



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER AND PERIOD ENDED 31 DECEMBER 2018 (UNAUDITED)**

| <i>In thousands of RM</i>                                       | <b>Current Quarter</b> |                | <b>Current Period</b> |                |
|---|------------------------|----------------|-----------------------|----------------|
|   | <b>31 December</b>     |                | <b>31 December</b>    |                |
|   | <b>2018</b>            | <b>2017</b>    | <b>2018</b>           | <b>2017</b>    |
| <i><u>Continuing operations</u></i>                             |                        |                |                       |                |
| Revenue   | 100,459                | 109,232        | 395,939               | 370,709        |
| Cost of goods sold  | (76,946)               | (79,565)       | (293,240)             | (272,510)      |
| <b>Gross profit</b>   | <b>23,513</b>          | <b>29,667</b>  | <b>102,699</b>        | <b>98,199</b>  |
| Other income  | 3,756                  | 4,211          | 19,347                | 7,706          |
| Distribution expenses   | (3,120)                | (2,938)        | (10,344)              | (9,176)        |
| Administrative expenses   | (16,641)               | (19,727)       | (39,664)              | (54,031)       |
| Other expenses  | 3,078                  | (233)          | (7,864)               | (8,710)        |
| <b>Results from operating activities</b>                        | <b>10,586</b>          | <b>10,980</b>  | <b>64,174</b>         | <b>33,988</b>  |
| Share of profit of equity accounted investee, net of tax        | 663                    | 533            | 1,577                 | 681            |
| Finance income  | 2,206                  | 1,737          | 5,991                 | 5,021          |
| Finance costs   | (3,834)                | (6,425)        | (20,346)              | (24,965)       |
| <b>Profit before tax</b>  | <b>9,621</b>           | <b>6,825</b>   | <b>51,396</b>         | <b>14,725</b>  |
| Income tax expense  | 136                    | (13,928)       | (20,631)              | (17,374)       |
| <b>Profit from continuing operations</b>                        | <b>9,757</b>           | <b>(7,103)</b> | <b>30,765</b>         | <b>(2,649)</b> |
| <i><u>Discontinued operations</u></i>                           |                        |                |                       |                |
| Profit from discontinued operations, net of tax                 | -                      | 11,768         | -                     | 42,467         |
| <b>Profit for the period</b>                                    | <b>9,757</b>           | <b>4,665</b>   | <b>30,765</b>         | <b>39,818</b>  |
| <b>Other comprehensive income</b>                               |                        |                |                       |                |
| Fair value of available-for-sale financial assets               | 32                     | 933            | 13,774                | (4,505)        |
| Foreign currency translation differences for foreign operations | 2,378                  | 13,770         | 5,590                 | 18,578         |
| <b>Total comprehensive income for the period</b>                | <b>12,167</b>          | <b>19,368</b>  | <b>50,129</b>         | <b>53,891</b>  |
| <b>Profit attributable to :</b>                                 |                        |                |                       |                |
| Owners of the Company   |                        |                |                       |                |
| - from continuing operations                                    | 8,634                  | (6,939)        | 25,706                | (5,239)        |
| - from discontinued operations                                  | -                      | 8,131          | -                     | 31,158         |
|   | 8,634                  | 1,192          | 25,706                | 25,919         |
| Non-controlling interests                                       | 1,123                  | 3,473          | 5,059                 | 13,899         |
|   | 9,757                  | 4,665          | 30,765                | 39,818         |
| <b>Total comprehensive income attributable to :</b>             |                        |                |                       |                |
| Owners of the Company   |                        |                |                       |                |
| - from continuing operations                                    | 11,044                 | 6,771          | 45,070                | 7,841          |
| - from discontinued operations                                  | -                      | 8,879          | -                     | 31,906         |
|   | 11,044                 | 15,650         | 45,070                | 39,747         |
| Non-controlling interests                                       | 1,123                  | 3,718          | 5,059                 | 14,144         |
|   | 12,167                 | 19,368         | 50,129                | 53,891         |
| <b>Basic earnings per share (Sen)</b>                           |                        |                |                       |                |
| - from continuing operations                                    | 5.15                   | (1.50)         | 15.33                 | (1.13)         |
| - from discontinued operations                                  | -                      | 1.76           | -                     | 6.74           |
|   | 5.15                   | 0.26           | 15.33                 | 5.61           |
| <b>Diluted earnings per share (Sen)</b>                         |                        |                |                       |                |
| - from continuing operations                                    | 5.15                   | (1.50)         | 15.33                 | (1.13)         |
| - from discontinued operations                                  | -                      | 1.76           | -                     | 6.74           |
|   | 5.15                   | 0.26           | 15.33                 | 5.61           |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Notes to the Interim Financial Report.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018 (UNAUDITED)**

| <i>In thousands of RM</i>   | <b>As at<br/>31 December 2018</b> | <b>As at<br/>31 December 2017</b> |
|---|-----------------------------------|-----------------------------------|
| <b>ASSETS</b>   |                                   |                                   |
| Property, plant and equipment   | 179,928                           | 143,816                           |
| Investment properties   | 365                               | 20,020                            |
| Intangible assets   | 94,107                            | 94,170                            |
| Investment in associates  | 13,720                            | 15,608                            |
| Other investments   | 186                               | 45,568                            |
| Deferred tax assets   | 1,355                             | 2,321                             |
| <b>Total non-current assets</b>   | <b>289,661</b>                    | <b>321,503</b>                    |
| Inventories   | 29,220                            | 39,277                            |
| Current tax assets  | 12,596                            | 18,330                            |
| Trade and other receivables   | 92,466                            | 136,005                           |
| Cash and cash equivalents   | 136,295                           | 160,345                           |
|   | 270,577                           | 353,957                           |
| Assets classified as held for sale  | 19,800                            | 185,900                           |
| <b>Total current assets</b>   | <b>290,377</b>                    | <b>539,857</b>                    |
| <b>TOTAL ASSETS</b>   | <b>580,038</b>                    | <b>861,360</b>                    |
| <b>EQUITY AND LIABILITIES</b>   |                                   |                                   |
| Share capital   | 81,920                            | 81,920                            |
| Reserves  | 27,008                            | 163,421                           |
| Retained earnings   | 211,221                           | 36,923                            |
| <b>Total equity attributable to equity holders of the Company</b>                           | <b>320,149</b>                    | <b>282,264</b>                    |
| <b>Non-controlling interests</b>  | <b>3,699</b>                      | <b>(1,360)</b>                    |
| <b>Total equity</b>   | <b>323,848</b>                    | <b>280,904</b>                    |
| Loans and borrowings  | 152,107                           | 108,750                           |
| Deferred tax liabilities  | 15,216                            | 24,044                            |
| <b>Total non-current liabilities</b>  | <b>167,323</b>                    | <b>132,794</b>                    |
| Loans and borrowings  | 41,695                            | 359,388                           |
| Trade and other payables  | 46,320                            | 87,980                            |
| Current tax liabilities   | 852                               | 294                               |
| <b>Total current liabilities</b>  | <b>88,867</b>                     | <b>447,662</b>                    |
| <b>Total liabilities</b>  | <b>256,190</b>                    | <b>580,456</b>                    |
| <b>TOTAL EQUITY AND LIABILITIES</b>   | <b>580,038</b>                    | <b>861,360</b>                    |
| <b>Net assets per share attributable<br/>to ordinary equity holders of the parent (sen)</b> | <b>191</b>                        | <b>168</b>                        |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Interim Financial Report.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2018 (UNAUDITED)**

*In thousands of RM*

|   | ← Attributable to shareholders of the Company → |          |          |               |               |               |                            | Distributable Retained earnings | Total          | Non-controlling interest | Total equity |                     |
|---|---|----------|----------|---------------|---------------|---------------|----------------------------|---------------------------------|----------------|--------------------------|--------------|---------------------|
|   | ← Non-distributable →                           |          |          |               | Share capital | Share premium | Capital redemption reserve |                                 |                |                          |              | Translation reserve |
| <b>At 1 January 2018 (restated)</b>   | 81,920  | -        | -        | 18,351        | 29,727        | 112,361       | 2,982                      | -                               | 34,769         | 280,110                  | (1,360)      | 278,750             |
| Changes in fair value of equity investment at FVOCI                             | -   | -        | -        | -             | 13,774        | -             | -                          | -                               | -              | 13,774                   | -            | 13,774              |
| Foreign currency translation differences  | -   | -        | -        | 5,590         | -             | -             | -                          | -                               | -              | 5,590                    | -            | 5,590               |
| Realisation of revaluation reserves upon disposal of property                   | -   | -        | -        | -             | -             | (112,361)     | -                          | -                               | 112,361        | -                        | -            | -                   |
| Total other comprehensive income for the period                                 | -   | -        | -        | 5,590         | 13,774        | (112,361)     | -                          | -                               | 112,361        | 19,364                   | -            | 19,364              |
| Profit for the period   | -   | -        | -        | -             | -             | -             | -                          | -                               | 25,706         | 25,706                   | 5,059        | 30,765              |
| Total comprehensive income for the period                                       | -   | -        | -        | 5,590         | 13,774        | (112,361)     | -                          | -                               | 138,067        | 45,070                   | 5,059        | 50,129              |
| Transfer of gain on disposal of equity investment at FVOCI to retained earnings | -   | -        | -        | -             | (43,416)      | -             | -                          | -                               | 43,416         | -                        | -            | -                   |
| Dividends to owners of the Company  | -   | -        | -        | -             | -             | -             | -                          | -                               | (5,031)        | (5,031)                  | -            | (5,031)             |
| <b>As at end of period</b>  | <b>81,920</b>                                   | <b>-</b> | <b>-</b> | <b>23,941</b> | <b>85</b>     | <b>-</b>      | <b>2,982</b>               | <b>-</b>                        | <b>211,221</b> | <b>320,149</b>           | <b>3,699</b> | <b>323,848</b>      |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Interim Financial Reports.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2017**

*In thousands of RM*

|  | ←————— Attributable to shareholders of the Company —————→ |               |                            |                     |                    |                     |                       |                 |                   |                | Total          | Non-controlling interest | Total equity |
|--|---|---------------|----------------------------|---------------------|--------------------|---------------------|-----------------------|-----------------|-------------------|----------------|----------------|--------------------------|--------------|
|  | ←————— Non-distributable —————→                           |               |                            |                     |                    |                     |                       | Distributable   |                   |                |                |                          |              |
|  | Share capital   | Share premium | Capital redemption reserve | Translation reserve | Fair value reserve | Revaluation reserve | Other capital reserve | Treasury shares | Retained earnings |                |                |                          |              |
| <b>At 1 January 2017</b>   | 457,630   | 39,944        | 73                         | (228)               | 34,233             | 112,361             | 2,982                 | (5,836)         | 98,429            | 739,588        | 152,188        | 891,776                  |              |
| Fair value of available-for-sale financial assets                    | -   | -             | -                          | -                   | (4,506)            | -                   | -                     | -               | -                 | (4,506)        | -              | (4,506)                  |              |
| Foreign currency translation differences                             | -   | -             | -                          | 18,579              | -                  | -                   | -                     | -               | -                 | 18,579         | -              | 18,579                   |              |
| Total other comprehensive income for the period                      | -   | -             | -                          | 18,579              | (4,506)            | -                   | -                     | -               | -                 | 14,073         | -              | 14,073                   |              |
| Profit for the year  | -   | -             | -                          | -                   | -                  | -                   | -                     | -               | 25,919            | 25,919         | 13,899         | 39,818                   |              |
| Total comprehensive income for the period                            | -   | -             | -                          | 18,579              | (4,506)            | -                   | -                     | -               | 25,919            | 39,992         | 13,899         | 53,891                   |              |
| Dividends to owners of the Company                                   | -   | -             | -                          | -                   | -                  | -                   | -                     | -               | (11,366)          | (11,366)       | -              | (11,366)                 |              |
| Dividends to non-controlling interests                               | -   | -             | -                          | -                   | -                  | -                   | -                     | -               | -                 | -              | (8,403)        | (8,403)                  |              |
| Treasury shares sold   | -   | -             | -                          | -                   | -                  | -                   | -                     | 5,836           | (1,277)           | 4,559          | -              | 4,559                    |              |
| Acquisition of non-controlling interests                             | -   | -             | -                          | -                   | -                  | -                   | -                     | -               | (8,834)           | (8,834)        | (31,166)       | (40,000)                 |              |
| Placement of new shares  | 60,010  | -             | -                          | -                   | -                  | -                   | -                     | -               | -                 | 60,010         | -              | 60,010                   |              |
| Effect of demerger   | (475,737)   | -             | -                          | -                   | -                  | -                   | -                     | -               | (65,948)          | (541,685)      | (127,878)      | (669,563)                |              |
| Transfer in accordance with Section 618(2) of the Companies Act 2016 | 40,017  | (39,944)      | (73)                       | -                   | -                  | -                   | -                     | -               | -                 | -              | -              | -                        |              |
| <b>As at 31 December 2017</b>  | <b>81,920</b>   | <b>-</b>      | <b>-</b>                   | <b>18,351</b>       | <b>29,727</b>      | <b>112,361</b>      | <b>2,982</b>          | <b>-</b>        | <b>36,923</b>     | <b>282,264</b> | <b>(1,360)</b> | <b>280,904</b>           |              |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Interim Financial Reports.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 DECEMBER 2018 (UNAUDITED)**

| <b>In thousands of RM</b>   | <b>12 Months Ended 31 December</b> |                       |
|---|------------------------------------|-----------------------|
|   | <b>2018</b>                        | <b>2017</b>           |
| <b>Cash flows from operating activities</b>   |                                    |                       |
| Profit before taxation  |                                    |                       |
| - continuing operations   | 51,396                             | 14,725                |
| - discontinued operation  | -                                  | 51,779                |
|   | <u>51,396</u>                      | <u>66,504</u>         |
| Adjustments for:  |                                    |                       |
| Change in fair value of investment properties   | (220)                              | (200)                 |
| Depreciation of property, plant and equipment   | 22,863                             | 46,763                |
| Net (gain)/loss on disposal of property   | (4,100)                            | 190                   |
| Finance costs   | 20,346                             | 30,229                |
| Interest income   | (5,991)                            | (7,735)               |
| Impairment loss on receivables  | (2,205)                            | (1,144)               |
| Impairment loss on intangibles  | 63                                 | 1,769                 |
| Impairment loss on property, plant and equipment  | -                                  | 185                   |
| Provision for obsolete stock  | 914                                | (2,464)               |
| Share of profit of equity accounted associates  | (1,577)                            | (681)                 |
| Provision for warranty  | -                                  | 203                   |
| Inventories written down / written off  | 854                                | 5,924                 |
| Properties, plant and equipment written off   | 180                                | 58                    |
| Unrealised foreign exchange loss/(gain)   | 645                                | (2,004)               |
| <i>Operating profit before changes in working capital</i>                               | <u>83,168</u>                      | <u>137,597</u>        |
| Change in inventories   | 8,289                              | (5,946)               |
| Change in payables and accruals   | (41,170)                           | 38,864                |
| Change in receivables, deposits and prepayments   | 42,447                             | (47,235)              |
| <i>Cash generated from operations</i>   | <u>92,734</u>                      | <u>123,280</u>        |
| Finance costs paid  | (20,346)                           | (30,229)              |
| Interest income   | 5,991                              | 7,735                 |
| Income tax paid   | (20,074)                           | (24,312)              |
| Net cash generated from operating activities  | <u>58,305</u>                      | <u>76,474</u>         |
| <b>Cash flows from investing activities</b>   |                                    |                       |
| Acquisition of property, plant and equipment  | (52,188)                           | (88,059)              |
| Acquisition of development expenditure  | -                                  | (5,277)               |
| Acquisition of non-controlling interests  | -                                  | (40,000)              |
| Proceeds from disposal of other investments   | 59,157                             | -                     |
| Proceeds from disposal of property, plant and equipment                                 | 190,000                            | 118                   |
| Net cash outflow from demerger of subsidiary  | -                                  | (96,020)              |
| Net cash generated/(used in) investing activities                                       | <u>196,969</u>                     | <u>(229,238)</u>      |
| <b>Cash flows from financing activities</b>   |                                    |                       |
| Dividends paid to owners of the Company   | (5,031)                            | (11,366)              |
| Dividends paid to non-controlling interests   | -                                  | (8,403)               |
| Proceeds from sale of treasury shares   | -                                  | 4,559                 |
| Proceeds from new share issued  | -                                  | 60,010                |
| Net repayment of loans and borrowings   | (274,336)                          | (26,174)              |
| Net cash (used in)/generated from financing activities                                  | <u>(279,367)</u>                   | <u>18,626</u>         |
| Exchange difference on translation of the<br>financial statements of foreign operations | <u>43</u>                          | <u>6,166</u>          |
| Net decrease in cash and cash equivalents   | (24,050)                           | (127,972)             |
| Cash and cash equivalents at 1 January  | <u>160,345</u>                     | <u>288,317</u>        |
| Cash and cash equivalents as at end of period   | <u><u>136,295</u></u>              | <u><u>160,345</u></u> |

The Condensed Cash Flow Statement should be read in conjunction with the Notes to the Interim Financial Report.



**CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)**  
**(Incorporated in Malaysia)**  
**For the Period Ended 31 December 2018**

**NOTES TO THE INTERIM FINANCIAL REPORT**

**A1) Basis of preparation**

The interim financial report is unaudited and has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, *Interim Financial Reporting* in Malaysia. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2017.

**A2) Changes in Accounting Policies**

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2017 except for those standards, amendments and interpretations which are effective from the annual period beginning on or after 1 January 2018.

**MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2018;**

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment - Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts - Applying MFRS 9- Financial Instruments with MFRS 4-Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property - Transfer of Investment Property*

The Group adopted the above MFRSs and Amendments to MFRSs except for MFRS 2 and MFRS 4 which are not applicable to the Group. The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

(i) **MFRS 15, Revenue from Contracts with Customers**

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

Previously, the Group recognised revenue from contracts with customers on the basis of the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Upon adoption of MFRS 15, the Group recognises the revenue from contracts with customers that require customer-related costs to be allocated as a deduction of revenue.



**CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)**  
**(Incorporated in Malaysia)**  
**For the Period Ended 31 December 2018**

**A2) Changes in Accounting Policies**

**MFRS 15, *Revenue from Contracts with Customers* (continued)**

The Group manufactures and sells certain chemical products for a customer under a non-cancellable exclusive rights to supply contract. Previously, the Group recognised revenue from contracts with customers after the significant risk and rewards of ownership is transferred to the customers. Upon adoption of MFRS 15, the Group recognises the revenue from contracts with customers when the performance obligations are satisfied over time. The Group applies MFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application.

**(ii) MFRS 9, *Financial instruments***

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and on hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. The new standard contains three principle classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL), and eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available for sale. Upon adoption of MFRS 9, financial assets previously measured at available for sale is now measured using FVOCI.

The following revised MFRSs and Amendments to MFRSs have been issued by the MASB and are not yet effective for adoption by the Group:

**MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2019;**

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations - Previously Held Interest in a Joint Operation (Annual Improvements to MFRS Standards 2015–2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments - Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements - Previously Held Interest in a Joint Operation (Annual Improvements to MFRS Standards 2015–2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes - Income Tax Consequences of Payments on Financial Instruments Classified as Equity (Annual Improvements to MFRS Standards 2015–2017 Cycle)*
- Amendments to MFRS 123, *Borrowing Costs - Borrowing Costs Eligible for Capitalisation (Annual Improvements to MFRS Standards 2015–2017 Cycle)*
- Amendments to MFRS 128, *Investment in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures*
- *Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119 Employee Benefits)*



**CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)**  
**(Incorporated in Malaysia)**  
**For the Period Ended 31 December 2018**

**A2) Changes in Accounting Policies (continued)**

**MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2020;**

- Amendments to MFRS 2, *Share-Based Payment*
- Amendment to MFRS 3, *Business Combinations*
- Amendments to MFRS 6, *Exploration for and Evaluation of Mineral Resources*
- Amendment to MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors*
- Amendments to MFRS 134, *Interim Financial Reporting*
- Amendment to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets*
- Amendment to MFRS 138, *Intangible Assets*
- Amendment to IC Interpretation 12, *Service Concession Arrangements*
- Amendment to IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendment to IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendment to IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- *Amendments to IC Interpretation 132, Intangible Assets-Web Site Costs*
- Amendments to MFRS 3, *Business Combination - Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material*

**MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2021;**

- MFRS 17, *Insurance Contracts*

**MFRSs, Interpretations and Amendments effective for annual periods beginning on or after a date yet to be confirmed;**

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.*

The Group do not plan to adopt the above MFRS 11 and MFRS 17 which are not applicable for the Group. The initial applications of the above standards are not expected to have any material financial impacts.

**A3) Disclosure of audit report qualification**

The auditor's report on the financial statements of the Group and the Company for the year ended 31 December 2017 was not subject to any qualification.

**A4) Explanatory comments about the seasonality or cyclicity of operations**

The Group's operations were not subjected to any material seasonal or cyclical factor other than market fluctuations in selling prices and costs of raw materials.





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**A5) Unusual items due to their nature, size or incidence**

There was no item affecting assets, liabilities, net income or cash flows that were unusual because of their nature, size or incidence for the current quarter and financial period under review.

**A6) Changes in prior estimates of amounts which materially affect the current interim period**

There were no material changes in prior year estimates which would materially affect the current interim period.

**A7) Issuances, cancellations, repurchases, resale and repayments of debt and equity securities**

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the period under review.

**A8) Dividends paid**

On 29 June 2018, the Company paid first interim single tier dividend of 3.00 sen per ordinary share totalling RM5.0 million for the financial year ending 31 December 2018.

**A9) Segment reporting**

| <i>In thousands of RM</i>              | <b>Segment Revenue</b>        |             |                               |             |
|--|-------------------------------|-------------|-------------------------------|-------------|
|  | <b>Individual 4th Quarter</b> |             | <b>Cumulative 4th Quarter</b> |             |
|  | <b>2018</b>                   | <b>2017</b> | <b>2018</b>                   | <b>2017</b> |
| <b><u>Continuing operations</u></b>    |                               |             |                               |             |
| Chemicals                              | 77,750                        | 85,727      | 305,383                       | 283,565     |
| Polymers                               | 24,026                        | 23,556      | 94,324                        | 84,277      |
| Others* and inter-segment transactions | (1,317)                       | (51)        | (3,768)                       | 2,867       |
| Group result                           | 100,459                       | 109,232     | 395,939                       | 370,709     |
| <b><u>Discontinued operations</u></b>  |                               |             |                               |             |
| Pharmaceuticals                        | -                             | 112,253     | -                             | 467,987     |
|  | 100,459                       | 221,485     | 395,939                       | 838,696     |

\* Administrative and non-core activities

| <i>In thousands of RM</i>              | <b>Segment Profit/(Loss) Before Tax</b> |             |                               |             |
|--|---|-------------|-------------------------------|-------------|
|  | <b>Individual 4th Quarter</b>           |             | <b>Cumulative 4th Quarter</b> |             |
|  | <b>2018</b>                             | <b>2017</b> | <b>2018</b>                   | <b>2017</b> |
| <b><u>Continuing operations</u></b>    |   |             |                               |             |
| Chemicals                              | 13,068                                  | 16,706      | 51,196                        | 44,029      |
| Polymers                               | 3,499                                   | 4,296       | 18,744                        | 18,765      |
| Others* and inter-segment transactions | (6,946)                                 | (14,177)    | (18,544)                      | (48,069)    |
| Group result                           | 9,621                                   | 6,825       | 51,396                        | 14,725      |
| <b><u>Discontinued operations</u></b>  |   |             |                               |             |
| Pharmaceuticals                        | -                                       | 12,808      | -                             | 51,779      |
|  | 9,621                                   | 19,633      | 51,396                        | 66,504      |

\* Administrative and non-core activities



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**A10) Revaluation of property, plant and equipment**

The Group adopts the cost model for its property, land and building.

**A11) Post balance sheet events**

There are no material events after the period end that had not been reflected in the Interim Financial Reports for the current financial period under review.

**A12) Changes in the composition of the Group**

There were no material changes in the composition of the Group for the period under review.

**A13) Changes in contingent liabilities or contingent assets since the last annual balance sheet date**

During the financial year 2014, PT CCM Indonesia (“PTCCMI”), a subsidiary of the Company appealed against tax auditor’s assessment with respect to year of assessment 2011. The contingent liability involved in the tax appeal was IDR34.3 billion (equivalent to approximately RM9.85 million).

On 13 December 2018, PT CCM Indonesia received the official notification on the judgement in favour of its appeals to the Tax Court of Indonesia. These successful appeals relate to several tax adjustments/ corrections made by the tax auditor amounting to IDR34.06 billion (equivalent to approximately RM9.78 million) representing 99.25% of the total appealed amount.

Save as disclosed, there are no changes in contingent liabilities or assets as at the end of the current interim financial period.

**A14) Capital Commitments**

|                                 | <b>31</b>       | <b>31</b>       |
|---------------------------------|-----------------|-----------------|
|                                 | <b>December</b> | <b>December</b> |
|                                 | <b>2018</b>     | <b>2017</b>     |
|                                 | <b>RM'000</b>   | <b>RM'000</b>   |
| Contracted but not provided for | <u>5,526</u>    | <u>22,249</u>   |

**A15) Discontinued operations and assets/liabilities classified as Held for Sale**

- (i) In 2017, the Company distributed its entire shareholding in CCM Duopharma Biotech Berhad (“CCMD”) to the shareholders of the Company. Following the distribution, CCMD has ceased to be a subsidiary of the Company, thus reported as Discontinued Operation results, in the comparative period of 2017.
- (ii) In 2017, the Company entered into a Sale and Purchase Agreement for disposal of three (3) parcels of leasehold land measuring approximately 70.93 acres for a cash consideration of RM190 million to Global Vision Logistics Sdn Bhd, thus reclassified as Asset Held For Sale. The disposal was completed on 13 June 2018.
- (iii) On 7 September 2018, the Company entered into a Sale and Purchase Agreement with Rock Link Sdn Bhd to dispose of a piece of land in Mukim of Labu, District of Seremban, Negeri Sembilan for a cash consideration of RM21.5 million, thus reclassified as Asset Held For Sale.



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**A15) Discontinued operations and assets/liabilities classified as Held for Sale (continued)**

The results of the discontinued operations were as follows:-

| <i>In thousands of RM</i>                          | <b>Current Period</b>              |             |
|--|------------------------------------|-------------|
|  | <b>12 months ended 31 December</b> |             |
|  | <b>2018</b>                        | <b>2017</b> |
| <b><u>Results of discontinued operation</u></b>    |                                    |             |
| Revenue  | -                                  | 467,987     |
| Expenses   | -                                  | (416,208)   |
| <b>Results from operating activities</b>           | -                                  | 51,779      |
| Income tax expense                                 | -                                  | (9,312)     |
| <b>Profit from discontinued operations</b>         | -                                  | 42,467      |
| <b><u>Cash flows of discontinued operation</u></b> |                                    |             |
| Cash generated from operating activities           | -                                  | 37,921      |
| Cash used in investing activities                  | -                                  | (71,875)    |
| Cash used in financing activities                  | -                                  | 14,143      |
| <b>Effect of cash flows</b>                        | -                                  | (19,811)    |

Assets Held for Sale as at end of the period consists of:-

| <i>In thousands of RM</i>                        | <b>As at</b>         | <b>As at</b>       |
|--|----------------------|--------------------|
|  | <b>31</b>            | <b>31 December</b> |
|  | <b>December 2018</b> | <b>2017</b>        |
| <b><u>Assets classified as held for sale</u></b> |                      |                    |
| Investment property                              | 19,800               | 185,900            |
|  | 19,800               | 185,900            |



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**Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

**B1) Review of Performance**

**Commentary for Individual Quarter ended 31 December 2018**

Continuing operations

| <i>In thousands of RM</i>                      | <b>Current Year</b> | <b>Preceding Year</b> | <b>Changes</b>  | <b>Changes</b> |
|--|---------------------|-----------------------|-----------------|----------------|
|  | <b>Quarter</b>      | <b>Corres-ponding</b> | <b>(Amount)</b> | <b>(%)</b>     |
|  |                     | <b>Quarter</b>        |                 |                |
| <b><u>Segment Revenue</u></b>                  |                     |                       |                 |                |
| Chemicals                                      | 77,750              | 85,727                | (7,977)         | (9.3)          |
| Polymers                                       | 24,026              | 23,556                | 470             | 2.0            |
| Others and inter-segment transactions          | (1,317)             | (51)                  | (1,266)         | >100.0         |
| Group result (continuing operations)           | <u>100,459</u>      | <u>109,232</u>        | <u>(8,773)</u>  | (8.0)          |
| <b><u>Segment profit/(loss) before tax</u></b> |                     |                       |                 |                |
| Chemicals                                      | 13,068              | 16,706                | (3,638)         | (21.8)         |
| Polymers                                       | 3,499               | 4,296                 | (797)           | (18.6)         |
| Others and inter-segment transactions          | (6,946)             | (14,177)              | 7,231           | (51.0)         |
| Group result (continuing operations)           | <u>9,621</u>        | <u>6,825</u>          | <u>2,796</u>    | 41.0           |

The Group recorded profit before tax in the current quarter of RM9.6 million, increased from RM6.8 million recorded in the same quarter last year, in spite of achieving lower revenue. The improvement in profit before tax was contributed by the savings in finance cost of RM2.6 million pursuant to the Group's continuous de-gearing exercise undertaken throughout the quarter. The preceding year's profit before tax has taken into account the voluntary separation scheme cost amounting to RM5.5 million.

Chemicals Division has recorded a lower revenue and profit before tax by 9.3% and 21.8% respectively during the current quarter primarily due to lower average selling prices of its chlor-alkali products on the back of fluctuation in chemical commodity prices.

Polymers Division's profit before tax for the current quarter decreased from RM4.2 million to RM3.5 million due to write-off of assets not in use, on the back of revenue growth of 2%.

Discontinued operation

On 28 December 2017, the Company distributed its entire shareholding in CCM Duopharma Biotech Berhad ("CCMD") to the shareholders of the Company. Following the distribution, CCMD has ceased to be a subsidiary of the Company, thus reported as Discontinued Operation results as comparative in 2017. During the fourth quarter of 2017, the Pharmaceuticals Division recorded revenue of RM112.3 million and profit before tax of RM12.8 million.



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**Commentary for Cumulative Quarter ended 31 December 2018**

Continuing operations

| <i>In thousands of RM</i>                      | <b>Current Year<br/>To Date</b> | <b>Preceding Year<br/>Corres-ponding<br/>Period</b> | <b>Changes<br/>(Amount)</b> | <b>Changes<br/>(%)</b> |
|--|---------------------------------|---|-----------------------------|------------------------|
| <b><u>Segment Revenue</u></b>                  |                                 |   |                             |                        |
| Chemicals                                      | 305,383                         | 283,565   | 21,818                      | 7.7                    |
| Polymers                                       | 94,324                          | 84,277  | 10,047                      | 11.9                   |
| Others and inter-segment transactions          | (3,768)                         | 2,867   | (6,635)                     | >100.0                 |
| Group result (continuing operations)           | <u>395,939</u>                  | <u>370,709</u>                                      | <u>25,230</u>               | 6.8                    |
| <b><u>Segment profit/(loss) before tax</u></b> |                                 |   |                             |                        |
| Chemicals                                      | 51,196                          | 44,029  | 7,167                       | 16.3                   |
| Polymers                                       | 18,744                          | 18,765  | (21)                        | (0.1)                  |
| Others and inter-segment transactions          | (18,544)                        | (48,069)  | 29,525                      | (61.4)                 |
| Group result (continuing operations)           | <u>51,396</u>                   | <u>14,725</u>                                       | <u>36,671</u>               | 249.0                  |

For the current period ended 31 December 2018, the Group recorded profit before tax of RM51.4 million compared to RM14.7 million in the corresponding period last year with the revenue growth of 6.8%. During the period under review, both businesses recorded resilient performance and improved margins from their business operations. Further, the improved performance was also contributed by the following factors:

- Savings of the Group's finance cost of RM4.6 million or 18% reduction compared to the last year pursuant to the Group's continuous de-gearing exercise which was undertaken throughout the year. The proceeds from the divestment of its 2 non-core assets namely disposal of its 8.39% equity interest in PanGen Biotech Inc. and disposal of Shah Alam land amounting to RM249.2 million was used to pare down its borrowings.
- The disposal of Shah Alam land which was completed in June 2018 has resulted in gain of RM4.1 million.
- The profit before tax for the period ended 31 December 2017 also took into account RM7.0 million incurred for the corporate exercises which led to leaner corporate office setup and operational efficiency.

Chemicals Division recorded a higher profit before tax of RM51.2 million, as compared to RM44.0 million in 2017 on the back of 7.7% increase in revenue. The increase in revenue and profit before tax were primarily the result of higher average selling prices of its chlor-alkali products as well as higher volume sold during the period under review. This was further supported by improvement in its manufacturing efficiency and other cost control initiatives.

Polymers Division's profit before tax for the current period stabilised at RM18.7 million with growth in revenue of 11.9%.



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**Commentary for Cumulative Quarter ended 31 December 2018 (continued)**

Discontinued operation

On 28 December 2017, the Company distributed its entire shareholding in CCM Duopharma Biotech Berhad (“CCMD”) to the shareholders of the Company. Following the distribution, CCMD has ceased to be a subsidiary of the Company, thus reported as Discontinued Operation results as comparative in 2017. Pharmaceuticals Division recorded revenue of RM468.0 million and profit before tax of RM51.8 million for the year 2017.

**B2) Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter**

Continuing operations

| <i>In thousands of RM</i>                      | <b>Current<br/>Quarter</b> | <b>Preceding<br/>Quarter</b> | <b>Changes<br/>(Amount)</b> | <b>Changes<br/>(%)</b> |
|--|----------------------------|------------------------------|-----------------------------|------------------------|
| <b><u>Segment Revenue</u></b>                  |                            |                              |                             |                        |
| Chemicals                                      | 77,750                     | 71,795                       | 5,955                       | 8.3                    |
| Polymers                                       | 24,026                     | 24,129                       | (103)                       | (0.4)                  |
| Others and inter-segment transactions          | (1,317)                    | (856)                        | (461)                       | 53.9                   |
| Group result                                   | <u>100,459</u>             | <u>95,068</u>                | <u>5,391</u>                | 5.7                    |
| <b><u>Segment profit/(loss) before tax</u></b> |                            |                              |                             |                        |
| Chemicals                                      | 13,068                     | 11,947                       | 1,121                       | 9.4                    |
| Polymers                                       | 3,499                      | 4,906                        | (1,407)                     | (28.7)                 |
| Others and inter-segment transactions          | (6,946)                    | (5,971)                      | (975)                       | 16.3                   |
| Group result                                   | <u>9,621</u>               | <u>10,882</u>                | <u>(1,261)</u>              | (11.6)                 |

The Group’s revenue for the current quarter of RM100.5 million was higher by 5.7% as compared to the preceding quarter revenue of RM95.1 million. The higher revenue was mainly contributed by higher sales volume recorded by Chemical Divisions during the quarter. Group’s profit before tax for the current quarter decreased slightly to RM9.6 million compared to RM10.9 million in the preceding quarter due to write-off of assets not in use.

**B3) Prospects**

During the period under review, the Group has completed two (2) major divestments of its non-core assets which has raised a total proceed of RM249.2 million that was used to pare down its borrowing and thus strengthening its gearing position from 1.67 times in 2017 to 0.60 times as at end of 2018. The continuous de-gearing exercise has also contributed to reduction in finance cost by 18% compared to 2017. With the stronger financial position, the Group is now able to pursue its expansion and growth strategies.

In line with its strategic plan, the Group is focusing its effort in expanding its two (2) core businesses, Chemicals and Polymers Divisions. Both businesses will pursue new opportunities within their respective markets to increase their market share in order to ensure sustainable growth.



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**B3) Prospects (continued)**

On Chemicals Division, the reactivation of Pasir Gudang Plant 1 (PGW1) is set to be completed by the second half of this year. This effort will increase the total chlor-alkali production capacity by 50 per cent annually once it begins operations. This will allow the Division to seize the existing market opportunities for its chlor-alkali products. In addition, Chemicals Division will continue with various improvement programs to gain benefit from operational savings. The Division will also continue to grow its core capabilities both domestically and regionally in order to strengthen its market share. However, the Division remains cautious of the fluctuation in chemical commodity prices, which may variably give an impact to the results.

Polymer Division's performance is expected to grow steadily in tandem with the growth of the global demand for gloves. Based on the forecast by Malaysian Rubber Glove Manufacturers Association (MARGMA), the demand for gloves is expected to grow 8% - 10% per annum over the next two years. However, the Division expects the business environment to be challenging in the coming year, in view of intensifying competition and cost increases. In order to stay ahead of the competition, the Division is strengthening its product development capabilities and undertaking capacity expansion. Ongoing efforts are also in place to improve production process including leveraging on automation with the objective of enhancing cost efficiency and quality improvement.

**B4) Variance of Actual Profit from Forecast Profit**

The Group did not make any profit forecast or issue any profit guarantee.

**B5) Taxation**

Taxation charge of the Group for the current quarter and the financial period was as follows:

|                                     | <b>Current<br/>Quarter</b> | <b>Current Period</b> |
|-------------------------------------|----------------------------|-----------------------|
|                                     | <b>RM'000</b>              | <b>RM'000</b>         |
| Taxation                            |                            |                       |
| In respect of profit for the period | 3,031                      | 18,945                |
| Real Property Gains Tax (RPGT)      | -                          | 9,548                 |
| Transfer from deferred tax          | (3,167)                    | (7,862)               |
|                                     | <u>(136)</u>               | <u>20,631</u>         |

The Group's effective tax rate was higher than the statutory tax rate mainly due to the RPGT incurred during the quarter on the Disposal of Shah Alam Land and non-deductibility of certain expenses for tax purposes.

**B6) Profit before Tax**

|   | <b>Current<br/>Quarter</b> | <b>Current<br/>Period</b> |
|---|----------------------------|---------------------------|
|   | <b>RM'000</b>              | <b>RM'000</b>             |
| <b>Operating profit is arrived at after charging / (crediting):</b> |                            |                           |
| Depreciation and amortization                                       | 5,684                      | 22,863                    |
| (Write-back)/Provision for receivables                              | (3,013)                    | (2,205)                   |
| (Write-back)/Provision for inventories                              | (286)                      | 914                       |
| Net foreign exchange loss/(gain)                                    | (15)                       | 1,100                     |
| Interest expense  | 3,834                      | 20,346                    |
| Interest income   | (2,206)                    | (5,991)                   |

Other than the above, there were no impairment of assets and gain or loss on derivatives for the current quarter and the current period under review.



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**B7) Status of Corporate Proposals**

On 7 September 2018, the Company entered into a Sale and Purchase Agreement with Rock Link Sdn Bhd in relation to proposed disposal of a piece of land held under H.S.(D) 75345, PT 6055, in Mukim of Labu, District of Seremban, Negeri Sembilan for a purchase consideration of RM21.5 million.

On 13 December 2018, the Company obtained the Consent to Transfer from the State Authority and subsequently on 18 December 2018, the Company has also obtained approval from the Economic Planning Unit (EPU) on the sale and transfer of the said Property to the Purchaser. As such, all Conditions Precedent as stated in the Sale and Purchase Agreement dated 7 September 2018 have been fulfilled on 21 December 2018. The disposal is expected to be completed within 3 months upon full settlement by the purchaser.

Save for as disclosed above, there are no other corporate proposals that have been announced by the Company but not yet completed as at the date of this report.

**B8) Group Borrowings and Debt Securities**

|                              | <u>31 December</u><br><u>2018</u><br><u>RM'000</u> | <u>31 December</u><br><u>2017</u><br><u>RM'000</u> |
|------------------------------|--|--|
| <b>Short term borrowings</b> |  |  |
| Unsecured                    |  |  |
| Ringgit Malaysia denominated | 41,695   | 359,388  |
| <b>Long term borrowings</b>  |  |  |
| Unsecured                    |  |  |
| Ringgit Malaysia denominated | 152,107  | 108,750  |
|                              | <u>193,802</u>                                     | <u>468,138</u>                                     |

**B9) Material Litigation**

There were no material litigations as at the end of the period under review.

**B10) Dividend**

On 14 December 2018, the Board of Directors had approved a second single-tier interim dividend of 4.00 sen (2017 : nil) per share for the financial year ended 31 December 2018, based on the issued share capital of 167.7 million shares amounting to approximately RM6.7 million, which was paid on 31 January 2019.

The Board of Directors recommends a final single tier dividend of 2.0 sen per share (2017 : nil) for the financial year ended 31 December 2018, based on issued share capital of 167.7 million shares amounting to approximately RM3.4 million. The final dividend is subject to shareholders' approval at the forthcoming 57<sup>th</sup> Annual General Meeting of the Company. The entitlement date in respect of the final single tier dividend will be on 31 May 2019 and the payment will be made on 14 June 2019.





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**B11) Earnings per Share**

|   | <u>Individual Quarter</u> |                    | <u>Cumulative Quarter</u> |                    |
|---|---------------------------|--------------------|---------------------------|--------------------|
|   | <u>31 December</u>        | <u>31 December</u> | <u>31 December</u>        | <u>31 December</u> |
|   | <u>2018</u>               | <u>2017</u>        | <u>2018</u>               | <u>2017</u>        |
|   | <u>RM'000</u>             | <u>RM'000</u>      | <u>RM'000</u>             | <u>RM'000</u>      |
| <b>Basic Earnings Per Share:-</b>   |                           |                    |                           |                    |
| Profit after tax and minority shareholders' interests (RM'000)                  |                           |                    |                           |                    |
| - from continuing operations  | 8,634                     | (6,939)            | 25,706                    | (5,239)            |
| - from discontinued operations  | -                         | 8,131              | -                         | 31,158             |
|   | <u>8,634</u>              | <u>1,192</u>       | <u>25,706</u>             | <u>25,919</u>      |
| Weighted average number of ordinary shares ('000) at ending of the quarter/year | <u>167,696</u>            | <u>462,615</u>     | <u>167,696</u>            | <u>462,615</u>     |
| Basic earnings per share (sen)  |                           |                    |                           |                    |
| - from continuing operations  | 5.15                      | (1.50)             | 15.33                     | (1.13)             |
| - from discontinued operations  | -                         | 1.76               | -                         | 6.74               |
|   | <u>5.15</u>               | <u>0.26</u>        | <u>15.33</u>              | <u>5.61</u>        |

There is no dilution to the earnings per ordinary share as there are no potentially dilutive ordinary shares.

**B12) Derivative Financial Instruments**

As at the end of the current period, there were no outstanding derivative financial instruments in the Group.

**B13) Gains and Losses Arising from Fair Value Changes of Financial Liabilities**

There were no material gains or losses from changes on the fair values of financial liabilities for the current period under review.

**B14) Authorisation for Issue**

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 February 2019.

By Order of the Board

NOOR AZWAH SAMSUDIN (LS0006071)  
 Company Secretary  
 22 February 2019