



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
THE SIX MONTHS ENDED 30 SEPTEMBER 2013 - unaudited

| <i>In thousands of RM</i> | Current Quarter | | Current Period | |
|-----------------------------------------------------------------|------------------------|---------------|-----------------------|----------------|
| | 30 September | | 30 September | |
| | 2013 | 2012 | 2013 | 2012 |
| Revenue | 311,472 | 374,049 | 995,029 | 1,135,022 |
| Cost of goods sold | (264,595) | (302,337) | (835,520) | (932,768) |
| Gross profit | 46,877 | 71,712 | 159,509 | 202,254 |
| Other income | 14,111 | 912 | 19,270 | 1,667 |
| Distribution expenses | (16,310) | (14,625) | (50,403) | (43,593) |
| Administrative expenses | (20,528) | (26,667) | (58,722) | (70,079) |
| Other expenses | (7,138) | (8,031) | (16,365) | (25,512) |
| Results from operating activities | 17,012 | 23,301 | 53,289 | 64,737 |
| Share of profit of equity accounted investee, net of tax | 276 | 236 | 2,155 | 1,130 |
| Finance income | 1,558 | 481 | 4,400 | 1,704 |
| Finance costs | (7,708) | (9,321) | (23,597) | (26,195) |
| Profit before tax | 11,138 | 14,697 | 36,247 | 41,376 |
| Income tax expense | (1,430) | (2,989) | (8,864) | (11,270) |
| Profit for the period | 9,708 | 11,708 | 27,383 | 30,106 |
| Other comprehensive income | | | | |
| Foreign currency translation differences for foreign operations | 886 | (4,637) | 5,633 | (2,877) |
| Total comprehensive income for the period | 10,594 | 7,071 | 33,016 | 27,229 |
| Profit attributable to : | | | | |
| Owners of the Company | 9,121 | 8,222 | 17,822 | 18,007 |
| Non-controlling interests | 587 | 3,486 | 9,561 | 12,099 |
| | 9,708 | 11,708 | 27,383 | 30,106 |
| Total comprehensive income attributable to : | | | | |
| Owners of the Company | 10,007 | 3,585 | 23,455 | 15,130 |
| Non-controlling interests | 587 | 3,486 | 9,561 | 12,099 |
| | 10,594 | 7,071 | 33,016 | 27,229 |
| Basic earnings per share (Sen) | 1.99 | 2.03 | 3.89 | 4.45 |
| Diluted earnings per share (Sen) | 1.99 | 1.79 | 3.89 | 3.91 |

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 30 SEPTEMBER 2013 - unaudited

| <i>In thousands of RM</i> | As at 30 September 2013 | As at 31 December 2012 |
|---------------------------------------------------------------------------------------------|----------------------------------------|---------------------------------------|
| ASSETS | | |
| Property, plant and equipment | 572,679 | 574,037 |
| Intangible assets | 303,328 | 302,341 |
| Investment properties | 29,240 | 85,760 |
| Prepaid lease payments | 5,814 | 6,131 |
| Investment in associates | 13,598 | 12,875 |
| Other Investments | 124 | 124 |
| Deferred tax assets | 9,178 | 12,243 |
| Total non-current assets | <u>933,961</u> | <u>993,511</u> |
| Trade and other receivables | 341,358 | 370,239 |
| Inventories | 350,177 | 368,403 |
| Current tax assets | 61,975 | 26,071 |
| Assets classified as held for sale | 74,314 | - |
| Cash and cash equivalents | 196,861 | 293,958 |
| Total current assets | <u>1,024,685</u> | <u>1,058,671</u> |
| TOTAL ASSETS | <u><u>1,958,646</u></u> | <u><u>2,052,182</u></u> |
| EQUITY AND LIABILITIES | | |
| Share capital | 457,630 | 457,630 |
| Reserves | 36,906 | 31,273 |
| Retained earnings | 336,227 | 345,779 |
| Total equity attributable to equity holders of the Company | <u>830,763</u> | <u>834,682</u> |
| Non-controlling interests | <u>132,013</u> | <u>133,272</u> |
| Total equity | <u>962,776</u> | <u>967,954</u> |
| Loans and borrowings | 550,000 | 550,000 |
| Deferred tax liabilities | 21,117 | 25,683 |
| Total non-current liabilities | <u>571,117</u> | <u>575,683</u> |
| Provisions | 282 | 1,121 |
| Trade and other payables | 159,515 | 204,263 |
| Current tax liabilities | 41,710 | 9,518 |
| Loans and borrowings | 223,246 | 293,643 |
| Total current liabilities | <u>424,753</u> | <u>508,545</u> |
| Total liabilities | <u>995,870</u> | <u>1,084,228</u> |
| TOTAL EQUITY AND LIABILITIES | <u><u>1,958,646</u></u> | <u><u>2,052,182</u></u> |
| Net assets per share attributable to ordinary equity holders of the parent (sen) | 183 | 184 |

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 NINE MONTHS ENDED 30 SEPTEMBER 2013 - unaudited

In thousands of RM

| | ← Attributable to shareholders of the Company → | | | | | | | | Distributable Retained earnings | Total | Non-controlling interest | Total equity |
|-------------------------------------------------|-------------------------------------------------|---------------|----------------------------|---------------------|---------------------|--------------------|-----------------------|-----------------|---------------------------------|----------------|--------------------------|----------------|
| | Share capital | Share premium | Capital redemption reserve | Translation reserve | Revaluation reserve | Fair value reserve | Other capital reserve | Treasury shares | | | | |
| At 1 January 2013 | 457,630 | 39,944 | 73 | (7,915) | 2,002 | 23 | 2,982 | (5,836) | 345,779 | 834,682 | 133,272 | 967,954 |
| Foreign exchange translation differences | - | - | - | 5,633 | - | - | - | - | - | 5,633 | - | 5,633 |
| Total other comprehensive income for the period | - | - | - | 5,633 | - | - | - | - | - | 5,633 | - | 5,633 |
| Profit for the year | - | - | - | - | - | - | - | - | 17,822 | 17,822 | 9,561 | 27,383 |
| Total comprehensive income for the period | - | - | - | 5,633 | - | - | - | - | 17,822 | 23,455 | 9,561 | 33,016 |
| Dividends to owners of the Company | - | - | - | - | - | - | - | - | (27,374) | (27,374) | - | (27,374) |
| Dividends to non-controlling interests | - | - | - | - | - | - | - | - | - | - | (10,820) | (10,820) |
| At 30 September 2013 | 457,630 | 39,944 | 73 | (2,282) | 2,002 | 23 | 2,982 | (5,836) | 336,227 | 830,763 | 132,013 | 962,776 |

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 TWELVE MONTHS ENDED 31 DECEMBER 2012

In thousands of RM

| | ← Attributable to shareholders of the Company → | | | | | | | | Distributable Retained earnings | Total | Non- controlling interest | Total equity |
|-----------------------------------------------|-------------------------------------------------|------------------|----------------------------------|-----------------------------|-----------------------------|--------------------------|-----------------------------|--------------------|---------------------------------------|----------------|---------------------------------|-----------------|
| | Share capital | Share premium | Capital redemption reserve | Transla- tion reserve | Revalua- tion reserve | Fair value reserve | Other capital reserve | Treasury shares | | | | |
| At 1 January 2012 | 404,756 | 20,910 | 73 | (1,292) | - | 23 | 2,982 | (5,836) | 319,916 | 741,532 | 128,030 | 869,562 |
| Foreign exchange translation differences | - | - | - | (6,623) | - | - | - | - | - | (6,623) | 496 | (6,127) |
| Revaluation of PPE | - | - | - | - | 2,002 | - | - | - | - | 2,002 | - | 2,002 |
| Total other comprehensive income for the year | - | - | - | (6,623) | 2,002 | - | - | - | - | (4,621) | 496 | (4,125) |
| Profit for the year | - | - | - | - | - | - | - | - | 36,912 | 36,912 | 17,107 | 54,019 |
| Total comprehensive income for the year | - | - | - | (6,623) | 2,002 | - | - | - | 36,912 | 32,291 | 17,603 | 49,894 |
| Issue of shares: | | | | | | | | | | | | |
| Conversion of warrants | 52,874 | 19,034 | - | - | - | - | - | - | - | 71,908 | - | 71,908 |
| Dividends to owners of the Company | - | - | - | - | - | - | - | - | (11,049) | (11,049) | - | (11,049) |
| Dividends to non-controlling interests | - | - | - | - | - | - | - | - | - | - | (12,361) | (12,361) |
| At 31 December 2012 | 457,630 | 39,944 | 73 | (7,915) | 2,002 | 23 | 2,982 | (5,836) | 345,779 | 834,682 | 133,272 | 967,954 |

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013 - unaudited**

| In thousands of RM | Nine Months Ended 30 September | |
|-----------------------------------------------------------|-------------------------------------------|-------------|
| | 2013 | 2012 |
| Cash flows from operating activities | | |
| Profit before taxation | 36,247 | 41,376 |
| Adjustments for: | | |
| Amortisation of prepaid lease payments | 70 | 334 |
| Change in fair value of investment properties | (16,823) | - |
| Depreciation of property, plant and equipment | 36,823 | 36,543 |
| Share of profit of equity accounted associates | (2,155) | (1,130) |
| Interest income | (4,400) | (1,704) |
| Finance costs | 23,597 | 26,195 |
| <i>Operating profit before changes in working capital</i> | 73,359 | 101,614 |
| Change in inventories | 18,226 | (14,919) |
| Change in receivables, deposits and prepayments | 28,881 | 7,592 |
| Change in payables and accruals | (41,145) | (89,784) |
| <i>Cash generated from operations</i> | 79,321 | 4,503 |
| Finance costs paid | (23,597) | (26,195) |
| Interest income | 4,400 | 1,704 |
| Income tax paid | (14,077) | (22,996) |
| Net cash generated from/(used in) operating activities | 46,047 | (42,984) |
| Cash flows from investing activities | | |
| Acquisition of property, plant and equipment | (35,986) | (31,324) |
| Dividend received from associates | 1,432 | - |
| Proceeds from disposal of property, plant and equipment | - | 1,741 |
| Net cash used in investing activities | (34,554) | (29,583) |
| Cash flows from financing activities | | |
| Net drawdown/(repayment) of loans and borrowings | (70,396) | 59,756 |
| Dividends paid to Minority shareholders | (10,820) | (11,068) |
| Dividends paid to shareholders of the Company | (27,374) | (11,049) |
| Proceeds from exercise of Warrants | - | 42 |
| Net cash generated from/(used in) financing activities | (108,590) | 37,681 |
| Net increase/(decrease) in cash and cash equivalents | (97,097) | (34,886) |
| Cash and cash equivalents at 1 January | 293,958 | 180,541 |
| Cash and cash equivalents as at 30 September | 196,861 | 145,655 |

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 30 September 2013

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 and with IAS 34, *Interim Financial Reporting*.

The interim financial report has been prepared in accordance with the same accounting policies in the consolidated financial statement as at and for the year ended 31 December 2012.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2012.

On 1 January 2013, the Group adopted the following new and amended MFRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2013:

MFRSs/ Interpretations

- MFRS 10, *Consolidated Financial Statements*
- MFRS 11, *Joint Arrangements*
- MFRS 12, *Disclosure of Interests in Other Entities*
- MFRS 13, *Fair Value Measurement*
- MFRS 119, *Employee Benefits* (2011)
- MFRS 127, *Separate Financial Statements* (2011)
- MFRS 128, *Investments in Associates and Joint Ventures* (2011)
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards – Government Loans*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*

The adoption of the above did not have any significant effects on the interim financial report upon their initial application.



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A2) 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 2012 was not subject to any qualification.

A3) 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.

A4) 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 ended 30 September 2013.

A5) Changes in prior estimates of amounts which materially affect the current interim period

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

A6) 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 quarter under review. The number of Treasury Shares held as at 30 September 2013 was 2,998,000.

A7) Dividends paid

A final single tier dividend for financial year ended 31 December 2012 of 5.75 sen per ordinary share totalling RM26.14 million was paid on 23 July 2013.

A8) Segment reporting

| <i>In thousands of RM</i> | Segment Revenue | | | |
|----------------------------------------|---------------------------------------------------|-----------------------|---------------------------------------------------|-------------------------|
| | Individual 3rd Quarter 2013 | 2012 | Cumulative 3rd Quarter 2013 | 2012 |
| Chemicals | 72,883 | 84,663 | 226,962 | 259,088 |
| Pharmaceuticals | 72,894 | 67,683 | 214,288 | 213,845 |
| Fertilizers | 167,710 | 218,129 | 550,983 | 658,022 |
| | <u>313,487</u> | <u>370,475</u> | <u>992,233</u> | <u>1,130,955</u> |
| Others* and inter segment transactions | (2,015) | 3,574 | 2,796 | 4,067 |
| Group result | <u><u>311,472</u></u> | <u><u>374,049</u></u> | <u><u>995,029</u></u> | <u><u>1,135,022</u></u> |



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A8) Segment reporting (Continued)

| <i>In thousands of RM</i> | Cumulative Profit/ (Loss) before tax | | | |
|----------------------------------------|--------------------------------------|---------------|------------------------------------|---------------|
| | Individual 3 rd Quarter | | Cumulative 3 rd Quarter | |
| | 2013 | 2012 | 2013 | 2012 |
| Chemicals | 2,834 | 6,923 | 12,656 | 24,052 |
| Pharmaceuticals | 6,715 | 7,692 | 17,697 | 22,146 |
| Fertilizers | (9,776) | 5,210 | (3,615) | 2,974 |
| | <u>(227)</u> | <u>19,825</u> | <u>26,738</u> | <u>49,172</u> |
| Others* and inter segment transactions | 11,365 | (5,131) | 9,509 | (7,796) |
| Group result | <u>11,138</u> | <u>14,694</u> | <u>36,247</u> | <u>41,376</u> |

* Administrative and non-core activities (including intra-Group dividends)

A9) Property, plant and equipment

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

A10) Post balance sheet event

There are no other material events after the period end that has not been reflected in the Interim Financial Reports for the financial period ended 30 September 2013.

A11) Effect of changes in the composition of the Group

There was no change in the composition of the Group for the current quarter ended 30 September 2013.

A12) Changes in contingent liabilities or contingent assets since the last annual balance sheet date

There were no changes in contingent liabilities or assets as at end of the current interim financial period.

A13) Capital Commitments

Commitments for the purchase of property, plant and equipments as at 30 September 2013.

| | At 30 September 2013 RM'000 | At 31 December 2012 RM'000 |
|---------------------------------|-----------------------------------|----------------------------------|
| Approved but not contracted for | 39,013 | 32,785 |
| Contracted but not provided for | <u>33,292</u> | <u>16,772</u> |
| | <u>72,305</u> | <u>49,557</u> |



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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 30 September 2013

For the current quarter ended 30 September 2013, the Group recorded revenue of RM311.5 million, lower by 17% compared to the corresponding quarter last year. The Group's profit before tax for the current quarter under review decreased by 24% to RM11.1 million from RM14.7 million recorded in the same quarter last year. During the quarter, the Group recorded a change in fair value of its investment properties of RM13.1 million, pursuant to its proposed disposal of the said properties to Permodalan Nasional Berhad ("PNB"). The said investment properties are now reclassified as Assets Held for Sale in the Statement of Financial Position as at 30 September 2013.

Chemicals Division recorded a lower profit before tax of RM2.8 million, a decrease of RM4.1 million as compared to the corresponding quarter last year. The lower profit recorded in the quarter was primarily due to a 14% decline in revenue, primarily due to lower selling prices of its chlor alkali products, and lower trading volume from its chemical trading business.

Pharmaceuticals Division recorded profit before tax of RM6.7 million, a decrease of RM1.0 million as compared to the corresponding quarter last year. The decrease was mainly due to the lower revenue generated as well as planned higher advertising and promotion expenses on its Over-the-counter (OTC) products.

Fertilizers Division's revenue decreased by 23% to RM167.7 million from RM218.1 million in the same quarter last year. The Division recorded a loss before tax of RM9.8 million from a profit position of RM5.2 million in the same quarter last year. The unexpected July 2013 unravelling of world's largest potash (a key soil nutrient) joint venture had created market uncertainty whereby potash price dropped significantly compared to a year ago. In view of the uncertainty surrounding the raw material prices, plantation owners observed high degree of caution in respect of their off take of fertilisers, and thus resulted to lower volume sold during the quarter under review. The plants in Lahad Datu and Medan were severely impacted by the sharp decline in sales during the quarter. The Division's continuous cost improvement initiatives had however softened the full impact of the decline in fertilisers' demand, during the quarter under review.

Commentary for Cumulative Quarters ended 30 September 2013

For the nine months period ended 30 September 2013, the Group recorded revenue of RM995.0 million. This was lower by RM140.0 million or 12% as compared to the corresponding period last year, mainly due to lower revenue recorded by all Divisions during the period under review. The Group recorded a profit before tax of RM36.2 million for the period under review. This represented a decline of 12% from RM41.4 million in the same period last year. The lower Group profit was cushioned by the recognition of change in fair value of investment properties of RM16.8 million in the current period under review.

Chemicals Division recorded revenue of RM227.0 million during the period under review, representing a decrease of 12% as compared to the corresponding period last year. The lower revenue recorded during the period was

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primarily due to lower selling prices for its chlor-alkali products, as well as lower sales volume of its trading business. The Division's profit before tax of RM12.7 million for the period under review was lower by 47% compared to the same period last year. The decrease in profit was largely attributable to the lower selling prices for its chlor-alkali products.

Pharmaceuticals Division recorded revenue of RM214.3 million for the period under review, a slight increase of 0.2% as compared to the same period last year. The profit before tax decreased by RM4.4 million from RM22.1 million in 2012 to RM17.7 million in the current period. The lower profit recorded in the current period was primarily attributable to planned higher advertising and promotion expenses incurred, as part of its Over-the-Counter (OTC) products' brand-building program.

The Fertilizers Division recorded revenue of RM551.0 million during the period under review. This was 16% lower compared to the same period last year, contributed by the lower volume of compound fertilisers sold to plantations and export sectors. The Division recorded a loss before tax of RM3.6 million in the period under review as compared to a profit of RM3.0 million in the preceeding period. The current quarter's financial results of a loss of RM9.8million (refer para B1 above) had weighed down the Division's financial performance to a loss position for the period.

B2) Material changes in the Quarterly Results compared to the results of the Preceding Quarter

The Group's revenue for the current quarter was RM311.5 million, lower by RM83.6 million (or 21%) as compared to the immediate preceding quarter. This was primarily attributable to the decrease in revenue contribution from Chemicals and Fertilizers divisions. Profit before tax declined by 29% from RM15.7 million in the preceding quarter to RM11.1 million in the current quarter. The lower Group profit was however cushioned by the recognition of change in fair value of investment properties of RM13.1 million in the current period under review.

B3) Prospects for the current financial year

The Group will continue to focus on enhancing business profitability by improving production efficiency and cost effectiveness across all of its business divisions, as well as strengthening its presence in the region.

For Chemicals Division, the chlor alkali market is experiencing a phase of consolidation but the regional market has shown signs of rebound. The polymer coating businesses is expected to soften the cyclical effect of the chlor alkali market. The Division is continuously striving to increase its trading margin for the current financial year, which focuses on new trading segments and expansion of its customer base within the region.

The demand for pharmaceuticals products is expected to remain relatively stable throughout the financial year. The prospects for the Division remain positive as it consolidates its position in the local and regional markets.



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The sales of fertilisers to plantation and dealer segments are expected to remain soft for the rest of this year. With the expectation of lower sales for the rest of the year, the Fertilisers Division will continue to focus on costs optimisation and operational excellence to improve margins, in anticipation of higher fertilisers demand for the next manuring season.

The Group's performance for the financial year ending 31 December 2013 is expected to continue to be challenging.

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 financial period was as follows:

| | Current Quarter 30 September 2013 RM'000 | Current Period 30 September 2013 RM'000 |
|-----------------------------------|-----------------------------------------------------------------|----------------------------------------------------------------|
| Taxation | | |
| In respect of profit for the year | 1,974 | 10,365 |
| Transfer from deferred tax | (544) | (1,501) |
| | 1,430 | 8,864 |



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B6) Profit Before Tax

| | Current Quarter 30 September 2013 RM'000 | Current Period 30 September 2013 RM'000 |
|---------------------------------------------------------------------|-----------------------------------------------------------------|----------------------------------------------------------------|
| Operating profit is arrived at after charging / (crediting): | | |
| Allowance for doubtful debt | 165 | 426 |
| Bad debts written off | 45 | 109 |
| Depreciation of property, plant and equipment | 26,659 | 36,823 |
| Interest expense | 15,325 | 23,597 |
| Net foreign exchange loss | 2,403 | 2,117 |
| Provision for and write-off of inventories | 2,969 | 3,808 |
| Change in fair value of investment properties | (13,064) | (16,823) |
| Interest income | (2,958) | (4,400) |
| Reversal of impairment loss on trade receivables | (1,029) | (857) |

Other than the above, there were no impairment of assets and gain or loss on derivatives for the current quarter and current period ended 30 September 2013.

B7) Status of corporate proposals that have been announced by the Company but not completed as at the date of this announcement

- a) On 30th September 2013, the Company announced that it had entered into a conditional sale and purchase agreement (“SPA”) with its major shareholder, Permodalan Nasional Berhad (“PNB”), to dispose 2 contiguous parcels of freehold land together with 3 units of double-storey detached houses located at:
- i. GRN 25607, Lot 17, Section 71, Town and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur with postal address of No. 16A, Jalan Tun Ismail, 50480 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur (“Lot 17”); and
 - ii. GRN 14977, Lot 332, Section 71, Town of Kuala Lumpur and District of Wilayah Persekutuan with postal address of No. 18 & 18A, Jalan Tun Ismail, 50480 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur (“Lot 332”),

for a cash consideration of RM74,814,000 (“Disposal Consideration”).

The proposal is currently pending shareholders’ approval, being condition precedent of the SPA executed on 30 September 2013.

- b) On 1st November 2013, the Company announced the Proposed Internal Restructuring exercise on the acquisition by CCM Usaha Kimia (M) Sdn Bhd (“UKSB”) of 99.07% equity interest in CCM Innovative Solutions Sdn Bhd (“CCMIS”) and 80% equity interest in CCM Chemicals Sdn Bhd (“CCMC”) from the Company.


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The Proposed Internal Restructuring will create a Chemicals Division flagship company which will be under the purview of a single board to enhance and streamline the corporate governance practices and policies and procedures as well as ensure that risks are better managed throughout the CCM Group.

The proposal is currently pending bankers and third parties consent, being condition precedents of agreements, executed to complete the internal restructuring.

B8) Group Borrowings and Debt Securities

The Group borrowings as at 30 September 2013 were as follows:

| | 30 September 2013 | 31 December 2012 |
|----------------------------------|--------------------------|-------------------------|
| | RM'000 | RM'000 |
| Short term borrowings | | |
| Unsecured | | |
| Ringgit Malaysia denominated | 178,466 | 217,869 |
| United States Dollar denominated | 44,780 | 75,774 |
| | <u>223,246</u> | <u>293,643</u> |
| Long term borrowings | | |
| Unsecured | | |
| Ringgit Malaysia denominated | 550,000 | 550,000 |
| | <u>550,000</u> | <u>550,000</u> |

B9) Off Balance Sheet Financial Instruments

The Group did not have any financial instruments with off balance sheet risks as at the date of this report.

B10) Earnings per share

| | Current Quarter | Current Period |
|---------------------------------------------------------------------------------|--------------------------|--------------------------|
| | 30 September 2013 | 30 September 2013 |
| a) Basic Earnings Per Share:- | | |
| Profit after tax and minority shareholders' interests (RM'000) | 9,121 | 17,822 |
| Issued ordinary shares at beginning of the period ('000) | 457,630 | 457,630 |
| Effects of shares issued ('000) | - | - |
| Weighted average number of ordinary shares ('000) at ending of the quarter/year | 457,630 | 457,630 |
| Basic earnings per share (sen) | 1.99 | 3.89 |


CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)

(Incorporated in Malaysia)

For the Period Ended 30 September 2013

| | Current Quarter 30 September 2013 | Current Period 30 September 2013 |
|-----------------------------------------------------------------------------------------|----------------------------------------------|---------------------------------------------|
| b) Diluted Earnings Per Share:- | | |
| Profit after tax and minority shareholders' interests (RM'000) | 9,121 | 17,822 |
| Weighted average number of ordinary shares ('000) diluted at ending of the quarter/year | 457,630 | 457,630 |
| Diluted earnings per share (sen) | 1.99 | 3.89 |

B11) Dividend

No dividend is proposed for the current quarter under review.

B12) Economic Profit ("EP") Statement

| <i>In millions of RM</i> | Current Quarter 30 September | | Current Period 30 September | |
|-------------------------------------------------------------|-----------------------------------------|--------------|----------------------------------------|---------------|
| | 2013 | 2012 | 2013 | 2012 |
| <u>Net operating profit after tax ("NOPAT") computation</u> | | | | |
| Earnings before interest and tax | 17.0 | 23.3 | 53.3 | 64.7 |
| Adjusted tax | (4.3) | (6.1) | (13.3) | (16.2) |
| NOPAT | 12.8 | 18.3 | 40.0 | 48.6 |
| <u>Economic charge computation:</u> | | | | |
| Average invested capital | 1,564.6 | 1,574.8 | 1,564.6 | 1,574.8 |
| Weighted average cost of capital % | 5.27% | 5.05% | 5.27% | 5.05% |
| Economic charge | 20.6 | 19.9 | 61.8 | 59.7 |
| Economic loss | (7.8) | (1.6) | (21.8) | (11.1) |

The EP statement is as prescribed under the Government-Linked Corporations (GLC) Transformation program, and is disclosed on a voluntary basis. EP measures the value created by a business during a single period reflecting how much return a business makes over its cost of capital.



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
(Incorporated in Malaysia)
For the Period Ended 30 September 2013

B13) Material litigation

1. The Court of Appeal Malaysia (Appellate Jurisdiction)
 Civil Appeal No: J - 02(NCVC)(W) – 2097 – 09/2013

Appellant : Prostar Edge (Johor) Sdn Bhd
 Respondents : 1. CCM Chemicals Sdn Bhd
 2. Mohd Khairi bin Mohd Rajab

[In the matter of High Court of Malaya at Johor Bahru Civil Suit No: 23 NCVC – 119 – 08/2012

Plaintiff : Prostar Edge (Johor) Sdn Bhd

Defendant : CCM Chemicals Sdn Bhd

(Through Original Action)

Plaintiff : CCM Chemicals Sdn Bhd

Defendants 1. Prostar Edge (Johor) Sdn Bhd.

2. Mohd Khairi bin Mohd Rajab

(Through Counter Claim)]

2. The Court of Appeal Malaysia (Appellate Jurisdiction)
 Civil Appeal No: J - 02(NCVC)(W) – 2250 – 10/2013

Appellant : CCM Chemicals Sdn Bhd
 Respondents 1. Prostar Edge (Johor) Sdn Bhd
 2. Mohd Khairi bin Mohd Rajab

[In the matter of High Court of Malaya at Johor Bahru Civil Suit No: 23 NCVC – 119 – 08/2012

Plaintiff : Prostar Edge (Johor) Sdn Bhd

Defendant : CCM Chemicals Sdn Bhd

(Through Original Action)]

Plaintiff : CCM Chemicals Sdn Bhd.

Defendants 1. Prostar Edge (Johor) Sdn Bhd

2. Mohd Khairi bin Mohd Rajab

(Through Counter Claim)

Prostar Edge (Johor) Sdn Bhd has withdrawn its appeal against CCM Chemicals Sdn Bhd with no order as to cost and without liberty to file afresh. Likewise, CCM Chemicals Sdn Bhd has also withdrawn its cross appeal and appeal against Prostar Edge (Johor) Sdn Bhd and Mohd Khairi with no order as to cost and without liberty to file afresh. The parties have filed the Notices of Discontinuance dated 28 October 2013 into the Court of Appeal.

B14) Disclosure of Realised and Unrealised

| | 30 September 2013 RM'000 | 31 December 2012 RM'000 |
|---------------------------------------------------------------|-----------------------------------------|----------------------------------------|
| Total retained profits of CCM Berhad and its subsidiaries: | | |
| - Realised | 284,585 | 273,735 |
| - Unrealised | 51,642 | 72,044 |
| Total | 336,227 | 345,779 |



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
(Incorporated in Malaysia)
For the Period Ended 30 September 2013

B15) 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 29 November 2013.

By Order of the Board

NOOR AZWAH SAMSUDIN (LS0006071)
Company Secretary
29 November 2013