CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2015 (UNAUDITED)

In thousands of RM	Current Quarter 31 December		Current Period 31 December	
	2015	2014 Restated	2015	2014 Restated
Continuing operations				
Revenue	160,105	152,541	630,359	600,401
Cost of goods sold	(102,516)	(98,257)	(391,583)	(397,049)
Gross profit	57,589	54,284	238,776	203,352
Other income	7,973	7,552	8,765	9,110
Distribution expenses	(18,089)	(16,580)	(68,303)	(62,430)
Administrative expenses	(18,349)	(10,189)	(84,913)	(79,904)
Other expenses	(4,178)	(10,611)	(23,637)	(13,839)
Results from operating activities	24,946	24,456	70,688	56,289
Share of profit of equity accounted investee, net of tax	112	382	948	1,706
Finance income	1,870	664	4,987	4,516
Finance costs	(7,615)	(3,454)	(22,038)	(15,114)
Profit before tax	19,313	22,048	54,585	47,397
Income tax expense	(13,897)	(9,642)	(22,654)	(13,648)
Profit from continuing operations	5,416	12,406	31,931	33,749
Discontinued operations				
Loss from discontinued operations, net of tax	(95,604)	(57,873)	(104,332)	(69,172)
Loss for the period	(90,188)	(45,467)	(72,401)	(35,423)
Other comprehensive income				
Foreign currency translation differences for foreign operations	13,133	(15,391)	9,140	(11,654)
Total comprehensive income for the period	(77,055)	(60,858)	(63,261)	(47,077)
Profit/(loss) attributable to :				
Owners of the Company				
- from continuing operations	18,932	11,745	38,570	26,658
- from discontinued operations	(95,604)	(57,873)	(104,332)	(69,172)
	(76,672)	(46,128)	(65,762)	(42,514)
Non-controlling interests	(13,516)	661	(6,639)	7,091
	(90,188)	(45,467)	(72,401)	(35,423)
Total comprehensive income attributable to :				
Owners of the Company				
- from continuing operations	32,065	(3,420)	47,710	15,004
- from discontinued operations	(95,604)	(57,873)	(104,332)	(69,172)
	(63,539)	(61,293)	(56,622)	(54,168)
Non-controlling interests	(13,516)	435	(6,639)	7,091
	(77,055)	(60,858)	(63,261)	(47,077)
Basic earnings per share (Sen)				
- from continuing operations	4.14	2.57	8.43	5.83
- from discontinued operations	(20.89)	(12.65)	(22.80)	(15.12)
	(16.75)	(10.08)	(14.37)	(9.29)
Diluted earnings per share (Sen)				
- from continuing operations	4.14	2.57	8.43	5.83
- from discontinued operations	(20.89)	(12.65)	(22.80)	(15.12)
	(16.75)	(10.08)	(14.37)	(9.29)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015 (UNAUDITED)

In thousands of RM	As at 31 December 2015	As at 31 December 2014
ASSETS		
Property, plant and equipment	448,598	540,718
Intangible assets	293,012	290,091
Investment properties	25,470	31,140
Prepaid lease payments	-	5,357
Investment in associates	16,217	15,269
Other Investments	15,864	15,864
Deferred tax assets	8,854	11,563
Total non-current assets	808,015	910,002
Trade and other receivables	233,552	256,938
Inventories	116,226	245,454
Current tax assets	9,544	18,454
Other investments	111,000	-
Cash and cash equivalents	203,898	208,212
Total current assets	674,220	729,058
Assets classified as held for sale	251,755	-
TOTAL ASSETS	1,733,990	1,639,060
EQUITY AND LIABILITIES		
Share capital	457,630	457,630
Reserves	33,947	22,644
Retained earnings	181,504	269,998
Total equity attributable to equity holders of the Company	673,081	750,272
Non-controlling interests	180,769	130,326
Total equity	853,850	880,598
Loans and borrowings	462,368	100,000
Deferred tax liabilities	22,301	19,288
Total non-current liabilities	484,669	119,288
Provisions	964	-
Trade and other payables	131,928	143,803
Current tax liabilities	27	1,368
Loans and borrowings	170,728	494,003
Total current liabilities	303,647	639,174
Liabilities classified as held for sale	91,824	-
Total liabilities	880,140	758,462
TOTAL EQUITY AND LIABILITIES	1,733,990	1,639,060
Net assets per share attributable to ordinary equity holders of the parent (sen)	**148**	**165**

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 TWELVE MONTHS ENDED 31 DECEMBER 2015 (UNAUDITED)

In thousands of RM	Attributable to shareholders of the Company											
	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	Non-controlling interest	Total equity
At 1 January 2015	457,630	39,944	73	(14,542)	-	23	2,982	(5,836)	269,998	750,272	130,326	880,598
Foreign exchange translation differences	-	-	-	9,140	-	-	-	-	-	9,140		9,140
Total other comprehensive income for the period	-	-	-	9,140	-	-	-	-	-	9,140	-	9,140
Profit for the year	-	-	-	-	-	-	-	-	(65,762)	(65,762)	(6,639)	(72,401)
Total comprehensive income for the period	-	-	-	9,140	-	-	-	-	(65,762)	(56,622)	(6,639)	(63,261)
Subscriptions of new shares issued by subsidiary											65,441	65,441
Disposal of treasury shares								2,163		2,163		2,163
Dividends to owners of the Company	-	-	-	-	-	-	-	-	(22,732)	(22,732)	-	(22,732)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(8,359)	(8,359)
At 31 December 2015	457,630	39,944	73	(5,402)	-	23	2,982	(3,673)	181,504	673,081	180,769	853,850

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 2014

In thousands of RM	Attributable to shareholders of the Company											
	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	Non-controlling interest	Total equity
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
												-
Realisation of revaluation rese	-	-	-	-	(2,002)	-	-	-	2,002	-	-	-
												-
Foreign exchange translation differences	-	-	-	(11,796)	-	-	-	-	-	(11,796)	142	(11,654)
Total other comprehensive income for the year	-	-	-	(11,796)	-	-	-	-	-	(11,796)	142	(11,654)
Profit for the year	-	-	-	-	-	-	-	-	(42,514)	(42,514)	7,091	(35,423)
Total comprehensive income for the year	-	-	-	(11,796)	-	-	-	-	(42,514)	(54,310)	7,233	(47,077)
Issue of new shares:												
to non-controlling interests	-	-	-	-	-	-	-	-	-	-	9,780	9,780
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(9,358)	(9,358)
At 31 December 2014	457,630	39,944	73	(14,542)	-	23	2,982	(5,836)	269,998	750,272	130,326	880,598

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2015 (UNAUDITED)

	Twelve Months Ended 31 December	
In thousands of RM	**2015**	**2014**
Cash flows from operating activities		
Profit/(loss) before taxation from		
Continuing operations	54,585	47,397
Discontinued operations	(98,150)	(69,478)
Adjustments for:		
Amortisation of prepaid lease payments	387	387
Change in fair value of investment properties	(5,830)	(200)
Depreciation of property, plant and equipment	52,376	54,817
Gain on disposal of property, plant and equipment	-	6
Unrealised foreign exchange loss/(gain)	5,538	5,613
Share of profit of equity accounted associates	(948)	(1,706)
Impairment loss on property, plant and equipment	37,153	24,086
Impairment loss on receivables	4,951	14,507
Interest income	(5,353)	(4,891)
Finance costs	30,419	27,268
Property, plant and equipment written off	-	24
Operating profit before changes in working capital	75,128	97,830
Change in inventories	(15,459)	44,653
Change in receivables, deposits and prepayments	(8,095)	12,204
Change in payables and accruals	(4,009)	(17,660)
Cash generated from operations	47,565	137,027
Finance costs paid	(30,419)	(27,268)
Interest income	5,353	4,891
Income tax paid	(22,335)	(10,988)
Net cash generated from operating activities	164	103,662
Cash flows from investing activities		
Acquisition of property, plant and equipment	(38,344)	(41,896)
Acquisition of intangible asset	(3,083)	-
Acquisition of other investments	(111,000)	(15,740)
Proceeds from disposal of brand	1,600	-
Proceeds from disposal of property, plant and equipment	-	74,818
Net cash (used in)/ generated from investing activities	(150,827)	17,182
Cash flows from financing activities		
Net drawdown/(repayment) of loans and borrowings	113,206	(155,631)
Proceeds from new share issued to non-controlling interests	65,441	9,780
Dividends paid to non-controlling interests	(8,359)	(9,358)
Dividends paid to owners of the Company	(22,732)	-
Proceeds from sale of treasury shares	2,163	-
Net cash generated from / (used in) financing activities	149,719	(155,209)
Decrease in cash and cash equivalents attributable to discontinued operations	(6,483)	-
Exchange difference on translation of the financial statements of foreign operations	3,113	(12,760)
Net decrease in cash and cash equivalents	(4,314)	(47,125)
Cash and cash equivalents at 1 January	208,212	255,337
Cash and cash equivalents as at end of period	203,898	208,212

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

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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 2014.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

The following MFRSs and Amendments to MFRSs applicable to the Group have been adopted with effect from 1 January 2015:

- Amendments to MFRS 3, *Business Combinations (Annual Improvements 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 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

The following MFRSs and Amendments to MFRSs are not applicable to the Group and hence have not been adopted by the Group:

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*

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A2) Changes in Accounting Policies (continued)

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

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

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

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

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

The Group is currently assessing the financial impact that may arise from the adoption of the amendments..

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 2014 was not subject to any qualification.

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A4) Explanatory comments about the seasonality or cyclicality 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, save for the Discontinued Operation as disclosed in A15.

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

During the current financial period, the Company's subsidiary, CCM Duopharma Biotech Berhad Group (CCMD Group) conducted operational review of the following:-

a) Useful life of existing Oral Solid Dosage (OSD) plant (K1) in Klang.

CCMD Group will be building a new state of the art OSD plant (to be named as K3) to replace K1. Construction of K3 is expected to commence in first half of 2016 and it will take around 3 years to complete. Upon completion of K3 with newly enhanced GMP features, the operation of K1 will be relocated to K3. In view of above firm plan, K1 will have a finite useful life of approximately 5 years, and hence necessitate the need to accelerate depreciating current net book value with effect from 01/01/2015. The effect of accelerated depreciation, recognized in cost of sales, in current period to date and future financial years is as follows:-

	FY2015	FY 2016	FY 2017	FY 2018	FY2019
Increase in depreciation expense (RM '000)	1,609	1,609	1,609	1,609	1,609

b) Provision for slow moving stock from 12 months to expiry date to 6 months to expiry date.

The review was necessary in view of implementation of new stability guidelines which imposes stringent requirements for extrapolations of proposed shelf life based on stability data. Revised requirement on storage conditions will result in newly registered products and also existing registered products to carry shelf life of less than 3 years. The effect of the revised provision of slow moving stock is a gain of an estimated amount of RM4.9 million which was recognised in cost of sales for the current period under review.

Save as disclosed above, there were no material changes in prior year estimates which would materially affect the current interim period.

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

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the period under review save for repayment of term loan of RM130 million and RM150 million matured on 30 April 2015 and 21 December 2015, respectively.

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

A8) Dividends paid

On 15 January 2015, the Company paid an interim single tier dividend of 2.50 sen per ordinary share in respect of the financial year ended 31 December 2014 totalling RM11.37 million.

On 30 September 2015, the Company paid an interim single tier dividend of 2.50 sen per ordinary share totalling RM11.37 million for the financial year ending 31 December 2015.

A9) Segment reporting

Segment Revenue

In thousands of RM	**Individual Quarter**		**Cumulative Quarter**	
	2015	**2014 Restated**	**2015**	**2014 Restated**
Continuing operations				
Pharmaceuticals	89,336	89,400	334,769	320,386
Chemicals	77,244	63,769	294,784	278,980
Others* and inter-segment transactions	(6,475)	(628)	806	1,035
	160,105	152,541	630,359	600,401
Discontinued operations				
Fertilizers	62,641	87,977	367,509	488,654
	222,746	240,518	997,868	1,089,055

** Administrative and non-core activities*

In thousands of RM	**Individual Quarter**		**Cumulative Quarter**	
	2015	**2014 Restated**	**2015**	**2014 Restated**
Continuing operations				
Pharmaceuticals	2,733	12,938	35,405	35,663
Chemicals	9,650	7,021	28,093	18,945
Others* and inter-segment transactions	6,930	2,089	(8,913)	(7,211)
	19,313	22,048	54,585	47,397
Discontinued operations				
Fertilizers	(83,808)	(57,354)	(98,150)	(69,479)
	(64,495)	(35,306)	(43,565)	(22,082)

** Administrative and non-core activities*

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A10) Property, plant and equipment

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

A11) Post balance sheet event

On 23 February 2016, the Company's wholly owned subsidiary, PT CCM Agripharma ("PTCCMA"), signed a Sale and Purchase Agreement with PT Feedmill Indonesia to sell 3 parcels of land in Medan, Indonesia (measuring 75,339 square metres) at a sale consideration of IDR 121.8 billion (approximately RM38.1 million) on a 'as is where is' basis. In 2014, PTCCMA ceased its manufacturing operations and underwent a separation scheme with its employees.

Save as disclosed above, there are no material events after the period end that has not been reflected in the Interim Financial Reports for the current financial period under review.

A12) Effect of changes in the composition of the Group

On 30 June 2015, the Company completed the disposals of entire equity interest, owned directly or indirectly, in its subsidiaries namely, CCM Pharmaceuticals Sdn Bhd, Innovax Sdn Bhd, CCM Pharma Sdn Bhd, Upha Pharmaceutical Manufacturing (M) Sdn Bhd, CCM Pharmaceuticals (S) Pte Ltd and CCM International (Philippines) Inc to its other subsidiaries namely CCM Duopharma Biotech Berhad(CCMD) and Duopharma Manufacturing Sdn Bhd. The transfer of shares created one flagship holding company, CCMD, for the Pharmaceutical Division; and is not expected to have any material financial impact to the Group.

Save as disclosed, there were no changes in the composition of the Group for the period under review.

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

During financial year 2014, PT CCM Indonesia ("PTCCMI"), a subsidiary of the Company appealed against tax auditor's assessment with respect to year of assessment 2011. The contingent liability involved in the tax appeal amounted to IDR36,100,000,000 (equivalent to approximately RM9.7 million). The hearing of the appeals was concluded on 29th July 2015 and the matter is now pending decision from the Indonesian Tax Court.

Save as disclosed, there are 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 equipment as at 31 December 2015.

	At 31 December 2015 RM'000	At 31 December 2014 RM'000
Approved but not contracted for	50,218	28,543
Contracted but not provided for	36,651	31,498
	86,869	60,041

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A15) Discontinued operations and assets/liabilities classified as Held For sale

The CCM Fertilizers Division had been continuously incurring losses since 2013.The Division had another tough and challenging year in 2015, with a decline in its volume sold to all its market segments. Additionally, the market outlook is expected to be bearish with major customers comprising the plantation companies, opting for cheaper fertilizers such as straights and mixtures as prices of Crude Palm Oil (CPO) softened, together with low crude oil and other commodity prices. Accordingly, pursuant to the Group's portfolio review after analyzing the market outlook, competitive intensity and the attractiveness of the industry, the Board had strategically decided the below:

a. Fertilizers' operation in Medan, Indonesia had been registering losses for 5 consecutive years. Despite significant cost improvement efforts and initiatives implemented in its manufacturing facility, the operation continued to be in loss positions. In October 2014, CCM ceased the manufacturing operation and a total of 75 employees were retrenched in December 2014.

b. On 1 September 2015, CCM has announced that it will cease operations of its Shah Alam fertilisers manufacturing plant in view of the prolonged negative market conditions, reduced demand for ammonium nitrate (AN) based fertilizers over the last five years and the changes in the area around the plant site. These factors no longer provide conditions conducive for fertilizer manufacturing. The manufacturing plant in Shah Alam was closed on 30 November 2015 and 189 staffs were retrenched from December 2015 to 31 January 2016. The last phase of the retrenchment will be completed on 30 June 2016.

c. In Quarter 4 2015, CCM received proposals from various parties to acquire its assets/or equity interests of its two (2) Fertilizers plants, operating in East Malaysia. The Board is deliberating on all the offers received, and will engage with the offerors directly.

d. On 23 February 2016, its wholly owned subsidiary PT CCM Agripharma entered into an agreement with PT Feedmill Indonesia to sell 3 parcels of land on a 'as is where is' basis at a sale consideration of IDR 121.8 billion (approximately RM38.1 million) (Note A11).

Accordingly, the Group shall present and disclose in its financial statements, the financial effects of discontinued operations in accordance to MFRS 5(*Non Current Assets Held For Sale and Discontinued Operations)* and reclassify its entire related Fertilizers Division's assets and liabilities as Held For Sale during the quarter ended 31 December 2015. The segment was not a discontinued operation or classified as Held For Sale as at 31 December 2014 and the comparative consolidated statement of profit or loss and other comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

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A15) Discontinued operations and assets/liabilities classified as Held For sale (continued)

	Group 2015 RM'000
Results of discontinued operation	
Revenue	367,509
Expenses	(465,659)
Results from operating activities	(98,150)
Tax	(6,182)
Profit/(Loss) for the year	(104,332)
Cash flows from/(used in) discontinued operations	
Net cash used in operating activities	(55,274)
Net cash from investing activities	(2,088)
Net cash from financing activities	50,879
Effect on cash flows	(6,483)

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

B1) Review of Performance

Commentary for Individual Quarter ended 31 December 2015

During the current quarter, the Group reclassified related assets and liabilities under Fertilizers Division as Held For Sale. As such the quarter results had been presented separately between continuing operations (Pharmaceuticals and Chemicals Divisions) and discontinued operations (Fertilizers Division).

Continuing operations

For the current quarter ended 31 December 2015, the Group recorded revenue of RM160.1 million, higher by 5.0% compared to the corresponding quarter last year. The Group's profit before tax for the current quarter under review decreased to RM19.3 million from RM22.0 million recorded in the same quarter last year.

Pharmaceuticals Division's revenue for the quarter was RM89.3 million, a decrease of 0.1% compared to the same quarter last year. The Division recorded profit before tax of RM2.7 million, a decrease of 78.9% as compared to the corresponding quarter last year. The lower profit recorded was mainly due to the provisions and write-downs of inventories and receivables made during the quarter under review.

Chemicals Division recorded revenue of RM77.2 million during the quarter under review. This was 21.1% higher compared to the same quarter last year primarily attributed to higher selling prices of its products. The Division recorded a higher profit before tax of RM9.65 million, an increase of 37.4% as compared to the corresponding quarter last year. The growth in profit before tax is primarily due to improved margin on its products, and savings from its operational efficiency initiatives. The Polymer coating business remains the stable profit contributor to the Division, as seen by the strong demand from its gloves production customers.

Discontinued operations

In Note A15, the Group presents and discloses in its financial statements, the financial effects of discontinued operations in accordance to MFRS 5(*Non Current Assets Held For Sale and Discontinued Operations)* and reclassify its entire related Fertilizers Division's assets and liabilities as Held For Sale during the quarter ended 31 December 2015.

Fertilizers Division recorded revenue of RM62.6 million during the quarter under review. This was 28.8% lower compared to the same quarter last year primarily affected by lower demand for compound fertilizers amidst low crude palm oil prices and closure of its Shah Alam Plant in November 2015. Pursuant to the closure of Shah Alam plant and the strategic direction of exiting the Fertilisers business, the Group has assessed for impairments all its related assets against the economic benefits of those assets, and made impairments on those assets totalling RM37.2 million during the quarter under review. The impairments of assets, retrenchment costs incurred for closure of Shah Alam plant, lower revenue and higher raw material costs due to weakening of Ringgit against US Dollar, resulted in the division's loss before tax for the quarter under review of RM83.8 million.

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B1) Review of Performance (continued)

Commentary for Cumulative Quarters ended 31 December 2015

Continuing operations

For the twelve months period ended 31 December 2015, the Group recorded revenue of RM630.4 million. This was higher by RM30.0 million or 5.0% as compared to the corresponding period last year. Group recorded a profit before tax of RM54.6 million for the period i.e. growth of 31.9% from RM47.4 million in the same period last year, mainly due to higher margins and savings on operational efficiency initiatives.

Pharmaceuticals Division recorded revenue of RM334.8 million for the period under review, an increase of 4.5% as compared to the same period last year. Profit before tax decreased by RM0.3 million (or 0.7%) from RM35.7 million in the same period 2014 to RM35.4 million in the current period. The profit recorded in the current period had the impact of higher revenue and improvement in margins negated by impairments and write downs made on inventories and receivables of RM6.5 million, coupled with costs associated to the corporate exercise in CCM Duopharma Biotech Berhad of RM3.8million (See Note A12).

Chemicals Division recorded revenue of RM294.8 million during the period under review, representing an increase of 5.7% as compared to the corresponding period last year. The higher revenue recorded during the period was primarily due to higher selling prices of its chlor alkali products and the continuing strong demand from polymer coating business, cushioning the impact of lower sales volume from its regional businesses. Division's profit before tax improved by 48.3% to RM28.1 million for the period under review, from RM18.9 million in the corresponding period last year. The increase in profit was largely attributable to improved margins from both its chlor alkali and polymer coating products, and savings from its operational efficiency initiatives. The polymer coating business segment continue to contribute significantly towards the Division's profit for the period under review, as seen by the strong demand from its gloves production customers.

Discontinued operations

The Fertilizers Division recorded revenue of RM367.5 million during the period under review. This was 28.8% lower compared to the same period last year, contributed by the lower volume of compound and straights fertilisers sold during the period. This was attributed by low crude palm oil prices during the period, putting pressures on those industries to cut costs and delay procurement of fertilizers.

Pursuant to the closure of Shah Alam plant and the strategic direction of exiting the Fertilisers business, the Group has assessed for impairments all its related assets against the economic benefits of those assets, and had made impairments of those assets of RM37.2 million during the period under review. The impairments of assets, retrenchment costs incurred for closure of Shah Alam plant, lower revenue and higher raw material costs due to weakening of Ringgit against US Dollar, resulted in the division's loss before tax for the period under review of RM98.2 million, compared to a loss of RM69.5million in the corresponding period last year.

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

Continuing operations

The Group's revenue for the current quarter of RM169.1 million was higher by RM12.7 million (or 8.1%) as compared to the immediate preceding quarter revenue of RM156.4 million. This was primarily driven by higher sales in both Pharmaceuticals and Chemical Divisions. In line with the increase in revenue, the Group recorded profit before tax of RM19.3 million during the quarter, an increase of 10.9%, compared to a profit of RM17.4 million in the preceding quarter.

Discontinued operations

Fertilizers Division recorded revenue of RM62.6 million during the quarter under review. This was 45.5% lower compared to the preceeding quarter primarily affected by lower demand for compound fertilizers amidst low crude palm oil prices and closure of its Shah Alam Plant in November 2015. Pursuant to the closure of Shah Alam plant and the strategic direction of exiting the Fertilisers business, the Group has assessed for impairments all its related assets against the economic benefits of those assets, and had made impairments on those assets totalling RM37.2 million during the quarter under review. The impairments of assets, retrenchment costs incurred for closure of Shah Alam plant, lower revenue and higher raw material costs due to weakening of Ringgit against US Dollar, resulted in the division's loss before tax for the quarter under review of RM83.8 million.

B3) Prospects

Continuing operations

The prospects for the Pharmaceuticals Division remain positive as it consolidates its position in the local and regional markets, continuation of focus in Biotherapeutics, niche therapeutic areas and Halal leadership in the pharmaceuticals space. The demand for pharmaceuticals products is expected to remain relatively stable throughout the next financial year.

The Chemicals Division is expected to continue to perform positively, although the markets remain competitive. The Chlor Alkali business is implementing continuous improvement program to extract operational savings, and striving to increase its trading margin while expanding its customer base within the region. At the same time, the Division's polymer coating business will roll out research and development (R&D) programmes to develop newer products to enhance competitiveness and market share.

Albeit a challenging business environment amidst volatility of currencies and low commodity prices, the Group remains steadfast in improving production efficiency and cost effectiveness across all of its business divisions. The Group will continue to capitalise on growth prospects across all its business operations while maintaining focus on operational efficiency, in its commitment to deliver sustainable earnings moving forward.

B4) Variance of Actual Profit from Forecast Profit

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

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B5) Taxation

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

	Current Quarter 31-Dec-15 RM'000	Current Period 31-Dec-15 RM'000
Taxation		
In respect of profit for the year	(2,485)	8,078
Transfer from deferred tax	16,382	14,576
	13,897	22,654

The Group's effective tax rate is higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purposes, and non-eligibility of losses incurred in the regional businesses for group tax relief.

B6) Profit Before Tax

	Current Quarter 31 December 2015 RM'000	Current Period 31 December 2015 RM'000
Operating profit is arrived at after charging / (crediting):		
Depreciation and amortization	19,277	52,763
Provision for and write-off of receivables	2,517	4,951
Provision for and write-off of inventories	6,265	6,593
Impairment of assets	37,153	37,153
Net foreign exchange loss / (gain)	5,043	(1,310)
Interest expense	1,564	22,038
Interest income	(1,672)	(4,987)

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.

B7) Status of corporate proposals

There are no corporate proposals that have been announced by the Company but not completed as at the date of this announcement.

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B8) Group Borrowings and Debt Securities

The Group borrowings as at 31 December 2015 were as follows:

	31 December 2015 RM'000	31 December 2014 RM'000
Continuing operations		
Short term borrowings		
Unsecured		
Ringgit Malaysia denominated	159,770	484,228
United State Dollar denominated	-	9,643
Philippines Peso denominated	10,958	-
Singapore Dollar denominated	-	132
	170,728	494,003
Long term borrowings		
Unsecured		
Ringgit Malaysia denominated	462,368	100,000
	462,368	100,000
Discontinued operations		
Short term borrowings		
Unsecured		
Ringgit Malaysia denominated	77,360	83,088

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

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

	Current Quarter 31 December 2015 RM'000	Current Period 31 December 2015 RM'000
Basic and Diluted Earnings Per Share:-		
Profit after tax and minority shareholders' interests (RM'000)		
- from continuing operations	18,932	38,570
- from discontinued operations	(95,604)	(104,332)
	(76,672)	(65,762)
Issued ordinary shares at beginning of the quarter/year ('000)	457,630	457,630
Weighted average number of ordinary shares ('000) at ending of the quarter/year	457,630	457,630
Basic earnings per share (sen)		
- from continuing operations	4.14	8.43
- from discontinued operations	(20.89)	(22.80)
	(16.75)	(14.37)

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B11) Dividend

No dividend is proposed for the current quarter under review.

B12) Economic Profit ("EP") Statement

Net operating profit after tax ("NOPAT") computation: *In millions of RM*	**Current Quarter 31 December 2015**	**Current Quarter 31 December 2014**	**Current Period 31 December 2015**	**Current Period 31 December 2014**
Earnings before interest and tax ("EBIT")	24.9	24.5	70.7	56.3
Adjusted tax	(6.2)	(6.1)	(17.7)	(14.1)
NOPAT	**18.7**	**18.4**	**53.0**	**42.2**
Economic charge computation:				
Average invested capital	1,301.0	1,419.1	1,301.0	1,419.1
Weighted average cost of capital ("WACC') (%)	6.58%	6.09%	6.58%	6.09%
Economic charge	**21.4**	**21.6**	**64.2**	**64.8**
Economic (loss)/ profit	**(2.7)**	**(3.2)**	**(11.2)**	**(22.6)**

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.

B13) Material litigation

Claim by CCM Agriculture Sdn Bhd against GLE Logistics (M) Sdn Bhd

The Company's wholly-owned subsidiary, CCM Agriculture Sdn. Bhd., had commenced legal proceedings against GLE Logistics (M) Sdn. Bhd. ("the Defendant") in the High Court of Malaya at Kuala Lumpur vide Civil Suit No. 22NCVC-335-06/2015 for loss of products placed with the Defendant pursuant to a warehousing arrangement. Judgment in Default of Appearance has been obtained against Defendant on 1.10.2015. Petition for winding up the Defendant was filed on 20.1.2016. The hearing of the petition has been fixed on 17.03.2016.

Claim by Chemical Company of Malaysia Berhad against Y&G Corporation Berhad

The Company had commenced legal proceedings against Y&G Corporation Berhad ("the Defendant") in the High Court of Malaya at Kuala Lumpur vide Civil Suit No: 22NCVC-564-10/2015 for breach of the Lease Agreement dated 29 August 1987 made between the Company and the Defendant relating to the grant by the Company in favour of the Defendant of a lease over a portion the land held under HS(D) 5216 PT 200 Mukim Bukit Raja Daerah Klang Negeri Selangor. The Writ of Summons and Statement of Claim have been served on the Defendant on 23 October 2015.

The Company and the Defendant have agreed to amicable settlement of the claim. Pursuant to the terms of the settlement, the Parties have executed the surrender of lease and the lease is pending registration at the relevant land office. Pursuant to the fulfilment of the relevant terms of settlement on the part of the Defendant to be fulfilled as set out in the settlement letter dated 4 November 2015, the suit against the Defendant has been withdrawn during the mention of the case at the High Court on 11 December 2015.

Save for the above, there were no other material litigations as at the end of period under review.

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B14) Disclosure of Realised and Unrealised

	As at 31 December 2015 RM'000	As at 31 December 2014 RM'000
Total retained profits of CCM Berhad and its subsidiaries:		
- Realised	151,075	210,619
- Unrealised	30,429	59,379
Total	**181,504**	**269,998**

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 26 February 2016.

By Order of the Board

NOOR AZWAH SAMSUDIN (LS0006071)
Company Secretary
26 February 2016