue decreased by 47.9% to RM317.54 million in 1Q23 as compared with RM609.26 million in 1Q22 due to the lower average selling price (ASP) and volume sold. Loss before tax was RM34.90 million in 1Q23 as compared with a profit before tax of RM111.01 million in 1Q22 due to market competition, customer destocking and higher costs due to lower plant utilisation. Additionally, the performance in 1Q23 was affected by higher energy costs due to the increase in natural gas and electricity tariffs.

The TRPs division's revenue increased by 13.9% to RM56.15 million in 1Q23 as compared with RM49.32 million in 1Q22 due to higher deliveries for TRPs products. PBT increased by 55.8% to RM7.92 million in 1Q23 as compared with RM5.08 million in 1Q22 in tandem with the higher revenue.

The Clean-Room division's revenue decreased by 26.1% to RM21.02 million in 1Q23 as compared with RM28.43 million in 1Q22 due to lower ASP in Clean-Room's products. PBT increased by 21.7% to RM1.59 million in 1Q23 as compared with RM1.31 million in 1Q22 due to higher costs in 1Q22.

**14.2 Explanatory comments on any material change in the profit before taxation for the quarter reported on as compared with the preceding quarter.**

|   | <b>Current<br/>Quarter<br/>31/03/2023<br/>RM '000</b> | <b>Immediate<br/>Preceding<br/>Quarter<br/>31/12/2022<br/>RM '000</b> | <b>Changes<br/>%</b> |
|---|---|---|----------------------|
| Revenue   | 394,708   | 481,446   | ( 18.02)             |
| Operating profit/(loss)                                       | ( 18,626)   | 2,217   | ( 940.14)            |
| Profit/(loss) Before Interest and Tax                         | ( 18,626)   | 2,217   | ( 940.14)            |
| Profit/(loss) before tax                                      | ( 19,074)   | 956   | ( 2095.19)           |
| Profit/(loss) after tax                                       | ( 23,575)   | ( 2,483)  | ( 849.46)            |
| Profit/(loss) attributable To<br>Ordinary Equity Shareholders | ( 24,254)   | ( 2,489)  | ( 874.45)            |

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**Explanatory Notes****14.2 Explanatory comments on any material change in the profit before taxation for the quarter reported on as compared with the preceding quarter. (continue)**

|                                | Divisions                   |                   |                       |                   |                  |
|--------------------------------|-----------------------------|-------------------|-----------------------|-------------------|------------------|
|                                | Technical Rubber<br>RM '000 | Gloves<br>RM '000 | Clean-Room<br>RM '000 | Others<br>RM '000 | Total<br>RM '000 |
| <b>Current Quarter ended</b>   |                             |                   |                       |                   |                  |
| <b>- 31/03/2023 (1Q23)</b>     |                             |                   |                       |                   |                  |
| Revenue                        | 56,153                      | 317,536           | 21,019                | -                 | 394,708          |
| Profit/(loss) before tax       | 7,915                       | ( 34,904)         | 1,593                 | 6,322             | ( 19,074)        |
| PBT/(LBT)/Revenue %            | 14.10                       | ( 10.99)          | 7.58                  | na                | ( 4.83)          |
| <b>Preceding Quarter ended</b> |                             |                   |                       |                   |                  |
| <b>- 31/12/2022 (4Q22)</b>     |                             |                   |                       |                   |                  |
| Revenue                        | 44,435                      | 402,645           | 34,366                | -                 | 481,446          |
| Profit/(loss) before tax       | 7,629                       | ( 22,701)         | 3,460                 | 12,568            | 956              |
| PBT/(LBT)/Revenue %            | 17.19                       | ( 5.64)           | 10.07                 | na                | 0.20             |
| <b>Comparison of quarters</b>  |                             |                   |                       |                   |                  |
| <b>Percentage change</b>       | <b>%</b>                    | <b>%</b>          | <b>%</b>              | <b>%</b>          | <b>%</b>         |
| Revenue                        | 26.37                       | ( 21.14)          | ( 38.84)              | na                | ( 18.02)         |
| Profit/(loss) before tax       | 3.75                        | ( 53.16)          | ( 53.96)              | (49.70)           | (2095.19)        |

**Comparison of Current Quarter ("1Q23") with immediate Preceding Quarter ("4Q22")**

For 1Q23, the Group's revenue decreased by 18.0% to RM394.71 million as compared with 4Q22 of RM481.45 million due to lower revenue from the Gloves and Clean-Room division. Loss before taxation (LBT) was RM19.07 million in 1Q23 as compared with profit before tax of RM0.96 million in 4Q22 due to the losses from the Gloves division mitigated by the profit from the TRP and Clean-Room divisions.

The Gloves division's revenue decreased by 21.1% to RM317.54 million in 1Q23 from RM402.65 million in 4Q22 due to lower average selling price (ASP) and volume sold. Loss before tax was RM34.90 million in 1Q23 as compared with LBT of RM22.70 million in 4Q22 due to market competition, customer destocking and higher costs due to lower plant utilisation. Additionally, the performance in the current quarter was affected by higher energy costs due to the increase in natural gas and electricity tariffs.

The TRPs division's revenue increased by 26.4% to RM56.15 million in 1Q23 as compared with RM44.44 million in 4Q22 due to higher deliveries for TRPs products. PBT increased by 3.8% to RM7.92 million as compared with RM7.63 million in 4Q22 in tandem with the higher revenue.

The Clean-Room division's revenue decreased by 38.8% to RM21.02 million in 1Q23 as compared with RM34.37 million in 4Q22 due to lower demand in Clean-Room products. PBT decreased by 54.0% to RM1.59 million from RM3.46 million in 4Q22 in tandem with the lower revenue.

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**Explanatory Notes****14.3 Commentary on Prospects**

The demand-supply imbalance continues to negatively impact the glove sector. The oversupply of gloves as a result of surplus installed capacity arising from the pandemic-driven surge in additional capacity as well as inventory destocking from customers have forced average selling prices (ASPs) to fall significantly from its peak coupled with some overseas competitors selling the gloves at lower price in order to capture the market. At the same time, the sector faces higher energy and labour costs. These headwinds are expected to persist throughout FY2023 and the Group has placed its near-term expansion plans on hold in line with the prevailing market conditions.

For the Technical Rubber Products (“TRP”) division, the anticipated gradual uptick in economic activity and infrastructure spending globally will continue to spur the infrastructure and automotive segments and the Group expects this division to deliver a satisfactory performance for FY2023.

As a result of the headwinds affecting the glove sector, the Group expects the performance for FY2023 to be challenging. Beyond the near-term, global glove demand is expected to remain on a growth path as a result of a shift in glove usage due to higher healthcare standards and hygiene awareness in both the medical and non-medical sectors. Emerging economies with low per capita consumption will also drive glove demand in the long run. The Group remains committed to the glove industry and will continue to focus on effective cost management and specialised products that meet specific requirements while accelerating the transformation into digitalisation and automation across our operations to increase productivity and efficiency to lower the production cost.

As part of KOSSAN's commitment to Sustainability and ESG, on 7 March 2023, the Group launched Malaysia's first Greening Value Chain (GVC) programme. The GVC programme is an initiative by Bank Negara Malaysia (BNM) in collaboration with financial institutions and strategic partners which aims to assist small and medium-sized enterprises (SMEs) in decarbonizing and greening their operations, aligning with the global race towards achieving Net Zero emissions. Through the GVC programme, KOSSAN's qualifying SME suppliers will have access to BNM's Low Carbon Transition Facility (LCTF) to fund their working capital or capital expenditures related to low-carbon practices.

**14.4 Explanatory notes for variance of actual from forecast profit and shortfall in the profit guarantee (only applicable to the final quarter).**

Not applicable.

**14.5 Taxation**

|                   | <b>Quarter and<br/>Financial period ended</b> |                   |
|-------------------|---|-------------------|
|                   | <b>31/03/2023</b>                             | <b>31/03/2022</b> |
|                   | <b>RM'000</b>                                 | <b>RM'000</b>     |
| Tax expense       | 4,501   | 26,337            |
| Deferred taxation | -   | 2,850             |
|                   | <u>4,501</u>                                  | <u>29,187</u>     |

**14.6 Status of Corporate Proposal announced but not completed**

There were no corporate proposals announced but not completed, for the current quarter and financial period ended 31 March 2023.

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**Explanatory Notes****14.7 Group Borrowings**

a) The Group borrowings as at 31 March 2023 were as follows:

|                                 | <b>Total Unsecured</b> |                   |
|---------------------------------|------------------------|-------------------|
|                                 | <b>As at</b>           | <b>As at</b>      |
|                                 | <b>31/03/2023</b>      | <b>31/12/2022</b> |
|                                 | <b>RM'000</b>          | <b>RM'000</b>     |
| <b>Short Term</b>               |                        |                   |
| Bankers' acceptance             | 6,217                  | 27,353            |
| Term loans due within 12 months | <u>30,267</u>          | <u>43,230</u>     |
|                                 | 36,484                 | 70,583            |
| <b>Long Term</b>                |                        |                   |
| Term loans due after 12 months  | <u>117</u>             | <u>291</u>        |
|                                 | <u>36,601</u>          | <u>70,874</u>     |

b) There were no debt securities for the financial period ended 31 March 2023.

**14.8 Derivative Financial assets/(liabilities)**

|   | <b>As at</b>      |               |                    | <b>As at</b>      |               |                    |
|---|-------------------|---------------|--------------------|-------------------|---------------|--------------------|
|   | <b>31/03/2023</b> |               |                    | <b>31/12/2022</b> |               |                    |
|   | <b>Nominal</b>    |               |                    | <b>Nominal</b>    |               |                    |
|   | <b>Value</b>      | <b>Assets</b> | <b>Liabilities</b> | <b>Value</b>      | <b>Assets</b> | <b>Liabilities</b> |
|   | <b>RM'000</b>     | <b>RM'000</b> | <b>RM'000</b>      | <b>RM'000</b>     | <b>RM'000</b> | <b>RM'000</b>      |
| <b>Group</b>                                      |                   |               |                    |                   |               |                    |
| Derivatives at fair value through profit and loss |                   |               |                    |                   |               |                    |
| -Forward foreign exchange                         |                   |               |                    |                   |               |                    |
| Contracts to sell                                 | <u>151,896</u>    | -             | <u>4,979</u>       | <u>205,017</u>    | -             | <u>79</u>          |
| Contracts to buy                                  | <u>-</u>          | -             | <u>-</u>           | <u>22,518</u>     | -             | <u>1,134</u>       |

Forward foreign exchange contracts are used to manage the foreign currency exposures arising from the Group's receivables and payables denominated in currencies other than the functional currencies of Group entities. These forward foreign exchange contracts have maturities of less than one year after the end of the reporting period.

**14.9 Material Litigation**

There were no pending material litigation since the last audited annual financial statements date to the date of issue of the quarterly report.

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**Explanatory Notes****15. Earnings Per Share**

|   | <b>Current Quarter and<br/>Financial period ended</b> |                   |
|---|---|-------------------|
|   | <b>31/03/2023</b>                                     | <b>31/03/2022</b> |
|   | <b>RM'000</b>   | <b>RM'000</b>     |
| <b>Profit/(loss) after tax and minority interest</b>          | (24,254)  | 90,103            |
| <b>Basic earnings per share</b>                               |   |                   |
| Weighted average number of<br>ordinary shares in issue ('000) | 2,551,620   | 2,551,620         |
| Basic earnings/(loss) per share (sen)                         | ( 0.95)   | 3.53              |

There is no dilution in earnings per share as there are no dilutive potential ordinary shares.

On behalf of the Board

**Tan Sri Dato' Lim Kuang Sia**  
**Group Managing Director**  
**27 April 2023**