



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER AND PERIOD ENDED 30 SEPTEMBER 2017 (UNAUDITED)**

<i>In thousands of RM</i>	Current Quarter		Current Period	
	30 September		30 September	
	2017	2016 Restated	2017	2016 Restated
<b>Continuing operations</b>				
Revenue	88,118	75,506	261,477	222,641
Cost of goods sold	(63,272)	(56,438)	(192,945)	(164,073)
<b>Gross profit</b>	<b>24,846</b>	<b>19,068</b>	<b>68,532</b>	<b>58,568</b>
Other income	756	286	3,495	846
Distribution expenses	(797)	(537)	(2,928)	(2,458)
Administrative expenses	(13,409)	(8,574)	(34,304)	(28,092)
Other expenses	(4,941)	(4,281)	(11,787)	(11,978)
<b>Results from operating activities</b>	<b>6,455</b>	<b>5,962</b>	<b>23,008</b>	<b>16,886</b>
Share of profit of equity accounted investee, net of tax	110	629	148	1,326
Finance income	1,085	2,169	3,284	3,984
Finance costs	(6,815)	(7,375)	(18,540)	(18,728)
<b>Profit before tax</b>	<b>835</b>	<b>1,385</b>	<b>7,900</b>	<b>3,468</b>
Income tax expense	(367)	(254)	(3,446)	(1,166)
<b>Profit from continuing operations</b>	<b>468</b>	<b>1,131</b>	<b>4,454</b>	<b>2,302</b>
<b>Discontinued operations</b>				
Profit from discontinued operations, net of tax	11,126	(24,637)	28,811	841
<b>Profit for the period</b>	<b>11,594</b>	<b>(23,506)</b>	<b>33,265</b>	<b>3,143</b>
<b>Other comprehensive income</b>				
Fair value of available-for-sale financial assets	(657)	-	(5,438)	-
Foreign currency translation differences for foreign operations	3,540	2,038	4,808	300
<b>Total comprehensive income for the period</b>	<b>14,477</b>	<b>(21,468)</b>	<b>32,635</b>	<b>3,443</b>
<b>Profit/(loss) attributable to :</b>				
Owners of the Company				
- from continuing operations	1,150	493	1,700	353
- from discontinued operations	7,049	(21,145)	21,139	2,704
	8,199	(20,652)	22,839	3,057
Non-controlling interests	3,395	(2,854)	10,426	86
	11,594	(23,506)	33,265	3,143
<b>Total comprehensive income attributable to :</b>				
Owners of the Company				
- from continuing operations	4,034	(5,487)	1,070	2,295
- from discontinued operations	7,048	(13,127)	21,139	1,062
	11,082	(18,614)	22,209	3,357
Non-controlling interests	3,395	(2,854)	10,426	86
	14,477	(21,468)	32,635	3,443
<b>Basic earnings per share (Sen)</b>				
- from continuing operations	0.25	0.11	0.37	0.08
- from discontinued operations	1.55	(4.65)	4.65	0.59
	1.80	(4.54)	5.02	0.67
<b>Diluted earnings per share (Sen)</b>				
- from continuing operations	0.25	0.11	0.37	0.08
- from discontinued operations	1.55	(4.65)	4.65	0.59
	1.80	(4.54)	5.02	0.67

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 2017 (UNAUDITED)**

<i>In thousands of RM</i>	As at 30 September 2017	As at 31 December 2016
<b>ASSETS</b>		
Property, plant and equipment	145,774	419,963
Investment properties	210,383	210,370
Intangible assets	284,643	296,555
Investment in associates	15,075	14,927
Other Investments	44,636	50,074
Deferred tax assets	2,740	9,053
<b>Total non-current assets</b>	<b>703,251</b>	<b>1,000,942</b>
Inventories	31,500	173,092
Current tax assets	33,516	26,546
Trade and other receivables	87,458	195,415
Cash and cash equivalents	148,830	288,317
	301,304	683,370
Assets classified as held for distribution & sale	709,250	1,000
<b>Total current assets</b>	<b>1,010,554</b>	<b>684,370</b>
<b>TOTAL ASSETS</b>	<b>1,713,805</b>	<b>1,685,312</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	497,574	457,630
Reserves	142,782	183,529
Retained earnings	109,902	98,429
<b>Total equity attributable to equity holders of the Company</b>	<b>750,258</b>	<b>739,588</b>
<b>Non-controlling interests</b>	<b>156,214</b>	<b>152,188</b>
<b>Total equity</b>	<b>906,472</b>	<b>891,776</b>
Loans and borrowings	300,000	536,118
Deferred tax liabilities	17,621	29,609
<b>Total non-current liabilities</b>	<b>317,621</b>	<b>565,727</b>
Loans and borrowings	198,516	85,633
Provisions	-	493
Trade and other payables	43,918	141,230
Current tax liabilities	10,487	453
	252,921	227,809
Liabilities classified as held for distribution	236,791	-
<b>Total current liabilities</b>	<b>489,712</b>	<b>227,809</b>
<b>Total liabilities</b>	<b>807,333</b>	<b>793,536</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,713,805</b>	<b>1,685,312</b>
<b>Net assets per share attributable to ordinary equity holders of the parent (sen)</b>	<b>165</b>	<b>163</b>

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2017 (UNAUDITED)**

<i>In thousands of RM</i>	← Attributable to shareholders of the Company →											
	Share capital	Share premium	Share redemption reserve	Capital	Non-distributable			Distributable			Non-controlling interest	Total equity
At 1 January 2017	457,630	39,944	73	(228)	34,233	112,361	2,982	(5,836)	98,429	739,588	152,188	891,776
Fair value of available-for-sale financial assets	-	-	-	-	(5,438)	-	-	-	-	(5,438)	-	(5,438)
Foreign exchange translation differences	-	-	-	4,635	-	-	-	-	-	4,635	173	4,808
Revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income for the period	-	-	-	4,635	(5,438)	-	-	-	-	(803)	173	(630)
Profit for the year	-	-	-	-	-	-	-	-	22,839	22,839	10,426	33,265
Total comprehensive income for the period	-	-	-	4,635	(5,438)	-	-	-	22,839	22,036	10,599	32,635
Dividends to owners of the Company	-	-	-	-	-	-	-	-	(11,366)	(11,366)	-	(11,366)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(6,573)	(6,573)
Transfer in accordance with Section 618(2) of the Companies Act 2016	39,944	(39,944)	-	-	-	-	-	-	-	-	-	-
<b>As at end of period</b>	<b>497,574</b>	<b>-</b>	<b>73</b>	<b>4,407</b>	<b>28,795</b>	<b>112,361</b>	<b>2,982</b>	<b>(5,836)</b>	<b>109,902</b>	<b>750,258</b>	<b>156,214</b>	<b>906,472</b>

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2016**

<i>In thousands of RM</i>	← Attributable to shareholders of the Company →											
	← Non-distributable →					Distributable						
	Share capital	Share premium	Capital redemption reserve	Translation reserve	Fair value reserve	Revaluation reserve	Other capital reserve	Treasury shares	Retained earnings	Total	Non-controlling interest	Total equity
<b>At 1 January 2016</b>	457,630	39,944	73	(8,235)	23	-	2,982	(5,836)	184,790	671,371	178,581	849,952
Fair value of available-for-sale financial assets	-	-	-	-	34,210	-	-	-	-	34,210	-	34,210
Foreign exchange translation differences	-	-	-	8,007	-	-	-	-	-	8,007	249	8,256
Revaluation of property, plant and equipment	-	-	-	-	-	112,361	-	-	-	112,361	-	112,361
Total other comprehensive income for the period	-	-	-	8,007	34,210	112,361	-	-	-	154,578	249	154,827
Profit for the year	-	-	-	-	-	-	-	-	(63,629)	(63,629)	(20,209)	(83,838)
Total comprehensive income for the period	-	-	-	8,007	34,210	112,361	-	-	(63,629)	90,949	(19,960)	70,989
Dividends to owners of the Company	-	-	-	-	-	-	-	-	(22,732)	(22,732)	-	(22,732)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(6,433)	(6,433)
<b>As at end of period</b>	457,630	39,944	73	(228)	34,233	112,361	2,982	(5,836)	98,429	739,588	152,188	891,776

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 CASH FLOWS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2017 (UNAUDITED)**

In thousands of RM	Nine Months Ended 30 September	
	2017	2016
<b>Cash flows from operating activities</b>		
Profit before taxation from		
Continuing operations	7,900	28,649
Discontinued operations	38,971	(17,124)
	46,871	11,525
Adjustments for:		
Depreciation of property, plant and equipment	36,598	34,973
Gain on disposal of property, plant and equipment	-	(27,184)
Finance costs	22,407	25,595
Interest income	(4,965)	(7,561)
Share of profit of equity accounted associates	(148)	1,734
Impairment loss on intangible assets	1,600	-
<i>Operating profit before changes in working capital</i>	102,363	39,082
Change in inventories	(11,359)	77,055
Change in payables and accruals	682	(29,431)
Change in receivables, deposits and prepayments	(19,308)	12,551
<i>Cash generated from operations</i>	72,378	99,257
Finance costs paid	(22,407)	(25,595)
Interest income	4,965	7,561
Income tax paid	(3,572)	(8,484)
Net cash generated from operating activities	51,364	72,739
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(60,778)	(45,086)
Acquisition of development expenditure	(16,144)	-
Acquisition of other investments	-	-
Proceed from disposal of property, plant and equipment		37,479
Net cash used in investing activities	(76,922)	(7,607)
<b>Cash flows from financing activities</b>		
Dividends paid to non-controlling interests	(6,573)	(4,577)
Dividends paid to owners of the Company	(11,366)	(11,366)
Net drawdown of loans and borrowings	(7,695)	(68,737)
Proceeds from sale of treasury shares	-	-
Net cash used in financing activities	(25,634)	(84,680)
Exchange difference on translation of the financial statements of foreign operations	(1,495)	(1,543)
Net decrease in cash and cash equivalents	(52,687)	(21,091)
Cash and cash equivalents at 1 January	288,317	327,722
Cash and cash equivalents as at end of period	235,630	306,631

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

Note :-

Cash and cash equivalents	148,830	303,556
Cash and cash equivalents under assets classified as held for sale	86,800	3,075
	235,630	306,631



**CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)**

(Incorporated in Malaysia)

For the Period Ended 30 September 2017

**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 2016 except for the adoption of the following MFRS and Amendments to MFRSs during the current financial period :-

**MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017**

- Amendments to MFRS12, *Disclosure of Interests in Other Entities (Annual Improvements 2014-2016 Cycle)*
- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

The adoption of the above MFRS and Amendments to MFRSs did not have any material impact on these condensed consolidated interim financial statements.

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 2018;**

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



**CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)**

**(Incorporated in Malaysia)**

**For the Period Ended 30 September 2017**

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

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

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*

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

- MFRS 17, *Insurance Contracts*

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

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

The Group is currently assessing the financial impact that may arise from the adoption of the above 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 2016 was not subject to any qualification.

**A4) Explanatory comments about the seasonality or cyclical nature 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 were no material changes in prior year estimates which would materially affect the current interim period.


**CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)**

(Incorporated in Malaysia)

For the Period Ended 30 September 2017

**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

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

**A8) Dividends paid**

On 1 June 2017, the Company paid first interim single tier dividend of 2.50 sen per ordinary share totaling RM11.37 million for the financial year ending 31 December 2017.

**A9) Segment reporting**

<i>In thousands of RM</i>	<b>Segment Revenue</b>			
	<b>Individual 3rd Quarter</b>		<b>Cumulative 3rd Quarter</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b><u>Continuing operations</u></b>				
Chemicals	68,179	57,175	197,838	166,330
Polymers	20,483	19,246	60,721	59,695
Others* and inter-segment transactions	(544)	(915)	2,918	(3,384)
Group result	<u>88,118</u>	<u>75,506</u>	<u>261,477</u>	<u>222,641</u>
<b><u>Discontinued operations</u></b>				
Pharmaceuticals	115,379	80,302	355,734	238,907
Fertilizers	0	40,298	0	129,442
	<u>203,497</u>	<u>196,106</u>	<u>617,211</u>	<u>590,990</u>

\* Administrative and non-core activities

<i>In thousands of RM</i>	<b>Segment Profit/(Loss) Before Tax</b>			
	<b>Individual 3rd Quarter</b>		<b>Cumulative 3rd Quarter</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b><u>Continuing operations</u></b>				
Chemicals	11,078	5,002	27,323	14,603
Polymers	4,602	4,566	14,469	13,735
Others* and inter-segment transactions	(14,845)	(8,183)	(33,892)	(24,870)
Group result	<u>835</u>	<u>1,385</u>	<u>7,900</u>	<u>3,468</u>
<b><u>Discontinued operations</u></b>				
Pharmaceuticals	14,207	7,517	38,971	25,181
Fertilizers	-	(29,600)	-	(17,124)
	<u>15,042</u>	<u>(20,698)</u>	<u>46,871</u>	<u>11,525</u>

\* Administrative and non-core activities





**CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)**

**(Incorporated in Malaysia)**

**For the Period Ended 30 September 2017**

**A10) Property, plant and equipment**

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

**A11) Post balance sheet events**

- (i) The private placement of up to 10% of the issued and paid up capital of the Company (excluding treasury shares) was completed on 13 October 2017, following the listing and quotation of 45,463,186 new shares on the Main Market of Bursa Securities.
- (ii) The number of Treasury Shares held as at end of the current period under review was 2,998,000. During the period from 26 October 2017 to 1 November 2017 the Company had sold all of its Treasury Shares.

Save as disclosed above, 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.

**A12) Effect of changes in the composition of the Group**

On 11 August 2017, the Company announced a Debt Settlement Agreement with CCM Marketing Sdn Bhd ("CCMM"), a wholly owned subsidiary, whereby all debts owing and payable by CCMM to the Company (including interest) calculated as at a closing date, shall be satisfied by way of a transfer of CCM Duopharma Biotech Berhad ("CCMD") shares owned by CCMM to the Company. This internal reorganisation exercise was completed on 25 September 2017 following the receipt of the approval from Securities Commission exempting the Company from the obligation to undertake the Mandatory Offer vide its letter dated 29 August 2017 and the transfer of 204,665,784 CCMD Shares from CCMM to the Company arising from the Debt Settlement Agreement on 25 September 2017. As at end of the current period the Company held direct interest in CCMD, which was previously owned by CCMM.

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

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

During 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 RM11.6 million). The hearing of the appeals was concluded on 29th July 2015 and the matter is still 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.



**CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)**

(Incorporated in Malaysia)

For the Period Ended 30 September 2017

**A14) Capital Commitments**

	30 September 2017 RM'000	31 December 2016 RM'000
Approved but not contracted for	272,460	325,189
Contracted but not provided for	40,934	8,308
	<u>313,394</u>	<u>333,497</u>

**A15) Discontinued Operations and Assets/Liabilities classified as Held for Distribution/Sale**

- (i) On 2 August 2017, the Company announced a proposed distribution of the entire shareholding in CCM Duopharma Biotech Berhad ("CCMD") to the shareholders of the Company and a reduction of the paid up capital of the Company pursuant to Section 116 of the Companies Act 2016 ("Proposed distribution and capital reduction"). The proposal was approved by the shareholders at the Extraordinary General Meeting held on 3 October 2017, and now pending for the order of High Court pursuant to Section 116 of the Companies Act 2016 in respect of the capital reduction.

Pursuant to the proposed distribution of the entire shareholding in CCMD to all the shareholders of the Company, all assets and liabilities under Pharmaceuticals business group, is now reclassified as Assets and Liabilities Held for Distribution whilst the financial results of the business group are presented as Discontinued Operations.

- (ii) In 2015, the Group committed to a plan to scale down its Fertilizers operating segment. The decision is consistent with the Group's strategy to place greater focus on enhancing business profitability on its Pharmaceuticals, Chemicals and Polymers segments and to exit business operations which have been consistently underperforming over the years. Part of the business operations under the Fertilizers operating segment was presented as a disposal group held for sale following the commitment of the Group's management to a plan to sell the disposal group. The sale of disposal group was completed during the financial year ended 31 December 2016.



**CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)**  
**(Incorporated in Malaysia)**  
**For the Period Ended 30 September 2017**

**A15) Discontinued operations and assets/liabilities classified as held for distribution/sale (continued)**

The results of the discontinued operations are as follows:-

<i>In thousands of RM</i>	Current Period	
	2017	2016
<b>9 months ended 30 September</b>		
<b><u>Results of discontinued operation</u></b>		
Revenue	355,734	368,459
Expenses	(316,763)	(360,402)
<b>Results from operating activities</b>	<b>38,971</b>	<b>8,057</b>
Income tax expense	(10,160)	(7,216)
<b>Profit from discontinued operations</b>	<b>28,811</b>	<b>841</b>
<b><u>Cash flows of discontinued operation</u></b>		
Cash generated from operating activities	24,320	13,421
Cash used in investing activities	(42,619)	(474)
Cash used in financing activities	(9,715)	(13,031)
<b>Effect of cash flows</b>	<b>(28,014)</b>	<b>(84)</b>
	<b>As at</b>	<b>As at</b>
	<b>30 September</b>	<b>31 December</b>
	<b>2017</b>	<b>2016</b>
<b><u>Assets classified as held for distribution / sale</u></b>		
Property, plant and equipment	299,988	1,000
Intangible assets	26,343	-
Inventories	152,718	-
Trade and other receivables	143,401	-
Cash and cash equivalents	86,800	-
	<b>709,250</b>	<b>1,000</b>
<b><u>Liabilities classified as held for distribution</u></b>		
Loans and borrowings	114,739	-
Trade and other payables	122,052	-
	<b>236,791</b>	<b>-</b>



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)

(Incorporated in Malaysia)

For the Period Ended 30 September 2017

**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 2017**

Continuing operations

For the current quarter ended 30 September 2017, the Group recorded revenue of RM88.1 million, higher by 17% compared to the corresponding quarter last year of RM75.5 million, mainly due to improved revenue from Chemical business. Group's profit before tax for the current quarter under review, decreased to RM0.8 million from RM1.4 million recorded in the same quarter last year, mainly due to higher operating expenses, including accruals for corporate exercises currently being undertaken and progress works for land remediation at Lot 818 Shah Alam, all totaling to RM4.8 million.

Chemicals Business recorded revenue of RM68.2 million during the quarter under review, which was 19% higher compared to the same quarter last year of RM57.2 million. The Business recorded a higher profit before tax of RM11.1 million, an increase of 121% as compared to the corresponding quarter last year of RM5.0 million. The growth in profit before tax is primarily due to higher sales and margin as a result of higher average selling prices of its chlor-alkali products, higher volume sold during the quarter under review and positive impact on operational efficiency initiatives.

Polymers Business recorded revenue of RM20.5 million during the quarter under review, which was 6% higher compared to the same quarter last year of RM19.2 million. The Business recorded slightly higher profit before tax of RM4.6 million, an increase of 1% as compared to the corresponding quarter last year. The increase in profit before tax is primarily due to changes in product mix and price increases on certain products.

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*).

In August 2017, the Group announced a proposal to distribute its entire shareholding in CCM Duopharma Biotech Berhad ("CCMD") to the shareholders of the Company, and accordingly present the Pharmaceutical business group as Assets/Liabilities held for distribution; whilst the financial results of the business group are presented as discontinued operations.

Pharmaceuticals business's revenue for the quarter was RM115.4 million, increased by 44% compared to the same quarter last year of RM80.3 million, mainly due to supply of renal and endocrine products and increased demand from public health sector via tenders. The Business recorded profit before tax of RM14.2 million, an increase of 89% as compared to the corresponding quarter last year of RM7.5 million. The higher profit recorded was mainly attributed by the increase in sales.

The Group completed the disposal of assets held for sale, namely the 2 subsidiaries in fertilizers businesses in East Malaysia, certain trade marks and 2 parcels of land in Bintulu, Sarawak in the year 2016. For the quarter ended 30 September 2016, the financial results of the discontinued operations included an impairment made on damaged and slow moving inventories totaling to RM17.1 million.



**CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)**

(Incorporated in Malaysia)

For the Period Ended 30 September 2017

**Commentary for Cumulative Quarter ended 30 September 2017**

Continuing operations

For the cumulative quarter ended 30 September 2017, the Group recorded revenue of RM261.5 million, higher by 17% compared to the corresponding period last year of RM222.6 million, mainly contributed by better revenue from Chemical business. Group's profit before tax for the cumulative quarter under review, increased to RM7.9 million from RM3.5 million recorded in the same period last year, contributed by better margins in both Chemical and Polymers businesses. The Group's profit before tax for the period of RM7.9 million included expenses of RM6.2 million for accruals made on corporate exercises currently being undertaken and progress works for land remediation at Lot 818 Shah Alam.

Chemicals Business recorded revenue of RM197.8 million during the period under review, which was 19% higher compared to the same period last year of RM166.3 million. The Business recorded a higher profit before tax of RM27.3 million, an increase of 87% as compared to the corresponding period last year of RM14.6 million. The growth in profit before tax is primarily due to higher sales and margin as a result of higher average selling prices of its chlor-alkali products, higher volume sold during the period under review and positive impact on operational efficiency initiatives.

Polymers Business recorded revenue of RM60.7 million during the period under review, which was 1.7% higher compared to the same period last year of RM59.7 million. The Business recorded a higher profit before tax of RM14.5 million, an increase of 5.3% as compared to the corresponding period last year of RM13.7 million. The increase in profit before tax is primarily due to changes in product mix and price increases on certain products.

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*).

In August 2017, the Group announced a proposal to distribute its entire shareholding in CCM Duopharma Biotech Berhad ("CCMD") to the shareholders of the Company, and accordingly present the Pharmaceutical business group as Assets/Liabilities held for Distribution; whilst the financial results of the business group are presented as Discontinued Operations.

Pharmaceuticals business's revenue for the period was RM355.7 million, increased by 49% compared to the same period last year of RM238.9 million mainly due to supply of renal and endocrine products and increased demand from public health sector via tenders. The Business recorded profit before tax of RM39.0 million, an increase of 55% as compared to the corresponding period last year of RM25.2 million. The higher profit recorded was mainly attributed by the increase in sales.

The Group completed the disposal of assets held for sale, namely the 2 subsidiaries in Fertilizers business in East Malaysia, certain trade marks and 2 parcels of land in Bintulu, Sarawak in the year 2016. For the period ended 30 September 2016, the Discontinued Operation financial results included an impairment made on damaged and slow moving inventories totaling to RM17.1 million and gain on sale of Medan land of RM21.5 million.



**CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)**  
**(Incorporated in Malaysia)**  
**For the Period Ended 30 September 2017**

**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 RM88.1 million was higher by 4% as compared to the immediate preceding quarter revenue of RM84.4 million. The higher revenue was mainly contributed by both Chemicals and Polymers Businesses. Chemicals business recorded an increase of 11.4% in profit before tax, attributed to increase in sales whilst Polymers achieved 0.2% increased due to changes in sales mix. However, the Group's profit before tax fell to RM0.8 million for the current quarter from the preceding quarter ended 30 June 2017 of RM3.0 million, due to accruals made for expenses related to corporate exercises currently being undertaken and progress work for land remediation at Lot 818 Shah Alam totaling RM4.8 million

Discontinued operations

In August 2017, the Group announced a proposal to distribute its entire shareholding in CCM Duopharma Biotech Berhad ("CCMD") to the shareholders of the Company, and accordingly present the Pharmaceutical business group as Assets/Liabilities held for Distribution; whilst the financial results of the business group are presented as Discontinued Operations.

The pharmaceuticals business saw a 1.3% decline in revenue to RM115.4 million compared to RM117.0 million in the immediate preceding quarter. However profit before tax had increased by 12% from RM12.6 million in preceding quarter to RM14.2 million in current quarter, due to provisions made in the immediate preceding quarter for stocks and doubtful debts totaling to RM2.4million.

**B3) Prospects**

Continuing operations

Although the markets remain competitive, the Chemicals Business is expected to continue to perform positively. It is implementing continuous improvement program to extract operational savings, and striving to increase its trading margin while expanding its customer base within the region. The Business will continue to expand its core capabilities both domestically and regionally to improve its market share.

Polymer Business is expected to remain stable. The Business will continue to roll out research and development (R&D) programs to develop newer products to enhance competitiveness and market share.

The Group is continuously consolidating its position to make steady progress in each of its core businesses. Both Businesses will continue to evaluate opportunities within its respective markets to ensure growth. The Group will also be undertaking de-gearing plans via divestment of identified non- core assets to continuously strengthen its financial position. This will give the Group ample agility to pursue its planned expansion and growth strategy moving forward.



**CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)**  
**(Incorporated in Malaysia)**  
**For the Period Ended 30 September 2017**

**B3) Prospects (continued)**

Discontinued operations

Demand in pharmaceutical industry is expected to remain stable for the rest of the year, however persistent foreign exchange volatility and uncertainties in the economy may further put pressure on manufacturing margin. To address the continuous industry challenges, the Business is embarking on the rationalization and upgrading of its manufacturing assets with enhanced Current Good Manufacturing Practice (cGMP), enabling the Business to tap into new markets and simultaneously meeting the increasing cGMP standards of the international markets.

**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:

	<b>Current Quarter RM'000</b>	<b>Current Period RM'000</b>
Taxation		
In respect of profit for the year	(1,153)	9,121
Transfer from deferred tax	1,520	(5,675)
	<u>367</u>	<u>3,446</u>

The Group's effective tax rate is higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purposes.

**B6) Profit Before Tax**

	<b>Current Quarter RM'000</b>	<b>Current Period RM'000</b>
<b>Operating profit is arrived at after charging / (crediting):</b>		
Depreciation and amortization	14,236	36,598
Provision for receivables	470	1,598
Provision for and write-off of inventories	2,834	5,207
Impairment of intangible assets	1,600	1,600
Net foreign exchange loss / (gain)	1,176	1,295
Interest expense	8,030	22,407
Interest income	(1,463)	(4,965)
	<u>(1,463)</u>	<u>(4,965)</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.



**CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)**

**(Incorporated in Malaysia)**

**For the Period Ended 30 September 2017**

**B7) Status of corporate proposals**

A. On 2 August 2017, followed by amendments and clarifications on 4 August 2017, the Company announced and made further clarification on the following proposals :

- (i) Proposed placement of up to 10% of the issued share capital of the Company (excluding treasury shares) (“Proposed Placement”);

The proposal was completed on 13 October 2017, following the listing and quotation of 45,463,186 new shares on the Main Market of Bursa Securities.

- (ii) Proposed disposal of the following three (3) parcels of leasehold land measuring approximately 70.93 acres for a cash consideration of RM190 million to GBA Corporation Sdn Bhd (“GBA Corp”):

a) PN 112585 Lot 818 Seksyen 16 Bandar Shah Alam, Daerah Petaling, Negeri Selangor (“Lot 818”) (excluding that portion of Lot 818 measuring 11,655 square metres which has been taken over by Perbadanan Kemajuan Negeri Selangor and which is to be surrendered to the relevant authority(ies) pursuant to the terms and conditions of the Land Exchange Agreement dated 1 July 2004 as amended and supplemented by a supplemental agreement to the Land Exchange Agreement dated 4 April 2016);

b) HS(D) 135878, PT 757 Sek 16, Bandar Shah Alam, Daerah Petaling, Negeri Selangor (“PT 757”); and

c) HS(D) 135879, PT 758 Sek 16, Bandar Shah Alam, Daerah Petaling, Negeri Selangor (“PT 758”)

(The aforesaid three (3) parcels of land are collectively referred to as “Shah Alam Land”) (“Proposed disposal of Shah Alam Land”);

On 18 September 2017, the parties to the Proposed Disposal of Shah Alam Land namely CCMB and GBA Corporation Sdn Bhd (“GBA” or “GBA Corp”) mutually agreed (via exchange of letters (“**Extension Letters**”)) to extend the deadline to agree on the terms and conditions of the SPA for the Proposed Disposal of Shah Alam Land from 15 September 2017 to 31 October 2017. The parties further extended the deadline, to agree on the terms and conditions of the SPA, from 31 October 2017 to 30 November 2017, via exchange of letters dated 24 October 2017 (“**2nd Extension Letters**”).

- (iii) Proposed distribution of the entire shareholding in CCM Duopharma Biotech Berhad (“CCMD”) (“Proposed distribution”) to the shareholders of the Company by way of a reduction of the paid up capital of the Company pursuant to Section 116 of the Companies Act 2016 (“Proposed distribution and capital reduction”);

The proposal was approved by the shareholders at the Extraordinary General Meeting held on 3 October 2017, and now pending for the order of High Court pursuant to Section 116 of the Companies Act 2016 in respect of the capital reduction.





**CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)**

(Incorporated in Malaysia)

For the Period Ended 30 September 2017

**B7) Status of corporate proposals (continued)**

- (iv) Proposed share consolidation of every 3 existing ordinary shares in the Company ("CCMB share(s)" or "share(s)") into 1 ordinary share in the Company ("Consolidated share(s)") ("Proposed share consolidation")

The proposal was approved by the shareholders at the Extraordinary General Meeting held on 3 October 2017, and now pending for and subject to, the completion of the Proposed distribution and capital reduction.

- B. On 11 August 2017, the Company announced a Debt Settlement Agreement with CCM Marketing Sdn Bhd ("CCMM"), a wholly owned subsidiary, whereby all debts owing and payable by CCMM to the Company (including interest) calculated as at a closing date, shall be satisfied by way of a transfer of CCM Duopharma Biotech Berhad shares owned by CCMM to the Company.

The Internal Reorganisation exercise was completed on 25 September 2017 following the receipt of the approval from Securities Commission exempting the Company from the obligation to undertake the Mandatory Offer vide its letter dated 29 August 2017 and the transfer of 204,665,784 CCMD Shares from CCMM to the Company arising from the Debt Settlement Agreement on 25 September 2017.

- C. On 10 August 2017, CCM received a letter of offer from Lanjut Setia Sdn Bhd ("LSSB") to dispose 2,000,000 ordinary shares representing 10% equity interest in CCM Chemicals Sdn Bhd ("CCM Chemicals") to CCM ("LSSB Offer Letter"). CCM had on 25 August 2017 accepted the offer from LSSB to acquire 2,000,000 ordinary shares representing 10% equity interest in CCM Chemicals.

In conjunction with the Proposed Acquisition 1, CCM had on 15 August 2017 made an offer to acquire 2,000,000 ordinary shares representing 10% equity interest in CCM Chemicals from Permodalan Nasional Berhad ("PNB"). CCM had on 24 August 2017 received an acceptance of CCM's offer from PNB for the acquisition of 2,000,000 ordinary shares representing 10% equity interest in CCM Chemicals ("PNB Acceptance Letter").

On 19 September 2017, the Company entered into a Sale of Shares Agreement with LSSB ("SSA 1") and a Sale of Shares Agreement with PNB ("SSA 2"), which are now pending for completion.

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



**CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)**  
**(Incorporated in Malaysia)**  
**For the Period Ended 30 September 2017**

**B8) Group Borrowings and Debt Securities**

	<b>30 September 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
<b>Short term borrowings</b>		
Unsecured		
Ringgit Malaysia denominated	198,516	79,135
US Dollar denominated	-	6,498
	<u>198,516</u>	<u>85,633</u>
<b>Long term borrowings</b>		
Unsecured		
Ringgit Malaysia denominated	300,000	536,118
	<u>498,516</u>	<u>621,751</u>
<b>Included under Liabilities held for distribution :</b>		
<b>Short term borrowings</b>		
Unsecured		
Ringgit Malaysia denominated	1,669	-
US Dollar denominated	16,632	-
	<u>18,301</u>	<u>-</u>
<b>Long term borrowings</b>		
Unsecured		
Ringgit Malaysia denominated	96,438	-
	<u>114,739</u>	<u>-</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)

For the Period Ended 30 September 2017

**B10) Earnings per share**

	Individual 3rd Quarter		Cumulative 3rd Quarter	
	30 September 2017 RM'000	30 September 2016 RM'000	30 September 2017 RM'000	30 September 2016 RM'000
<b>Basic and Diluted Earnings Per Share:-</b>				
Profit after tax and minority shareholders' interests (RM'000)				
- from continuing operations	1,150	493	1,700	353
- from discontinued operations	7,049	(21,145)	21,139	2,704
	<u>8,199</u>	<u>(20,652)</u>	<u>22,839</u>	<u>3,057</u>
Issued ordinary shares at beginning of the quarter/year ('000)	457,630	457,630	457,630	457,630
Effects of treasury shares issued ('000)	(2,998)	(2,998)	(2,998)	(2,998)
Weighted average number of ordinary shares ('000) at ending of the quarter/year	<u>454,632</u>	<u>454,632</u>	<u>454,632</u>	<u>454,632</u>
Basic earnings per share (sen)				
- from continuing operations	0.25	0.11	0.37	0.08
- from discontinued operations	1.55	(4.65)	4.65	0.59
	<u>1.80</u>	<u>(4.54)</u>	<u>5.02</u>	<u>0.67</u>

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

**B11) Dividend**

No dividend is proposed for the current quarter under review.



**CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)**  
**(Incorporated in Malaysia)**  
**For the Period Ended 30 September 2017**

**B12) Economic Profit ("EP") Statement**

**Economic Profit ("EP") Statement**

<u>Net operating profit after tax computation:</u>	Individual 3rd Quarter 30 September		Cumulative 3rd Quarter 30 September	
	2017	2016	2017	2016
<i>In millions of RM</i>				
Earnings before interest and tax	6.5	6.0	23.0	16.9
Adjusted tax	(1.6)	(1.5)	(5.8)	(4.2)
<b>NOPAT</b>	<b>4.9</b>	<b>4.5</b>	<b>17.2</b>	<b>12.7</b>
<b><u>Economic charge computation:</u></b>				
Average invested capital	714.2	700.5	714.2	700.5
Weighted average cost of capital	7.83%	6.98%	7.83%	6.98%
<b>Economic charge</b>	<b>14.0</b>	<b>12.2</b>	<b>41.9</b>	<b>36.7</b>
<b>Economic (loss)/ profit</b>	<b>(9.1)</b>	<b>(7.7)</b>	<b>(24.7)</b>	<b>(24.0)</b>

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**

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

**B14) Disclosure of Realised and Unrealised Profits or Losses**

	30 September 2017 RM'000	31 December 2016 RM'000
Total retained earnings		
- Realised	74,912	73,890
- Unrealised	34,990	24,539
	<b>109,902</b>	<b>98,429</b>



**CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)**  
**(Incorporated in Malaysia)**  
**For the Period Ended 30 September 2017**

**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 24 November 2017.

By Order of the Board

NOOR AZWAH SAMSUDIN (LS0006071)  
Company Secretary  
24 November 2017