



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2014 (UNAUDITED)**

| <i>In thousands of RM</i> | Current Quarter | | Current Period | |
|---|------------------------|---------------|-----------------------|----------------|
| | 30 June | | 30 June | |
| | 2014 | 2013 | 2014 | 2013 |
| Revenue | 311,101 | 395,071 | 584,870 | 683,557 |
| Cost of goods sold | (257,596) | (338,319) | (477,649) | (570,925) |
| Gross profit | 53,505 | 56,752 | 107,221 | 112,632 |
| Other income | 434 | 4,226 | 1,180 | 5,159 |
| Distribution expenses | (17,453) | (17,730) | (35,217) | (34,093) |
| Administrative expenses | (24,164) | (18,873) | (41,632) | (38,194) |
| Other expenses | (3,507) | (2,576) | (8,712) | (9,227) |
| Results from operating activities | 8,815 | 21,799 | 22,840 | 36,277 |
| Share of profit of equity accounted investee, net of tax | 410 | 712 | 1,216 | 1,879 |
| Finance income | 2,060 | 1,442 | 2,857 | 2,842 |
| Finance costs | (7,290) | (8,272) | (14,181) | (15,889) |
| Profit before tax | 3,995 | 15,681 | 12,732 | 25,109 |
| Income tax expense | (424) | (5,112) | (2,809) | (7,434) |
| Profit for the period | 3,571 | 10,569 | 9,923 | 17,675 |
| Other comprehensive income | | | | |
| Foreign currency translation differences for foreign operations | 978 | 3,705 | 5,023 | 4,747 |
| Total comprehensive income for the period | 4,549 | 14,274 | 14,946 | 22,422 |
| Profit attributable to : | | | | |
| Owners of the Company | 2,122 | 4,325 | 5,894 | 8,701 |
| Non-controlling interests | 1,449 | 6,244 | 4,029 | 8,974 |
| | 3,571 | 10,569 | 9,923 | 17,675 |
| Total comprehensive income attributable to : | | | | |
| Owners of the Company | 2,874 | 8,030 | 10,691 | 13,448 |
| Non-controlling interests | 1,675 | 6,244 | 4,255 | 8,974 |
| | 4,549 | 14,274 | 14,946 | 22,422 |
| Basic earnings per share (Sen) | 0.46 | 0.95 | 1.29 | 1.90 |
| Diluted earnings per share (Sen) | 0.46 | 0.95 | 1.29 | 1.90 |

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 JUNE 2014 (UNAUDITED)**

| <i>In thousands of RM</i> | As at 30 June 2014 | As at 31 December 2013 |
|---|-------------------------------|-----------------------------------|
| ASSETS | | |
| Property, plant and equipment | 570,012 | 578,306 |
| Intangible assets | 289,882 | 288,090 |
| Investment properties | 30,940 | 30,940 |
| Prepaid lease payments | 5,550 | 5,744 |
| Investment in associates | 14,779 | 13,563 |
| Other Investments | 15,887 | 124 |
| Deferred tax assets | 12,194 | 9,945 |
| Total non-current assets | 939,244 | 926,712 |
| Trade and other receivables | 310,653 | 283,648 |
| Inventories | 262,799 | 290,107 |
| Current tax assets | 26,707 | 23,285 |
| Assets classified as held for sale | - | 74,814 |
| Cash and cash equivalents | 271,837 | 255,337 |
| Total current assets | 871,996 | 927,191 |
| TOTAL ASSETS | 1,811,240 | 1,853,903 |
| EQUITY AND LIABILITIES | | |
| Share capital | 457,630 | 457,630 |
| Reserves | 41,465 | 36,442 |
| Retained earnings | 316,404 | 310,510 |
| Total equity attributable to equity holders of the Company | 815,499 | 804,582 |
| Non-controlling interests | 119,986 | 122,671 |
| Total equity | 935,485 | 927,253 |
| Loans and borrowings | 250,000 | 380,000 |
| Deferred tax liabilities | 22,867 | 19,897 |
| Total non-current liabilities | 272,867 | 399,897 |
| Provisions | 410 | 410 |
| Trade and other payables | 174,344 | 155,093 |
| Current tax liabilities | 1,952 | 1,616 |
| Loans and borrowings | 426,182 | 369,634 |
| Total current liabilities | 602,888 | 526,753 |
| Total liabilities | 875,755 | 926,650 |
| TOTAL EQUITY AND LIABILITIES | 1,811,240 | 1,853,903 |
| Net assets per share attributable to ordinary equity holders of the parent (sen) | 179 | 177 |

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 THREE MONTHS ENDED 30 JUNE 2014 (UNAUDITED)

In thousands of RM

| | ←——— Attributable to shareholders of the Company ———→ | | | | | | | | | | Non-controlling interest | Total equity |
|---|---|---------------|----------------------------|---------------------|---------------------|--------------------|-----------------------|-----------------|-------------------|----------------|--------------------------|----------------|
| | ←——— Non-distributable ———→ | | | | | | | Distributable | | | | |
| | Share capital | Share premium | Capital redemption reserve | Translation reserve | Revaluation reserve | Fair value reserve | Other capital reserve | Treasury shares | Retained earnings | Total | | |
| At 1 January 2014 | 457,630 | 39,944 | 73 | (2,746) | 2,002 | 23 | 2,982 | (5,836) | 310,510 | 804,582 | 122,671 | 927,253 |
| Foreign exchange translation differences | - | - | - | 5,023 | - | - | - | - | - | 5,023 | - | 5,023 |
| Total other comprehensive income for the period | - | - | - | 5,023 | - | - | - | - | - | 5,023 | - | 5,023 |
| Profit for the year | - | - | - | - | - | - | - | - | 5,894 | 5,894 | 4,029 | 9,923 |
| Total comprehensive income for the period | - | - | - | 5,023 | - | - | - | - | 5,894 | 10,917 | 4,029 | 14,946 |
| Dividends to non-controlling interests | - | - | - | - | - | - | - | - | - | - | (6,714) | (6,714) |
| At 30 June 2014 | <u>457,630</u> | <u>39,944</u> | <u>73</u> | <u>2,277</u> | <u>2,002</u> | <u>23</u> | <u>2,982</u> | <u>(5,836)</u> | <u>316,404</u> | <u>815,499</u> | <u>119,986</u> | <u>935,485</u> |

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 2013

In thousands of RM

| | ←————— Attributable to shareholders of the Company —————→ | | | | | | | | | | Non-controlling interest | Total equity |
|---|---|---------------|----------------------------|---------------------|---------------------|--------------------|-----------------------|-----------------|-------------------|----------------|--------------------------|----------------|
| | ←————— Non-distributable —————→ | | | | | | | Distributable | | | | |
| | Share capital | Share premium | Capital redemption reserve | Translation reserve | Revaluation reserve | Fair value reserve | Other capital reserve | Treasury shares | Retained earnings | Total | | |
| 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 | - | - | - | 5,169 | - | - | - | - | - | 5,169 | 620 | 5,789 |
| Total other comprehensive income for the year | - | - | - | 5,169 | - | - | - | - | - | 5,169 | 620 | 5,789 |
| Profit for the year | - | - | - | - | - | - | - | - | 647 | 647 | 10,890 | 11,537 |
| Total comprehensive income for the year | - | - | - | 5,169 | - | - | - | - | 647 | 5,816 | 11,510 | 17,326 |
| Dividends to owners of the Company | - | - | - | - | - | - | - | - | (35,916) | (35,916) | - | (35,916) |
| Dividends to non-controlling interests | - | - | - | - | - | - | - | - | - | - | (22,111) | (22,111) |
| At 31 December 2013 | 457,630 | 39,944 | 73 | (2,746) | 2,002 | 23 | 2,982 | (5,836) | 310,510 | 804,582 | 122,671 | 927,253 |

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 SIX MONTHS ENDED 30 JUNE 2014 (UNAUDITED)**

| In thousands of RM | Six Months Ended 30 June | |
|---|---------------------------------|-------------|
| | 2014 | 2013 |
| Cash flows from operating activities | | |
| Profit before taxation | 12,732 | 25,109 |
| Adjustments for: | | |
| Amortisation of prepaid lease payments | 194 | 70 |
| Change in fair value of investment properties | - | (3,759) |
| Depreciation of property, plant and equipment | 24,364 | 24,396 |
| Share of profit of equity accounted associates | (1,216) | (1,879) |
| Interest income | (2,857) | (2,842) |
| Finance costs | 14,181 | 15,889 |
| <i>Operating profit before changes in working capital</i> | 47,398 | 56,984 |
| Change in inventories | 27,308 | 3,013 |
| Change in receivables, deposits and prepayments | (27,005) | 3,333 |
| Change in payables and accruals | 27,439 | 53,110 |
| <i>Cash generated from operations</i> | 75,140 | 116,440 |
| Finance costs paid | (14,181) | (15,889) |
| Interest income | 2,857 | 2,842 |
| Income tax paid | (5,175) | (5,959) |
| Net cash generated from operating activities | 58,641 | 97,434 |
| Cash flows from investing activities | | |
| Acquisition of property, plant and equipment | (20,331) | (20,642) |
| Acquisition of intangible asset | (1,792) | - |
| Acquisition of other investment | (15,763) | - |
| Proceeds from disposal of property, plant and equipment | 74,814 | - |
| Net cash generated from / (used in) investing activities | 36,928 | (20,642) |
| Cash flows from financing activities | | |
| Net drawdown/(repayment) of loans and borrowings | (73,452) | (55,412) |
| Dividends paid to non-controlling interests | (6,714) | (6,098) |
| Net cash used in financing activities | (80,166) | (61,510) |
| Exchange difference on translation of the financial statements of foreign operations | 1,097 | 3,691 |
| Net increase in cash and cash equivalents | 16,500 | 18,973 |
| Cash and cash equivalents at 1 January | 255,337 | 293,958 |
| Cash and cash equivalents as at 31 December | 271,837 | 312,931 |

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 June 2014

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*.

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 2013.

The following MFRSs, Interpretations and Amendments to MFRSs applicable to the Group have been adopted with effect from 1 January 2014.

- Amendments to MFRS 10, *Consolidated Financial Statements: Investments Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investments Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011) : Investments Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136, *Impairment of Assets – Recoverable Amount disclosure for Non-Financial Assets.*
- Amendments to MFRS 139, *Financial Instruments : Recognition and Measurement – Novation of Derivative and Continuation of Hedge Accounting*
- IC Interpretation 21, *Levies*

The adoption of the above standards and amendments did not have any material impact to the current and prior periods financial statements of the Group.

The following revised MFRSs and Amendments to MFRSs applicable to the Group 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 July 2014

- Amendments to MFRS 1, *First-time Adoption of Malaysia Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combination (Annual Improvement 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits - Defined Benefit Plans : Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Asset (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*



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A2) Changes in Accounting Policies (continued)

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- MFRS 9, *Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139*
- Amendments to MFRS 7, *Financial Instruments : Disclosure – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

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 2013 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.

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 was no material changes in the prior 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 quarter under review, save for the RM50 million repayment of the unsecured term loan on 27 May 2014.

The number of Treasury Shares held as at end of the current period under review was 2,998,000.

A8) Dividends paid

No dividend was paid in the current quarter under review.


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(Incorporated in Malaysia)
For the Period Ended 30 June 2014
A9) Segment reporting

| <i>In thousands of RM</i> | Segment Revenue | | | |
|--|---|-------------------------|---|-------------------------|
| | Individual 2nd 2014 | Quarter 2013 | Cumulative 2nd 2014 | Quarter 2013 |
| Pharmaceuticals | 79,030 | 71,051 | 151,903 | 141,393 |
| Chemicals | 71,990 | 79,112 | 143,601 | 154,080 |
| Fertilizers | 158,581 | 239,955 | 288,160 | 383,273 |
| | <u>309,601</u> | <u>390,118</u> | <u>583,664</u> | <u>678,746</u> |
| Others* and inter segment transactions | 1,500 | 4,953 | 1,206 | 4,811 |
| Group result | <u><u>311,101</u></u> | <u><u>395,071</u></u> | <u><u>584,870</u></u> | <u><u>683,557</u></u> |

| <i>In thousands of RM</i> | Cumulative Profit/ (Loss) before tax | | | |
|--|---|-------------------------|---|-------------------------|
| | Individual 2nd 2014 | Quarter 2013 | Cumulative 2nd 2014 | Quarter 2013 |
| Pharmaceuticals | 6,960 | 6,484 | 14,884 | 10,983 |
| Chemicals | 3,577 | 4,800 | 8,425 | 9,822 |
| Fertilizers | (2,809) | 5,465 | (4,529) | 6,161 |
| | <u>7,728</u> | <u>16,749</u> | <u>18,780</u> | <u>26,966</u> |
| Others* and inter segment transactions | (3,733) | (1,066) | (6,048) | (1,857) |
| Group result | <u><u>3,995</u></u> | <u><u>15,683</u></u> | <u><u>12,732</u></u> | <u><u>25,109</u></u> |

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

A10) Property, plant and equipment

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

A11) 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 current financial period under review.



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A12) Effect of changes in the composition of the Group

There were no changes in the composition of the Group for the period under review, except for the dissolution of the following dormant subsidiary companies :-

- i) Chemtrade Sdn Bhd
- ii) CCMF Agronomic & Technical Services Sdn Bhd
- iii) CCM Chemtrans Sdn Bhd
- iv) Usaha Progresif Sdn Bhd
- v) Liberal Wira Sdn Bhd
- vi) Euphorex Corporation Sdn Bhd

The changes did not give rise to any material effect on the composition of Group for the period under review.

A13) 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.

A14) Capital Commitments

Commitments for the purchase of property, plant and equipments as at 30 June 2014.

| | At 31 June 2014 RM'000 | At 31 December 2013 RM'000 |
|---------------------------------|---|---|
| Approved but not contracted for | 18,512 | 36,075 |
| Contracted but not provided for | 14,841 | 38,281 |
| | 33,353 | 74,356 |



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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 June 2014

For the current quarter ended 30 June 2014, the Group recorded revenue of RM311.1 million, lower by 21.3% compared to the corresponding quarter last year. The Group's profit before tax for the current quarter under review decreased by 74.5% to RM4.0 million from RM15.7 million recorded in the same quarter last year.

Pharmaceuticals Division recorded profit before tax of RM7.0 million, an increase of 7.3% as compared to the corresponding quarter last year. The increase was mainly due to the higher revenue generated during the quarter under review, as well as improved margin on its ethical, Over-the-counter ("OTC") and private market.

Chemicals Division recorded a lower profit before tax of RM3.6 million, a decrease of 25.5% as compared to the corresponding quarter last year. The decrease was mainly due to lower revenue generated by 9.0% from RM79.1 million to RM72.0 million. The lower revenue recorded during the quarter under review was primarily due to lower sales volume of its trading products.

Fertilizers Division recorded revenue of RM158.6 million during the quarter under review. This was 34% lower compared to the same quarter last year primarily contributed by lower sales to dealers segments due to extended dry season during the quarter. The lower revenue and higher plant operation costs have resulted in the division recording a loss of RM2.8 million during the quarter under review as compared to a profit of RM5.5 million in the same quarter last year.

Commentary for Cumulative Quarters ended 30 June 2014

For the six months period ended 30 June 2014, the Group recorded revenue of RM584.9 million. This was lower by RM98.7 million or 14.4% as compared to the corresponding period last year. Lower sales were recorded by Chemicals and Fertilizers Divisions. The Group recorded a profit before tax of RM12.7 million for the period under review. This represented a decline of 49.3% from RM25.1 million in the same period last year. (Note: The financial results of RM25.1 million for 6 months period 2013 comprised an amount of RM3.7 million of change in fair value adjustments of investment properties).

Pharmaceuticals Division recorded revenue of RM151.9 million for the period under review, an increase of 7% as compared to the same period last year. The profit before tax increased by RM3.9 million (or 35.5%) from RM11.0 million in the same period 2013 to RM14.9 million in the current period. The higher profit recorded in the current period was primarily attributable to higher revenue generated from both its ethical and OTC segments; as well as higher plant utilisation rate during the period under review.



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For the Period Ended 30 June 2014

B1) Review of Performance (Continued)

Chemicals Division recorded revenue of RM143.6 million during the period under review, representing a decrease of 6.8% as compared to the corresponding period last year. The lower revenue recorded during the period was primarily due to lower sales volume of its trading business. The Division's profit before tax of RM8.4 million for the period under review was lower by 14.2% compared to the same period last year. The decrease in profit was largely attributable to the lower sales recorded in its trading and regional businesses.

The Fertilizers Division recorded revenue of RM288.2 million during the period under review. This was 24.8% lower compared to the same period last year, contributed by the lower volume of compound fertilisers sold to dealers sectors due to extended dry season during the period. The Division suffered a loss before tax of RM4.5 million from a profit of RM6.2 million in the corresponding period last year. The lower revenue and higher plant operation costs were the major contributors to the loss position recorded during the period under review.

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

The Group's revenue for the current quarter of RM311.1 million was higher by RM37.3 million (or 14%) as compared to the immediate preceding quarter revenue of RM273.8 million. This was primarily attributable to the increase in revenue contribution from Pharmaceuticals Divisions. The Group recorded profit before tax of RM4.0 million during the quarter compared to a profit of RM8.7 million in the preceding quarter.

B3) Prospects for the current financial year

The Group will continue to focus on enhancing business profitability by increasing sales growth domestically and regionally, improving production efficiency and cost effectiveness across all of its business divisions.

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.

For Chemicals Division, the chlor alkali market is still experiencing a phase of consolidation but the regional market has shown signs of stability. 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 of fertilizers is expected to be challenging in view of high inventory level of crude palm oil (CPO) and prolonged dry weather pattern forecast which will limit the window for fertilizer application by plantations and small holders. Notwithstanding the above, Fertilizers Division will continue to focus on aggressive sales and promotions activities and operational excellence in an effort to improve its profit margin.

The Group's performance for the financial year ending 31 December 2014 is expected to continue to be challenging.



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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 June 2014 RM'000 | Current Period 30 June 2014 RM'000 |
|-----------------------------------|--|---|
| Taxation | | |
| In respect of profit for the year | (1,148) | 2,088 |
| Transfer from deferred tax | 1,572 | 721 |
| | <u>424</u> | <u>2,809</u> |

B6) Profit Before Tax

| | Current Quarter 30 June 2014 RM'000 | Current Period 30 June 2014 RM'000 |
|---|--|---|
| Operating profit is arrived at after charging / (crediting): | | |
| Allowance for doubtful debt | (193) | 678 |
| Depreciation of property, plant and equipment | 11,904 | 24,558 |
| Interest expense | 7,290 | 14,181 |
| Provision for and write-off of inventories | 2,952 | 2,769 |
| Net foreign exchange gain | (1,684) | (1,074) |
| Interest income | (2,060) | (2,857) |
| Reversal of impairment loss on trade receivables | <u>(246)</u> | <u>(654)</u> |

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



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

On 27 June 2014, the Company announced a Proposed Internal Restructuring Exercise involving disposals of all of its 50.1% equity interest in CCM Fertilizers Sdn Bhd and 100% equity interests in both CCM Agriculture Sdn Bhd and CCM Agriculture (Sabah) Sdn Bhd to its wholly-owned subsidiary, CCM Agri-Max Sdn Bhd. The proposal will create a Fertilizers Division flagship company which will be under the purview of a single board. This is expected 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 will not have any material financial effects on the Group and the Company.

The proposal is currently pending consent from all of the Company's bankers, being condition precedent to Share Sale Agreements executed to complete the internal restructuring.

B8) Group Borrowings and Debt Securities

The Group borrowings as at 30 June 2014 were as follows:

| | 30-June-14 | 31-Dec-13 |
|----------------------------------|-------------------|------------------|
| | RM'000 | RM'000 |
| Short term borrowings | | |
| Unsecured | | |
| Ringgit Malaysia denominated | 401,511 | 318,724 |
| United States Dollar denominated | 24,285 | 50,260 |
| Singapore Dollar denominated | 386 | 650 |
| | <u>426,182</u> | <u>369,634</u> |
| Long term borrowings | | |
| Unsecured | | |
| Ringgit Malaysia denominated | 250,000 | 380,000 |
| | <u>250,000</u> | <u>380,000</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.



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
(Incorporated in Malaysia)
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B10) Earnings per share

| | Current Quarter 30 June 2014 | Current Period 30 June 2014 |
|--|---|--|
| Basic and Diluted Earnings Per Share:- | | |
| Profit after tax and minority shareholders' interests (RM'000) | 2,122 | 5,894 |
| Issued ordinary shares at beginning of the period ('000) | 457,630 | 457,630 |
| Weighted average number of ordinary shares ('000) at ending of the quarter/year | 457,630 | 457,630 |
| Basic and diluted earnings per share (sen) | 0.46 | 1.29 |

B11) Dividend

No dividend is proposed for the current quarter under review.

B12) Economic Profit ("EP") Statement

| | Current Quarter 30 June | | Current Period 30 June | |
|---|------------------------------------|--------------|-----------------------------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| <i>In millions of RM</i> | | | | |
| <u>Net operating profit after tax ("NOPAT") computation:</u> | | | | |
| Earnings before interest and tax | 9.1 | 21.8 | 22.8 | 36.3 |
| Adjusted tax | (2.3) | (5.4) | (5.7) | (9.1) |
| NOPAT | 6.8 | 16.3 | 17.1 | 27.2 |
| <u>Economic charge computation:</u> | | | | |
| Average invested capital | 1,461.1 | 1,521.0 | 1,461.1 | 1,521.0 |
| Weighted average cost of capital (%) | 5.82% | 5.09% | 5.82% | 5.09% |
| Economic charge | 21.3 | 19.4 | 42.5 | 38.7 |
| Economic (loss)/ profit | (14.4) | (3.0) | (25.4) | (11.5) |

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)
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B13) Material litigation

There was no material litigation against the Group as at the end of period under review.

B14) Disclosure of Realised and Unrealised

| | 30 June 2014 RM'000 | 31 December 2013 RM'000 |
|---|------------------------------------|--|
| Total retained profits of CCM Berhad and its subsidiaries: | | |
| - Realised | 274,023 | 261,129 |
| - Unrealised | 42,382 | 49,381 |
| Total | 316,405 | 310,510 |

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 August 2014.

By Order of the Board

NOOR AZWAH SAMSUDIN (LS0006071)
 Company Secretary
 29 August 2014