



STRETCHING LIMITS • SINCE 1979

**KOSSAN RUBBER INDUSTRIES BHD**

Company No. 197901003918 (48166-W)  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2024**

**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 January 2024 inclusive of those adopted for the audited financial statements for the year ended 31 December 2023.

**2. Annual Audit Report**

The audit report of the audited financial statements for the year ended 31 December 2023 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 other 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 30 September 2024.

**5. Changes in Material Estimates**

There were no significant changes in estimates used in the current quarter and financial period ended 30 September 2024.

**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 30 September 2024.

**7. Dividend Paid**

A 1st interim dividend of 2.0 sen per ordinary share for financial year ended 31 December 2023 declared on 22 February 2024 amounting to RM 51.03 million was paid out on 08 April 2024.

A final single tier dividend of 2.0 sen per ordinary share for the financial year ended 31 December 2023 was approved by shareholders on 30 May 2024 amounting to RM 51.03 million and was paid on 18 July 2024.

Other than the above, there were no other dividends paid in the current quarter and period ended 30 September 2024.

**KOSSAN RUBBER INDUSTRIES BHD**

Company No. 197901003918 (48166-W)

(Incorporated in Malaysia)

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

	<b>Divisions</b>				
	<b>Technical Rubber RM '000</b>	<b>Gloves RM '000</b>	<b>Clean-Room RM '000</b>	<b>Others* RM '000</b>	<b>Total RM '000</b>
<b>Financial period ended</b>					
<b>- 30/09/2024</b>					
Revenue	160,808	1,144,378	83,737	-	1,388,923
Profit before tax	24,821	78,601	6,851	9,024	119,297
<b>- 30/09/2023</b>					
Revenue	160,309	954,632	70,789	-	1,185,730
Profit/(loss) before tax	27,470	( 15,765)	6,788	13,920	32,413
<b>Quarter ended</b>					
<b>- 30/09/2024</b>					
Revenue	61,937	411,751	33,705	-	507,393
Profit before tax	5,386	29,955	1,956	2,447	39,744
<b>- 30/09/2023</b>					
Revenue	56,330	321,235	25,914	-	403,479
Profit before tax	10,975	31,212	2,817	3,953	48,957

\* **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 1 October 2024 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**

There were no 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 30 September 2024.

**12. Contingent Liabilities**

As at 30 September 2024, the Company has unsecured outstanding contingent liabilities amounting to RM 70.4 million (31 December 2023: RM 9.8 million) being corporate guarantees given to financial institutions for banking facilities granted to certain subsidiaries.

**13. Capital and other Commitments**

	<b>As at financial period ended</b>	
	<b>30/09/2024 RM'000</b>	<b>31/12/2023 RM'000</b>
Property, plant and equipment		
Within one year: Contracted but not provided	52,238	63,485

**KOSSAN RUBBER INDUSTRIES BHD**

Company No. 197901003918 (48166-W)

(Incorporated in Malaysia)

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

	Individual Period (3 <sup>rd</sup> Quarter)			Cumulative Period		
	Current Year Quarter 30/09/24 RM '000	Preceding Year Corresponding Quarter 30/09/23 RM '000	Changes %	Current Year to-date 30/09/24 RM '000	Preceding Year Corresponding Period 30/09/23 RM '000	Changes %
Revenue	507,393	403,479	25.75	1,388,923	1,185,730	17.14
Operating profit	40,156	49,136	( 18.28)	119,847	33,297	259.93
Profit Before						
Interest and Tax	40,156	49,136	( 18.28)	119,847	33,297	259.93
Profit before tax	39,744	48,957	( 18.82)	119,297	32,413	268.05
Profit after tax	30,055	41,794	( 28.09)	94,246	15,563	505.58
Profit attributed To Ordinary Equity						
Shareholders	29,437	40,969	( 28.15)	92,333	13,416	588.23

	Divisions				
	Technical Rubber RM '000	Gloves RM '000	Clean-Room RM '000	Others RM '000	Total RM '000
<b>Financial period ended</b>					
<b>- 30/09/2024</b>					
Revenue	160,808	1,144,378	83,737	-	1,388,923
Profit before tax	24,821	78,601	6,851	9,024	119,297
PBT/Revenue %	15.44	6.87	8.18	na	8.59
<b>- 30/09/2023</b>					
Revenue	160,309	954,632	70,789	-	1,185,730
Profit/(loss) before tax	27,470	( 15,765)	6,788	13,920	32,413
PBT/(LBT)/Revenue %	17.14	( 1.65)	9.59	na	2.73
<b>Comparison of financial period</b>					
<b>Percentage change</b>	%	%	%	%	%
Revenue	0.31	19.88	18.29	na	17.14
Profit/(loss) before tax	( 9.64)	598.58	0.93	( 35.17)	268.05

**KOSSAN RUBBER INDUSTRIES BHD**

Company No. 197901003918 (48166-W)

(Incorporated in Malaysia)

**Explanatory Notes****14.1 Review of Results (continue)**

	<b>Divisions</b>				
	<b>Technical Rubber RM '000</b>	<b>Gloves RM '000</b>	<b>Clean-Room RM '000</b>	<b>Others RM '000</b>	<b>Total RM '000</b>
<b>Quarter ended</b>					
<b>- 30/09/2024</b>					
Revenue	61,937	411,751	33,705	-	507,393
Profit before tax	5,386	29,955	1,956	2,447	39,744
PBT Revenue %	8.70	7.28	5.80	na	7.83
<b>- 30/09/2023</b>					
Revenue	56,330	321,235	25,914	-	403,479
Profit before tax	10,975	31,212	2,817	3,953	48,957
PBT/Revenue %	19.48	9.72	10.87	na	12.13
<b>Comparison of quarter period</b>					
<b>Percentage change</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Revenue	9.95	28.18	30.06	na	25.75
Profit before tax	( 50.93)	( 4.03)	( 30.56)	( 38.10)	( 18.82)

**Comparison of Current financial period ("9M24") with Preceding year corresponding financial period ("9M23")**

For the current financial period ended 30 September 2024, the Group recorded revenue of RM 1.39 billion, an increase of 17.1% as compared with RM 1.19 billion in corresponding period ended 30 September 2023. Profit before taxation (PBT) for 9M24 was RM 119.3 million as compared with profit before taxation of RM 32.4 million for 9M23.

The Gloves division's revenue increased by 19.9% to RM 1.14 billion in 9M24 as compared with RM 954.6 million in 9M23 mainly due to improved sales volume. PBT was RM 78.6 million as compared with loss before taxation of RM 15.8 million for the same corresponding period. The increase in PBT was mainly due to higher revenue recorded and improved production efficiencies but partially offset by higher raw material cost and unrealised foreign exchange loss.

The TRPs division's revenue recorded at RM 160.8 million in 9M24 as compared with RM 160.3 million in 9M23. However, the PBT decreased by 9.6% to RM 24.8 million in 9M24 as compared with RM 27.5 million in 9M23 mainly due to higher raw materials cost and unrealised foreign exchange loss.

The Clean-Room division's revenue increased by 18.3% to RM 83.7 million in 9M24 as compared with RM 70.8 million in 9M23. PBT recorded was at RM 6.9 million in 9M24 as compared with RM 6.8 million in 9M23.

**KOSSAN RUBBER INDUSTRIES BHD**

Company No. 197901003918 (48166-W)

(Incorporated in Malaysia)

**Explanatory Notes****14.1 Review of Results (continue)****Comparison of Current quarter ("3Q24") with Preceding year corresponding quarter ("3Q23")**

For the third quarter ended 30 September 2024, the Group recorded an increase in revenue for all division with a total of RM 507.4 million, an increase of 25.8% as compared with RM 403.5 million in 3Q23. Profit before taxation (PBT) was RM 39.7 million as compared with RM 49.0 million in 3Q23.

The Gloves division's revenue increased by 28.2% to RM 411.8 million in 3Q24 as compared with RM 321.2 million in 3Q23. Profit before tax decreased by 4.0% to RM 30.0 million in 3Q24 as compared with a profit before tax of RM 31.2 million in 3Q23 due to higher raw material cost and unrealised foreign exchange loss.

The TRPs division's revenue increased by 10.0% to RM 61.9 million in 3Q24 as compared with RM 56.3 million in 3Q23 due to higher deliveries. PBT decreased by 50.9% to RM 5.4 million in 3Q24 as compared with RM 11.0 million in 3Q23 due to higher raw material cost and unrealised foreign exchange loss.

The Clean-Room division's revenue increased by 30.1% to RM 33.7 million in 3Q24 as compared with RM 25.9 million in 3Q23. PBT decreased by 30.6% to RM 2.0 million in 3Q24 as compared with RM 2.8 million in 3Q23 due to higher raw material cost.

**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 Quarter 30/09/2024 RM '000</b>	<b>Immediate Preceding Quarter 30/06/2024 RM '000</b>	<b>Changes %</b>
Revenue	507,393	429,905	18.02
Operating profit	40,156	38,653	3.89
Profit Before Interest and Tax	40,156	38,653	3.89
Profit before tax	39,744	38,573	3.04
Profit after tax	30,055	32,146	( 6.50)
Profit attributable To			
Ordinary Equity Shareholders	29,437	31,341	( 6.08)

**Divisions**

	<b>Technical Rubber RM '000</b>	<b>Gloves RM '000</b>	<b>Clean-Room RM '000</b>	<b>Others RM '000</b>	<b>Total RM '000</b>
<b>Current Quarter ended</b>					
<b>- 30/09/2024 (3Q24)</b>					
Revenue	61,937	411,751	33,705	-	507,393
Profit before tax	5,386	29,955	1,956	2,447	39,744
PBT/Revenue %	8.70	7.28	5.80	na	7.83
<b>- 30/06/2024 (2Q24)</b>					
Revenue	49,926	352,993	26,986	0	429,905
Profit before tax	10,518	22,081	2,472	3,502	38,573
PBT/Revenue %	21.07	6.26	9.16	na	8.97
<b>Comparison of quarters</b>					
<b>Percentage change</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Revenue	24.06	16.65	24.90	na	18.02
Profit before tax	( 48.79)	35.66	( 20.87)	( 30.13)	3.04

## KOSSAN RUBBER INDUSTRIES BHD

Company No. 197901003918 (48166-W)

(Incorporated in Malaysia)

### 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 (continued)

##### Comparison of Current Quarter (“3Q24”) with immediate Preceding Quarter (“2Q24”)

In 3Q24, the Group’s revenue was recorded at RM 507.4 million as compared with 2Q24 of RM 430.0 million. Profit before taxation (PBT) was RM 39.7 million in 3Q24 compared with RM 38.6 million in 2Q24.

The Gloves division’s revenue increased by 16.7% to RM 411.8 million in 3Q24 from RM 353.0 million in 2Q24 mainly due to the carryover of delayed shipments from the preceding quarter. PBT of RM 30.0 million was recorded in 3Q24 as compared with PBT of RM 22.1 million in 2Q24 mainly due to higher sales recorded but partially offset by unrealised foreign exchange loss.

The TRPs division’s revenue recorded at RM 61.9 million in 3Q24 as compared with RM 49.9 million in 2Q24. PBT recorded at RM 5.4 million in 3Q24 as compared with RM 10.5 million in 2Q24 mainly due to unrealised foreign exchange loss.

The Clean-Room division’s revenue was recorded at RM33.7 million in 3Q24 as compared with RM 27.0 million in 2Q24. PBT recorded at RM 2.0 million in 3Q24 compared with RM 2.5 million in 2Q24 due to higher raw material cost.

#### 14.3 Commentary on Prospects

As announced by the U.S. regulators in September 2024, U.S. tariffs on Chinese-made medical gloves are set to increase significantly, rising from the current 7.5% to 50% next year 2025 and increased to 100% by 2026. This shift is expected to channel a considerable volume of U.S. orders toward glove manufacturers in other countries, particularly Malaysia. However, the benefits of this redirected demand are partly offset by the recent strengthening of the ringgit against the U.S. dollar. Additionally, the domestic glove manufacturers, who have already undergone consolidation and capacity adjustments, may face challenges in scaling up production due to current foreign workers supply constraints.

The Group is committed to strengthening its glove division amid these operational challenges, focusing on enhancing cost efficiency through accelerating automation, digital solutions, ongoing workforce training, and improving management systems. These efforts position the Group to respond effectively to the potential surge in demand redirected from the U.S. market. The Group also remains dedicated to advancing its sustainability initiatives, recognising the increasing importance of social and environmental responsibility to our customers.

The Technical Rubber Products (TRP) division anticipates a slowdown in infrastructure projects in Q4FY2024 compared to Q3FY2024. Despite this, the Group will navigate through with its current projects and expects to deliver a satisfactory performance for FY2024.

Premised on the above and barring any unforeseen circumstances, the Group remains cautiously optimistic about its performance for FY2024

#### 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

	Quarter period ended		Financial period ended	
	30/09/2024	30/09/2023	30/09/2024	30/09/2023
	RM’000	RM’000	RM’000	RM’000
Tax expense	8,464	6,413	23,326	15,125
Deferred taxation	1,225	750	1,725	1,725
	<u>9,689</u>	<u>7,163</u>	<u>25,051</u>	<u>16,850</u>

**KOSSAN RUBBER INDUSTRIES BHD**

Company No. 197901003918 (48166-W)

(Incorporated in Malaysia)

**Explanatory Notes****14.6 Profit after taxation**

Profit after taxation arrived after charging/(crediting):

	<b>Quarter ended 30/09/2024 RM'000</b>	<b>Financial period ended 30/09/2024 RM'000</b>
Interest expense	412	550
Depreciation	27,512	81,632
Foreign exchange loss – realised	3,323	3,429
Foreign exchange loss – unrealised	27,799	26,227
Gain on derivatives – unrealised	( 30,390)	( 29,052)
Interest income	( 9,995)	( 30,497)
Investment income	( 1,206)	( 3,953)
Fair value gains on financial assets at FVTPL	( 5,151)	( 15,807)

**14.7 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 30 September 2024.

**14.8 Group Borrowings**

a) The Group borrowings as at 30 September 2024 were as follows:

	<b>Total Unsecured</b>	
	<b>As at 30/09/2024 RM'000</b>	<b>As at 31/12/2023 RM'000</b>
<b>Short Term</b>		
Bankers' acceptance	20,436	9,521
Revolving credit	50,000	-
Term loans due within 12 months	-	292
	<u>70,436</u>	<u>9,813</u>
<b>Long Term</b>		
Term loans due after 12 months	-	292

b) There were no debt securities for the financial period ended 30 September 2024.

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

	<b>As at 30/09/2024</b>			<b>As at 31/12/2023</b>		
	<b>Nominal Value RM'000</b>	<b>Assets RM'000</b>	<b>Liabilities RM'000</b>	<b>Nominal Value RM'000</b>	<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
<b>Group</b>						
Derivatives at fair value through profit and loss						
-Forward foreign exchange Contracts to sell	374,202	29,052	-	34,923	523	-

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.

**KOSSAN RUBBER INDUSTRIES BHD**

Company No. 197901003918 (48166-W)

(Incorporated in Malaysia)

**Explanatory Notes****15.0 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.

**15.1 Dividends**

Details of the dividend under single-tier tax system approved and declared by the Board are as follows:

<b>Dividend</b>	<b>Financial period ended 30/09/2024</b>
Interim dividend per share	2.0 sen
Special dividend per share	<u>6.0 sen</u>
Total dividend per share	<u>8.0 sen</u>
For the financial year ending	31 December 2024
Approved and declared on	15 November 2024
Entitlement to dividend based on records of depositors as at	3 December 2024
Date payable	12 December 2024

The total dividend for the current financial year ending 31 December 2024 is 8.0 sen per share.

**16. Earnings Per Share**

	<b>Current Quarter ended</b>		<b>Financial period ended</b>	
	<b>30/09/2024</b>	<b>30/09/2023</b>	<b>30/09/2024</b>	<b>30/09/2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Profit after tax and minority interest</b>	29,437	40,969	92,333	13,416
<b>Basic earnings per share</b>				
Weighted average number of ordinary shares in issue ('000)	2,551,620	2,551,620	2,551,620	2,551,620
Basic earnings per share (sen)	1.15	1.61	3.62	0.53

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/ CEO**  
**15 November 2024**