



## **KOSSAN RUBBER INDUSTRIES BHD**

Company No. 48166-W  
(Incorporated in Malaysia)

### **INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2018**

#### **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 Marketing 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 1/1/2018 inclusive of those adopted for the audited financial statements for the year ended 31 December 2017.

##### **2. Annual Audit Report**

The audit report of the audited financial statements for the year ended 31 December 2017 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 unaudited financial year ended 31 December 2018.

##### **5. Changes in Material Estimates**

There were no significant changes in estimates used in the current quarter and financial year ended 31 December 2018 or in prior interim periods of the current financial year or prior financial year.

##### **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 year ended 31 December 2018.

##### **7. Dividend**

On 23 November 2017, the directors approved an interim tax exempt dividend of 5.0 sen per ordinary shares for the financial year ended 31 December 2017. The dividend of RM 31,973,395 was paid on 10 January 2018.

On 12 April 2018, the directors recommended a final tax exempt dividend of 6.0 sen per ordinary share for the financial year ended 31 December 2017. This was approved at the 2018 Annual General Meeting and the dividend of RM 38,368,074 was paid on 3 July 2018.

On 04 January 2019, the directors approved an interim tax exempt dividend of 3.0 sen per ordinary shares for the financial year ended 31 December 2018. The dividend of RM 38,368,074 was paid on 30 January 2019.

There were no other dividends declared or paid in the current quarter and financial year ended 31 December 2018.

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

|                             | <b>Divisions</b>                        |                           |                               |                                           |                          |
|-----------------------------|-----------------------------------------|---------------------------|-------------------------------|-------------------------------------------|--------------------------|
|                             | <b>Technical<br/>Rubber<br/>RM '000</b> | <b>Gloves<br/>RM '000</b> | <b>Clean-Room<br/>RM '000</b> | <b>Investment<br/>Holding<br/>RM '000</b> | <b>Total<br/>RM '000</b> |
| <b>Financial year ended</b> |                                         |                           |                               |                                           |                          |
| <b>- 31/12/2018</b>         |                                         |                           |                               |                                           |                          |
| Revenue                     | 184,617                                 | 1,876,811                 | 79,529                        | 19,492                                    | 2,160,449                |
| Intercompany elimination    | 0                                       | 0                         | 0                             | ( 16,214)                                 | ( 16,214)                |
|                             | <u>184,617</u>                          | <u>1,876,811</u>          | <u>79,529</u>                 | <u>3,278</u>                              | <u>2,144,235</u>         |
| Profit before tax           | <u>28,490</u>                           | <u>218,537</u>            | <u>3,565</u>                  | <u>( 1,263)</u>                           | <u>249,329</u>           |
| <b>- 31/12/2017</b>         |                                         |                           |                               |                                           |                          |
| Revenue                     | 161,957                                 | 1,716,620                 | 76,361                        | 19,094                                    | 1,974,032                |
| Intercompany elimination    | 0                                       | 0                         | 0                             | ( 16,405 )                                | ( 16,405)                |
|                             | <u>161,957</u>                          | <u>1,716,620</u>          | <u>76,361</u>                 | <u>2,689</u>                              | <u>1,957,627</u>         |
| Profit before tax           | <u>16,229</u>                           | <u>208,561</u>            | <u>2,948</u>                  | <u>575</u>                                | <u>228,313</u>           |
| <b>Quarter ended</b>        |                                         |                           |                               |                                           |                          |
| <b>- 31/12/2018 (4Q18)</b>  |                                         |                           |                               |                                           |                          |
| Revenue                     | 50,380                                  | 519,360                   | 18,832                        | 5,140                                     | 593,712                  |
| Intercompany elimination    | 0                                       | 0                         | 0                             | ( 4,340)                                  | ( 4,340)                 |
|                             | <u>50,380</u>                           | <u>519,360</u>            | <u>18,832</u>                 | <u>800</u>                                | <u>589,372</u>           |
| Profit before tax           | <u>8,458</u>                            | <u>62,500</u>             | <u>1,099</u>                  | <u>( 657)</u>                             | <u>71,400</u>            |
| <b>- 31/12/2017 (4Q17)</b>  |                                         |                           |                               |                                           |                          |
| Revenue                     | 42,186                                  | 414,291                   | 20,225                        | 5,302                                     | 482,004                  |
| Intercompany elimination    | 0                                       | 0                         | 0                             | ( 4,231 )                                 | ( 4,231)                 |
|                             | <u>42,186</u>                           | <u>414,291</u>            | <u>20,225</u>                 | <u>1,071</u>                              | <u>477,773</u>           |
| Profit before tax           | <u>4,421</u>                            | <u>53,549</u>             | <u>644</u>                    | <u>383</u>                                | <u>58,997</u>            |

**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 January 2019 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 year ended 31 December 2018.

**12. Contingent Liabilities**

As at 31 December 2018, the Company has unsecured outstanding contingent liabilities amounting to RM506.829 million (31 Dec 2017: RM473.386 million) being corporate guarantees given to financial institutions for banking facilities granted to certain subsidiaries.

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**Explanatory Notes****13. Capital and other Commitments**

|                                              | As at financial period ended |            |
|----------------------------------------------|------------------------------|------------|
|                                              | 31/12/2018                   | 31/12/2017 |
|                                              | RM'000                       | RM'000     |
| Property, plant and equipment                |                              |            |
| Within one year: Contracted but not provided | 4,234                        | 4,234      |

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

|                                                         | Individual Period<br>(4 <sup>th</sup> Quarter)    |                                                                   |              | Cumulative Period                               |                                                   |              |
|---------------------------------------------------------|---------------------------------------------------|-------------------------------------------------------------------|--------------|-------------------------------------------------|---------------------------------------------------|--------------|
|                                                         | Current<br>Year<br>Quarter<br>31/12/18<br>RM '000 | Preceding Year<br>Corresponding<br>Quarter<br>31/12/17<br>RM '000 | Changes<br>% | Current<br>Year<br>ended<br>31/12/18<br>RM '000 | Preceding<br>Year<br>ended<br>31/12/17<br>RM '000 | Changes<br>% |
| Revenue                                                 | 589,372                                           | 477,773                                                           | 23.36        | 2,144,235                                       | 1,957,627                                         | 9.53         |
| Operating profit                                        | 76,726                                            | 62,253                                                            | 23.25        | 268,821                                         | 239,637                                           | 12.18        |
| Profit Before<br>Interest and Tax                       | 76,726                                            | 62,253                                                            | 23.25        | 268,821                                         | 239,637                                           | 12.18        |
| Profit before tax                                       | 71,400                                            | 58,997                                                            | 21.02        | 249,329                                         | 228,313                                           | 9.21         |
| Profit after tax                                        | 61,033                                            | 46,464                                                            | 31.36        | 205,300                                         | 184,235                                           | 11.43        |
| Profit attributed<br>To Ordinary Equity<br>Shareholders | 59,514                                            | 45,907                                                            | 29.64        | 200,784                                         | 182,061                                           | 10.28        |

|                                     | Divisions                      |                   |                       |                                  |                  |
|-------------------------------------|--------------------------------|-------------------|-----------------------|----------------------------------|------------------|
|                                     | Technical<br>Rubber<br>RM '000 | Gloves<br>RM '000 | Clean-Room<br>RM '000 | Investment<br>Holding<br>RM '000 | Total<br>RM '000 |
| <b>Financial year ended</b>         |                                |                   |                       |                                  |                  |
| <b>- 31/12/2018</b>                 |                                |                   |                       |                                  |                  |
| Revenue                             | 184,617                        | 1,876,811         | 79,529                | 19,492                           | 2,160,449        |
| Intercompany elimination            | 0                              | 0                 | 0                     | ( 16,214)                        | ( 16,214)        |
|                                     | 184,617                        | 1,876,811         | 79,529                | 3,278                            | 2,144,235        |
| Profit before tax                   | 28,490                         | 218,537           | 3,565                 | ( 1,263)                         | 249,329          |
| PBT/Revenue %                       | 15.43                          | 11.64             | 4.48                  | na                               | 11.63            |
| <b>- 31/12/2017</b>                 |                                |                   |                       |                                  |                  |
| Revenue                             | 161,957                        | 1,716,620         | 76,361                | 19,094                           | 1,974,032        |
| Intercompany elimination            | 0                              | 0                 | 0                     | ( 16,405 )                       | ( 16,405)        |
|                                     | 161,957                        | 1,716,620         | 76,361                | 2,689                            | 1,957,627        |
| Profit before tax                   | 16,229                         | 208,561           | 2,948                 | 575                              | 228,313          |
| PBT/Revenue %                       | 10.02                          | 12.15             | 3.86                  | 21.38                            | 11.66            |
| <b>Comparison of financial year</b> |                                |                   |                       |                                  |                  |
| <b>Percentage change</b>            | %                              | %                 | %                     | %                                | %                |
| Revenue                             | 13.99                          | 9.33              | 4.15                  | 21.90                            | 9.53             |
| Results                             | 75.55                          | 4.78              | 20.93                 | na                               | 9.21             |

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

|                               | <b>Divisions</b>                        |                           |                               |                                           |                          |
|-------------------------------|-----------------------------------------|---------------------------|-------------------------------|-------------------------------------------|--------------------------|
|                               | <b>Technical<br/>Rubber<br/>RM '000</b> | <b>Gloves<br/>RM '000</b> | <b>Clean-Room<br/>RM '000</b> | <b>Investment<br/>Holding<br/>RM '000</b> | <b>Total<br/>RM '000</b> |
| <b>Quarter ended</b>          |                                         |                           |                               |                                           |                          |
| <b>- 31/12/2018 (4Q18)</b>    |                                         |                           |                               |                                           |                          |
| Revenue                       | 50,380                                  | 519,360                   | 18,832                        | 5,140                                     | 593,712                  |
| Intercompany elimination      | 0                                       | 0                         | 0                             | ( 4,340)                                  | ( 4,340)                 |
|                               | <u>50,380</u>                           | <u>519,360</u>            | <u>18,832</u>                 | <u>800</u>                                | <u>589,372</u>           |
| Profit before tax             | <u>8,458</u>                            | <u>62,500</u>             | <u>1,099</u>                  | <u>( 657)</u>                             | <u>71,400</u>            |
| PBT/Revenue %                 | 16.79                                   | 12.03                     | 5.84                          | na                                        | 12.12                    |
| <b>- 31/12/2017 (4Q17)</b>    |                                         |                           |                               |                                           |                          |
| Revenue                       | 42,186                                  | 414,291                   | 20,225                        | 5,302                                     | 482,004                  |
| Intercompany elimination      | 0                                       | 0                         | 0                             | ( 4,231)                                  | ( 4,231)                 |
|                               | <u>42,186</u>                           | <u>414,291</u>            | <u>20,225</u>                 | <u>1,071</u>                              | <u>477,773</u>           |
| Profit before tax             | <u>4,421</u>                            | <u>53,549</u>             | <u>644</u>                    | <u>383</u>                                | <u>58,997</u>            |
| PBT/Revenue %                 | 10.48                                   | 12.93                     | 3.18                          | 35.76                                     | 12.35                    |
| <b>Comparison of quarters</b> |                                         |                           |                               |                                           |                          |
| <b>Percentage change</b>      | <b>%</b>                                | <b>%</b>                  | <b>%</b>                      | <b>%</b>                                  | <b>%</b>                 |
| Revenue                       | 19.42                                   | 25.36                     | ( 6.89)                       | ( 25.30)                                  | 23.36                    |
| Profit before tax             | 91.31                                   | 16.72                     | 70.65                         | na                                        | 21.02                    |

**Additional Information required by MMLR.****Comparison of Current Year To Date ("FY18") with Preceding Year To Date ("FY17")**

For the 12 months of financial year ended 31 December 2018, the Group recorded its highest ever revenue, surpassing the two-billion-ringgit-mark to RM2,144.24 million, an increase of 9.53% as compared with RM1,957.63 million in FY2017. Profit before taxation (PBT) was RM249.33 million, rising 9.21% as compared with RM228.31 million last year. The stronger results were mainly attributable to the improved performance in the Gloves and TRPs divisions as compared with the previous year.

The Gloves division's revenue was RM1,876.81 million in FY2018, an increase of 9.33% compared with RM1,716.62 million last year. PBT was RM218.54 million, rising 4.78% compared with RM208.56 million recorded in the previous financial year. The improved performance was mainly attributable to the strong demand growth for the Group's glove products, with higher average selling prices (+6.1%) and higher volume sold (+9.7%) as compared with FY2017, as well as increased manufacturing efficiency and effective cost controls. The full year performance was achieved despite the increase in natural gas (+22.82%) and nitrile (+9.27%) prices as well as the less favourable USD/MYR exchange rate (-6.16%). In the period under review, natural rubber prices declined (-27.61%). The Group's current installed capacity stands at 26.5 billion pieces per annum, with a nitrile to natural rubber (NBR:NR) split of 75:25.

The Technical Rubber Products (TRPs) division's revenue rose 13.99% to RM184.62 million in FY2018 as compared with RM161.96 million in FY2017, while PBT soared 75.55% to RM28.49 million from RM16.23 million recorded in the previous financial year. The improved performance was mainly attributable to increased sales deliveries and sales of higher margin products.

The Cleanroom division recorded revenue and PBT of RM79.53 million and RM3.57 million respectively for FY2018, as compared with RM76.36 million and RM2.95 million in FY2017.

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**Explanatory Notes****14.1 Review of Results (continue)****Comparison of Current Quarter ("4Q18") with Previous Year Corresponding Quarter ("4Q17")**

For 4Q18, the Group recorded revenue of RM589.37 million, an increase of 23.36% as compared with RM477.77 million in 4Q17. PBT rose 21.02% to RM71.40 million in the current quarter as compared with RM59.00 million in the previous year quarter. The improved performance was attributable to improvements in all three divisions - Gloves, TRPs and Cleanroom.

The Gloves division's revenue rose 25.36% to RM519.36 million in 4Q18 from RM414.29 million in 4Q17, with PBT increasing by 16.72% to RM62.50 million in the current quarter as compared with RM53.55 million from a year ago. The improved performance was achieved on the back of continued strong demand for the Group's glove products, with higher average selling prices (+7.5%) and higher volume sold (+17.3%) as compared with the previous year quarter. This was achieved despite the increase in natural gas (+23.74%) and nitrile (+11.80%) prices. In the period under review, natural rubber prices declined (-19.36%).

The TRPs division's revenue of RM50.38 million in 4Q18 was 19.42% higher as compared with RM42.19 million in 4Q17, while PBT soared 91.31% to RM8.46 million in the current quarter compared with RM4.42 million in the previous year quarter. The improved performance was mainly attributable to increased sales deliveries and sales of higher margin products.

The Cleanroom division recorded revenue and PBT of RM18.83 million and RM1.10 million respectively in 4Q18, as compared with RM20.23 million and RM0.64 million in 4Q17.

**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/>31/12/2018<br/>RM '000</b> | <b>Immediate<br/>Preceding<br/>Quarter<br/>30/09/2018<br/>RM '000</b> | <b>Changes<br/>%</b> |
|---------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------------------|----------------------|
| Revenue                                           | 589,372                                               | 573,897                                                               | 2.70                 |
| Operating profit                                  | 76,726                                                | 76,467                                                                | 0.34                 |
| Profit Before Interest and Tax                    | 76,726                                                | 76,467                                                                | 0.34                 |
| Profit before tax                                 | 71,400                                                | 70,826                                                                | 0.81                 |
| Profit after tax                                  | 61,033                                                | 55,108                                                                | 10.75                |
| Profit attributed To Ordinary Equity Shareholders | 59,514                                                | 54,146                                                                | 9.91                 |

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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                      |                   |                       |                                  | Total<br>RM '000 |
|--------------------------------------------------------|--------------------------------|-------------------|-----------------------|----------------------------------|------------------|
|                                                        | Technical<br>Rubber<br>RM '000 | Gloves<br>RM '000 | Clean-Room<br>RM '000 | Investment<br>Holding<br>RM '000 |                  |
| <b>Current Quarter ended<br/>- 31/12/2018 (4Q18)</b>   |                                |                   |                       |                                  |                  |
| Revenue                                                | 50,380                         | 519,360           | 18,832                | 5,140                            | 593,712          |
| Intercompany elimination                               | 0                              | 0                 | 0                     | ( 4,340)                         | ( 4,340)         |
|                                                        | <u>50,380</u>                  | <u>519,360</u>    | <u>18,832</u>         | <u>800</u>                       | <u>589,372</u>   |
| Profit before tax                                      | <u>8,458</u>                   | <u>62,500</u>     | <u>1,099</u>          | <u>( 657)</u>                    | <u>71,400</u>    |
| PBT/Revenue %                                          | 16.79                          | 12.03             | 5.84                  | na                               | 12.12            |
| <b>Preceding Quarter ended<br/>- 30/09/2018 (3Q18)</b> |                                |                   |                       |                                  |                  |
| Revenue                                                | 46,125                         | 505,778           | 21,025                | 4,694                            | 577,622          |
| Intercompany elimination                               | 0                              | 0                 | 0                     | ( 3,725)                         | ( 3,725)         |
|                                                        | <u>46,125</u>                  | <u>505,778</u>    | <u>21,025</u>         | <u>969</u>                       | <u>573,897</u>   |
| Profit before tax                                      | <u>6,882</u>                   | <u>63,068</u>     | <u>923</u>            | <u>( 47)</u>                     | <u>70,826</u>    |
| PBT/Revenue %                                          | 14.92                          | 12.47             | 4.39                  | na                               | 12.34            |
| <b>Comparison of quarters</b>                          |                                |                   |                       |                                  |                  |
| <b>Percentage change</b>                               | <b>%</b>                       | <b>%</b>          | <b>%</b>              | <b>%</b>                         | <b>%</b>         |
| Revenue                                                | 9.23                           | 2.69              | ( 10.43)              | ( 17.44)                         | 2.70             |
| Profit before tax                                      | 22.90                          | ( 0.90)           | 19.07                 | na                               | 0.81             |

**Comparison of Current Quarter (“4Q18”) with immediate Preceding Quarter (“3Q18”)**

On a quarter-on-quarter basis, Group revenues grew 2.70% to RM589.37 million in 4Q18 as compared with RM 573.90 million in the immediate preceding quarter. Profit before tax (PBT) increased to RM71.40 million from RM70.83 million in 3Q18.

The Gloves division recorded revenue of RM519.36 million, increasing 2.69% from RM505.78 million in 3Q18. Meanwhile, PBT eased slightly to RM62.50 million in 4Q18 compared with RM63.07 million in the immediate preceding quarter. The 4Q18 performance was achieved on the back of higher depreciation charges and start-up costs from the recently completed plants, while meaningful contributions from the latest Plant 17 (fully commissioned in November 2018) are only expected in the coming quarter. The demand for glove products continues to be strong with higher volume sold (+2.5%) in 4Q18 as compared with the immediate preceding quarter, with all plants operating at full capacity. In the current quarter under review, average selling prices were lower (-1.9%), in tandem with the decrease in nitrile (-9.50%) and natural rubber (-5.88%) prices as compared with 3Q18.

The TRPs division recorded revenue of RM50.38 million in the current quarter, an increase of 9.23% compared with the RM46.13 million recorded in 3Q18, while PBT increased 22.90% to RM8.46 million compared with RM6.88 million in the immediate preceding quarter. The better performance was mainly attributable to higher sales deliveries and sales of higher margin products.

The Cleanroom division recorded revenue and PBT of RM18.83 million and RM1.10 million respectively in 4Q18, as compared with from RM21.03 million and RM0.92 million in 3Q18.

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### Explanatory Notes

#### 14.3 Current Year Prospects

Demand for the Group's glove products continues to be strong. Capacity for the Group's latest Plant 17 (1.5 billion pieces) has been fully taken up, with meaningful contributions expected in the coming quarter.

Construction works for Plant 18 (2.5 billion pieces) and Plant 19 (3 billion pieces) are currently on-track, with expected full commissioning by the 2nd quarter of 2019 and 4th quarter of 2019 respectively.

Thereafter, the next phase of the Group's expansion will be centred on Bidor, Perak, which is currently in the planning stage, to commence in 2020 and to take eight years to complete. Additionally, the Group's landbanks in Bestari Jaya which measures approximately 56 acres and in Kuala Langat which measures approximately 98 acres, provides added flexibility and sustainability to the Group's expansion plans.

For the Technical Rubber Products division, the Group views this division as stable and is optimistic of the performance for 2019.

The year 2018 has been characterised by cost increases and a rising competitive environment, and the Group expects this year to be no different. Even against this backdrop, Kossan has continued to pursue its transformation and growth strategies. With the Group's expansion plans and new capacity coming on-stream, continued demand for our gloves, a clear focus on cost savings, product quality and innovation, as well as improvements in production technology and operating efficiency, Management is confident that FY2019 will be a growth year for the Group.

#### 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 year ended |               |
|-------------------|----------------------|---------------|----------------------|---------------|
|                   | 31/12/2018           | 31/12/2017    | 31/12/2018           | 31/12/2017    |
|                   | RM'000               | RM'000        | RM'000               | RM'000        |
| Tax expense       | 12,812               | 15,060        | 41,946               | 39,724        |
| Deferred taxation | (2,445)              | (2,527)       | 2,083                | 4,354         |
|                   | <u>10,367</u>        | <u>12,533</u> | <u>44,029</u>        | <u>44,078</u> |

The effective income tax rate for the current quarter and financial year ended 31 December 2018 was lower than the statutory rate due to the availability of tax incentives.

#### 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 year ended 31 December 2018.

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

a) The Group borrowings as at 31 December 2018 were as follows:

|                                 | <b>Total Unsecured</b>      |                             |
|---------------------------------|-----------------------------|-----------------------------|
|                                 | <b>As at<br/>31/12/2018</b> | <b>As at<br/>31/12/2017</b> |
|                                 | <b>RM'000</b>               | <b>RM'000</b>               |
| <b>Short Term</b>               |                             |                             |
| Revolving credit                | 79,450                      | 78,595                      |
| Bankers' acceptances            | 116,846                     | 90,194                      |
| Term loans due within 12 months | <u>46,133</u>               | <u>38,564</u>               |
|                                 | <u>242,429</u>              | <u>207,353</u>              |
| <b>Long Term</b>                |                             |                             |
| Term loans due after 12 months  | <u>264,400</u>              | <u>186,456</u>              |
|                                 | <u>506,829</u>              | <u>393,809</u>              |

Included in the above Group borrowings in foreign denomination were as follows:

|                                       | <b>As at<br/>31/12/2018</b>             | <b>As at<br/>31/12/2017</b> |
|---------------------------------------|-----------------------------------------|-----------------------------|
|                                       | Unsecured Short term – revolving credit |                             |
| Foreign currency                      | <u>US\$10,000,000</u>                   | <u>US\$10,000,000</u>       |
| RM equivalent                         | <u>RM 41,450,000</u>                    | <u>RM 40,595,000</u>        |
| Average exchange rate RM to US\$ 1.00 | <u>RM 4.1450</u>                        | <u>RM 4.0595</u>            |

Other than the above, all the other borrowings were denominated in Ringgit Malaysia.

b) There were no debt securities for the financial year ended 31 December 2018.

**14.8 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.

**14.9 Earnings Per Share**

|                                                 | <b>Current Quarter ended</b> |                   | <b>Financial period ended</b> |                   |
|-------------------------------------------------|------------------------------|-------------------|-------------------------------|-------------------|
|                                                 | <b>31/12/2018</b>            | <b>31/12/2017</b> | <b>31/12/2018</b>             | <b>31/12/2017</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>   | <u>59,514</u>                | <u>45,907</u>     | <u>200,784</u>                | <u>182,061</u>    |
| <b>Basic earnings per share</b>                 |                              |                   |                               |                   |
| Basic number of ordinary shares in issue ('000) | 1,278,936                    | 1,278,936         | 1,278,936                     | 1,278,936         |
| Basic earnings per share (sen)                  | <u>4.65</u>                  | <u>3.59</u>       | <u>15.70</u>                  | <u>14.24</u>      |

On behalf of the Board

**Tan Sri Dato' Lim Kuang Sia**  
**Managing Director**  
**18 February 2019**