



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2018 (UNAUDITED)**

<i>In thousands of RM</i>	Current Quarter		Current Period	
	30 June		30 June	
	2018	2017	2018	2017
<i>Continuing operations</i>				
Revenue	99,013	84,421	200,412	173,359
Cost of goods sold	(72,313)	(61,428)	(145,282)	(129,673)
Gross profit	26,700	22,993	55,130	43,686
Other income	10,801	1,790	12,663	2,739
Distribution expenses	(653)	(813)	(1,389)	(2,131)
Administrative expenses	(13,168)	(12,933)	(19,337)	(20,895)
Other expenses	(2,714)	(3,442)	(7,640)	(6,846)
Results from operating activities	20,966	7,595	39,427	16,553
Share of profit of equity accounted investee, net of tax	485	28	1,044	38
Finance income	969	1,057	2,045	2,199
Finance costs	(6,053)	(5,637)	(11,623)	(11,725)
Profit before tax	16,367	3,043	30,893	7,065
Income tax expense	(11,069)	(2,755)	(15,239)	(4,599)
Profit from continuing operations	5,298	288	15,654	2,466
<i>Discontinued operations</i>				
Profit from discontinued operations, net of tax	-	9,632	-	19,205
Profit for the period	5,298	9,920	15,654	21,671
Other comprehensive income				
Changes in fair value of equity investment	2,538	2,451	13,818	(4,781)
Foreign currency translation differences for foreign operations	(1,507)	1,860	2,921	1,268
Total comprehensive income for the period	6,329	14,231	32,393	18,158
Profit attributable to :				
Owners of the Company				
- from continuing operations	2,518	(653)	12,499	550
- from discontinued operations	-	7,066	-	14,090
	2,518	6,413	12,499	14,640
Non-controlling interests	2,780	3,507	3,155	7,031
	5,298	9,920	15,654	21,671
Total comprehensive income attributable to :				
Owners of the Company				
- from continuing operations	3,549	3,051	29,238	(3,570)
- from discontinued operations	-	7,673	-	14,697
	3,549	10,724	29,238	11,127
Non-controlling interests	2,780	3,507	3,155	7,031
	6,329	14,231	32,393	18,158
Basic earnings per share (Sen)				
- from continuing operations	1.50	(0.14)	7.45	0.12
- from discontinued operations	-	1.55	-	3.10
	1.50	1.41	7.45	3.22
Diluted earnings per share (Sen)				
- from continuing operations	1.50	(0.14)	7.45	0.12
- from discontinued operations	-	1.55	-	3.10
	1.50	1.41	7.45	3.22

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 2018 (UNAUDITED)

<i>In thousands of RM</i>	As at 30 June 2018	As at 31 December 2017
ASSETS		
Property, plant and equipment	155,536	143,816
Investment properties	20,020	20,020
Intangible assets	94,170	94,170
Investment in associates	13,187	15,608
Other investments	154	45,568
Deferred tax assets	2,322	2,321
Total non-current assets	285,389	321,503
Inventories	37,709	39,277
Current tax assets	18,501	18,330
Trade and other receivables	293,769	136,005
Cash and cash equivalents	173,686	160,345
	523,665	353,957
Assets classified as held for sale	-	185,900
Total current assets	523,665	539,857
TOTAL ASSETS	809,054	861,360
EQUITY AND LIABILITIES		
Share capital	81,920	81,920
Reserves	26,386	163,421
Retained earnings	198,165	36,923
Total equity attributable to equity holders of the Company	306,471	282,264
Non-controlling interests	1,795	(1,360)
Total equity	308,266	280,904
Loans and borrowings	189,250	108,750
Deferred tax liabilities	19,827	24,044
Total non-current liabilities	209,077	132,794
Loans and borrowings	235,300	359,388
Trade and other payables	55,590	87,980
Current tax liabilities	821	294
Total current liabilities	291,711	447,662
Total liabilities	500,788	580,456
TOTAL EQUITY AND LIABILITIES	809,054	861,360
Net assets per share attributable to ordinary equity holders of the parent (sen)	183	168

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 JUNE 2018 (UNAUDITED)

In thousands of RM

	←——— Attributable to shareholders of the Company ———→								Total	Non-controlling interest	Total equity	
	←——— Non-distributable ———→				Distributable							
	Share capital	Share premium	Capital redemption reserve	Translation reserve	Fair value reserve	Revaluation reserve	Other capital reserve	Treasury shares	Retained earnings			
At 1 January 2018	81,920	-	-	18,351	29,727	112,361	2,982	-	36,923	282,264	(1,360)	280,904
Changes in fair value of equity investment at FVOCI	-	-	-	-	13,818	-	-	-	-	13,818	-	13,818
Foreign currency translation differences	-	-	-	2,921	-	-	-	-	-	2,921	-	2,921
Realisation of revaluation reserves upon disposal of property	-	-	-	-	-	(112,361)	-	-	112,361	-	-	-
Total other comprehensive income for the period	-	-	-	2,921	13,818	(112,361)	-	-	112,361	16,739	-	16,739
Profit for the period	-	-	-	-	-	-	-	-	12,499	12,499	3,155	15,654
Total comprehensive income for the period	-	-	-	2,921	13,818	(112,361)	-	-	124,860	29,238	3,155	32,393
Transfer of gain on disposal of equity investment at FVOCI to retained earnings	-	-	-	-	(41,413)	-	-	-	41,413	-	-	-
Dividends to owners of the Company	-	-	-	-	-	-	-	-	(5,031)	(5,031)	-	(5,031)
As at end of period	81,920	-	-	21,272	2,132	-	2,982	-	198,165	306,471	1,795	308,266

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 2017

In thousands of RM

	←————— Attributable to shareholders of the Company —————→								Total	Non-controlling interest	Total equity	
	←————— Non-distributable —————→											Distributable
	Share capital	Share premium	Capital redemption reserve	Translation reserve	Fair value reserve	Revaluation reserve	Other capital reserve	Treasury shares	Retained earnings			
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	-	-	-	-	(4,506)	-	-	-	-	(4,506)	-	(4,506)
Foreign currency translation differences	-	-	-	18,579	-	-	-	-	-	18,579	-	18,579
Total other comprehensive income for the period	-	-	-	18,579	(4,506)	-	-	-	-	14,073	-	14,073
Profit for the year	-	-	-	-	-	-	-	-	25,919	25,919	13,899	39,818
Total comprehensive income for the period	-	-	-	18,579	(4,506)	-	-	-	25,919	39,992	13,899	53,891
Dividends to owners of the Company	-	-	-	-	-	-	-	-	(11,366)	(11,366)	-	(11,366)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(8,403)	(8,403)
Treasury shares sold	-	-	-	-	-	-	-	5,836	(1,277)	4,559	-	4,559
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	(8,834)	(8,834)	(31,166)	(40,000)
Placement of new shares	60,010	-	-	-	-	-	-	-	-	60,010	-	60,010
Effect of demerger	(475,737)	-	-	-	-	-	-	-	(65,948)	(541,685)	(127,878)	(669,563)
Transfer in accordance with Section 618(2) of the Companies Act 2016	40,017	(39,944)	(73)	-	-	-	-	-	-	-	-	-
As at 31 December 2017	81,920	-	-	18,351	29,727	112,361	2,982	-	36,923	282,264	(1,360)	280,904

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 JUNE 2018 (UNAUDITED)**

In thousands of RM	Six Months Ended 30 June	
	2018	2017
Cash flows from operating activities		
Profit before taxation		
- continuing operations	30,893	7,065
- discontinued operation	-	24,764
	<u>30,893</u>	<u>31,829</u>
Adjustments for:		
Depreciation of property, plant and equipment	11,452	22,362
Gain on disposal of property	4,100	-
Finance costs	11,623	14,377
Interest income	(2,045)	(3,502)
Share of profit of equity accounted associates	(1,044)	(38)
<i>Operating profit before changes in working capital</i>	<u>54,979</u>	<u>65,028</u>
Change in inventories	1,413	(5,908)
Change in payables and accruals	(8,742)	(22,555)
Change in receivables, deposits and prepayments	(2,222)	(20,745)
<i>Cash generated from operations</i>	<u>45,428</u>	<u>15,820</u>
Finance costs paid	(11,623)	(14,377)
Interest income	2,045	3,502
Income tax paid	(14,625)	(10,366)
Net cash generated/(used in) from operating activities	<u>21,225</u>	<u>(5,421)</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(21,112)	(37,415)
Acquisition of development expenditure	-	(3,318)
Dividends received from other investments	3,465	-
Proceeds from disposal of other investments	59,157	-
Net cash generated/(used in) investing activities	<u>41,510</u>	<u>(40,733)</u>
Cash flows from financing activities		
Dividends paid to non-controlling interests	-	(4,572)
Dividends paid to owners of the Company	(5,031)	(11,366)
Net (repayment)/drawdown of loans and borrowings	(43,588)	1,510
Net cash used in from financing activities	<u>(48,619)</u>	<u>(14,428)</u>
Exchange difference on translation of the financial statements of foreign operations	<u>(775)</u>	<u>(1,380)</u>
Net increase/(decrease) in cash and cash equivalents	13,341	(61,962)
Cash and cash equivalents at 1 January	<u>160,345</u>	<u>288,317</u>
Cash and cash equivalents as at end of period	<u><u>173,686</u></u>	<u><u>226,355</u></u>

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 2018

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. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2017.

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 2017 except for those standards, amendments and interpretations which are effective from the annual period beginning on or after 1 January 2018.

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*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment - Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts - 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, *Investment Property - Transfer of Investment Property*

The Group adopted the above MFRSs and Amendments to MFRSs except for MFRS 2 and MFRS 4 which are not applicable to the Group. The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

(i) MFRS 15, Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

Previously, the Group recognised revenue from contracts with customers on the basis of fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Upon adoption of MFRS 15, the Group recognises the revenue from contracts with customers that requires customer related costs to be allocated as a deduction of revenue.



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
(Incorporated in Malaysia)
For the Period Ended 30 June 2018

A2) Changes in Accounting Policies

MFRS 15, Revenue from Contracts with Customers (continued)

The Group manufactures and sells certain chemical products for a customer under a non-cancellable exclusive rights to supply contract. Previously, the Group recognised revenue from contracts with customers after the significant risk and rewards of ownership is transferred to the customers. Upon adoption of MFRS 15, the Group recognises the revenue from contracts with customers when the performance obligations are satisfied over time. The Group applies MFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application.

(ii) MFRS 9, Financial instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and on hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. The new standard contains three principle classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL), and eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available for sale. Upon adoption of MFRS 9, financial assets previously measured at available for sale is now measured using FVOCI.

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 2019;

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations - Previously Held Interest in a Joint Operation (Annual Improvements to MFRS Standards 2015–2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments - Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements - Previously Held Interest in a Joint Operation (Annual Improvements to MFRS Standards 2015–2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes - Income Tax Consequences of Payments on Financial Instruments Classified as Equity (Annual Improvements to MFRS Standards 2015–2017 Cycle)*
- Amendments to MFRS 123, *Borrowing Costs - Borrowing Costs Eligible for Capitalisation (Annual Improvements to MFRS Standards 2015–2017 Cycle)*
- Amendments to MFRS 128, *Investment in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures*
- *Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119 Employee Benefits)*



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
(Incorporated in Malaysia)
For the Period Ended 30 June 2018

A2) Changes in Accounting Policies (continued)

MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2020;

- Amendments to MFRS 2, *Share-Based Payment*
- Amendment to MFRS 3, *Business Combinations*
- Amendments to MFRS 6, *Exploration for and Evaluation of Mineral Resources*
- Amendment to MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors*
- Amendments to MFRS 134, *Interim Financial Reporting*
- Amendment to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets*
- Amendment to MFRS 138, *Intangible Assets*
- Amendment to IC Interpretation 12, *Service Concession Arrangements*
- Amendment to IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendment to IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendment to IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to IC Interpretation 132, *Intangible Assets—Web Site Costs*

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 do not plan to adopt the above MFRS 11 and MFRS 17 which are not applicable for the Group. The initial applications of the above standards are not expected to have any material financial impacts.

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 2017 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.



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
(Incorporated in Malaysia)
For the Period Ended 30 June 2018

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.

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.

A8) Dividends paid

On 29 June 2018, the Company paid first interim single tier dividend of 3.00 sen per ordinary share totaling RM5.0 million for the financial year ending 31 December 2018.

A9) Segment reporting

<i>In thousands of RM</i>	Segment Revenue			
	Individual 2nd Quarter		Cumulative 2nd Quarter	
	2018	2017	2018	2017
<u>Continuing operations</u>				
Chemicals	76,648	65,136	155,838	129,659
Polymers	23,039	19,483	46,169	40,238
Others* and inter-segment transactions	(674)	(198)	(1,595)	3,462
Group result	99,013	84,421	200,412	173,359
<u>Discontinued operations</u>				
Pharmaceuticals	-	117,049	-	240,355
	<u>99,013</u>	<u>201,470</u>	<u>200,412</u>	<u>413,714</u>

* Administrative and non-core activities

<i>In thousands of RM</i>	Segment Profit/(Loss) Before Tax			
	Individual 2nd Quarter		Cumulative 2nd Quarter	
	2018	2017	2018	2017
<u>Continuing operations</u>				
Chemicals	12,633	9,942	26,181	16,245
Polymers	5,096	4,591	10,339	9,867
Others* and inter-segment transactions	(1,362)	(11,490)	(5,627)	(19,047)
Group result	16,367	3,043	30,893	7,065
<u>Discontinued operations</u>				
Pharmaceuticals	-	12,641	-	24,764
	<u>16,367</u>	<u>15,684</u>	<u>30,893</u>	<u>31,829</u>

* Administrative and non-core activities

A10) Property, plant and equipment

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



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
(Incorporated in Malaysia)
For the Period Ended 30 June 2018

A11) Post balance sheet events

There is no material events after the period end that had not been reflected in the Interim Financial Reports for the current financial period under review.

A12) Changes in the composition of the Group

There were no 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 29 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 the end of the current interim financial period.

A14) Capital Commitments

	30	31
	June	December
	2018	2017
	RM’000	RM’000
Contracted but not provided for	<u>10,957</u>	<u>22,249</u>

A15) Discontinued operations and assets/liabilities classified as Held for Sale

(i) In 2017, the Company distributed its entire shareholding in CCM Duopharma Biotech Berhad (“CCMD”) to the shareholders of the Company. Following the distribution, CCMD has ceased to be a subsidiary of the Company, thus reported as Discontinued Operation results, in the comparative period of 2017.

(ii) In 2017, the Company entered into a Sale and Purchase Agreement for disposal of three (3) parcels of leasehold land measuring approximately 70.93 acres for a cash consideration of RM190 million to Global Vision Logistics Sdn Bhd, thus reclassified as Asset Held For Sale.

The results of the discontinued operations were as follows:-



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
(Incorporated in Malaysia)
For the Period Ended 30 June 2018

<i>In thousands of RM</i>	Current Period	
	6 months ended 30 June	
	2018	2017
<u>Results of discontinued operation</u>		
Revenue	-	240,355
Expenses	-	(215,591)
Results from operating activities	-	24,764
Income tax expense	-	(5,559)
Profit from discontinued operations	-	19,205
<u>Cash flows of discontinued operation</u>		
Cash generated from operating activities	-	2,264
Cash used in investing activities	-	(24,268)
Cash used in financing activities	-	(9,893)
Effect of cash flows	-	(31,897)

Assets Held for Sale as at end of the period consists of:-

<i>In thousands of RM</i>	As at 30 June 2018	As at 31 December 2017
<u>Assets classified as held for sale</u>		
Investment property	-	185,900
	-	185,900



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
(Incorporated in Malaysia)
For the Period Ended 30 June 2018

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 2018

Continuing operations

<i>In thousands of RM</i>	Current Year Quarter	Preceding Year Corres- ponding Quarter	Changes (Amount)	Changes (%)
<u>Segment Revenue</u>				
Chemicals	76,648	65,136	11,512	17.67
Polymers	23,039	19,483	3,556	18.25
Others and inter-segment transactions	(674)	(198)	(476)	240.40
Group result (continuing operations)	<u>99,013</u>	<u>84,421</u>	<u>14,592</u>	17.28
<u>Segment profit/(loss) before tax</u>				
Chemicals	12,633	9,942	2,691	27.07
Polymers	5,096	4,591	505	11.00
Others and inter-segment transactions	(1,362)	(11,490)	10,128	(88.15)
Group result (continuing operations)	<u>16,367</u>	<u>3,043</u>	<u>13,324</u>	437.86

For the current quarter ended 30 June 2018, the Group recorded revenue of RM99.0 million, higher by 17.28% compared to the corresponding quarter last year of RM84.4 million. The increase is mainly due to the improved revenue from both Chemicals and Polymers Divisions.

The Group recorded profit before tax in the current quarter of RM16.4 million, increased from RM3.0 million recorded in the same quarter last year, driven mainly from the improved sales and margins for the current quarter as well as the positive impact from operational efficiency initiatives. The profit before tax for the quarter ended 30 June 2018 included RM4.1 million gain arising from the Disposal of Shah Alam Land which was completed on 13 June 2018 (refer to B7).

Chemicals Division recorded revenue of RM76.6 million during the quarter under review, which is 17.67% higher compared to the same quarter last year of RM65.1 million and consequently a higher profit before tax of RM12.6 million, as compared to the corresponding quarter last year of RM9.9 million. The increase in revenue and profit before tax are primarily due to higher sales and margin respectively, as a result of higher average selling prices of its chlor-alkali products as well as higher volume sold during the quarter under review and also positive impact from operational efficiency initiatives.

Polymers Division recorded revenue of RM23.0 million during the quarter under review, which is 18.25% higher compared to the same quarter last year of RM19.5 million. The Division recorded higher profit before tax of RM5.1 million, an increase of 11.00% as compared to the corresponding quarter last year of RM4.6 million. The increase in profit before tax is primarily due to changes in sales mix during the period.



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
(Incorporated in Malaysia)
For the Period Ended 30 June 2018

B1) Review of Performance (continued)

Discontinued operation

On 28 December 2017, the Company distributed its entire shareholding in CCM Duopharma Biotech Berhad (“CCMD”) to the shareholders of the Company. Following the distribution, CCMD has ceased to be a subsidiary of the Company, thus reported as Discontinued Operation results as comparative in 2017. During the second quarter 2017, the Pharmaceuticals Division recorded revenue of RM117.0 million and profit before tax of RM12.6 million.

Commentary for Cumulative Quarter ended 30 June 2018

Continuing operations

<i>In thousands of RM</i>	Current Year To Date	Preceding Year Corres- ponding Period	Changes (Amount)	Changes (%)
<u>Segment Revenue</u>				
Chemicals	155,838	129,659	26,179	20.19
Polymers	46,169	40,238	5,931	14.74
Others and inter-segment transactions	(1,595)	3,462	(5,057)	(146.07)
Group result (continuing operations)	<u>200,412</u>	<u>173,359</u>	<u>27,053</u>	15.61
<u>Segment profit/(loss) before tax</u>				
Chemicals	26,181	16,245	9,936	61.16
Polymers	10,339	9,867	472	4.78
Others and inter-segment transactions	(5,627)	(19,047)	13,420	(70.46)
Group result (continuing operations)	<u>30,893</u>	<u>7,065</u>	<u>23,828</u>	337.27

For the current period ended 30 June 2018, the Group recorded revenue of RM200.4 million, higher by 15.61% compared to the corresponding period last year of RM173.4 million. The increase is mainly due to the improved revenue from both Chemicals and Polymers Divisions.

The Group recorded profit before tax in the current period of RM30.9 million, increased from RM7.1 million recorded in the same period last year, driven mainly from the improved sales and margins for the current period as well as positive impact from operational efficiency initiatives. The profit before tax for period ended 30 June 2018 included RM4.1 million gain from the Disposal of Shah Alam Land which was completed on 13 June 2018 (refer to B7).

Chemicals Division recorded revenue of RM155.8 million during the period under review, which is 20.19% higher compared to the same period last year of RM129.7 million and consequently a higher profit before tax of RM26.2 million, as compared to the corresponding period last year of RM16.2 million. The increase in revenue and profit before tax is primarily due to the higher sales and margin respectively, as a result of higher average selling prices of its chlor-alkali products as well as higher volume sold during the quarter under review and positive impact from operational efficiency initiatives.



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
(Incorporated in Malaysia)
For the Period Ended 30 June 2018

B1) Review of Performance (continued)

Polymers Division recorded revenue of RM46.2 million during the period under review, which is 14.74% higher compared to the same period last year of RM40.2 million. The Division recorded higher profit before tax of RM10.3 million, an increase of 4.78% as compared to the corresponding period last year of RM9.9 million. The increase in profit before tax is primarily due to changes in sales mix during the period.

Discontinued operation

On 28 December 2017, the Company distributed its entire shareholding in CCM Duopharma Biotech Berhad (“CCMD”) to the shareholders of the Company. Following the distribution, CCMD has ceased to be a subsidiary of the Company, thus reported as Discontinued Operation results as comparative in 2017. Pharmaceuticals Division recorded revenue of RM240.4 million and profit before tax of RM24.8 million for the period ended 30 June 2017.

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

Continuing operations

<i>In thousands of RM</i>	Current Quarter	Preceding Quarter	Changes (Amount)	Changes (%)
<u>Segment Revenue</u>				
Chemicals	76,648	79,190	(2,542)	(3.21)
Polymers	23,039	23,130	(91)	(0.39)
Others and inter-segment transactions	(674)	(921)	247	(26.82)
Group result	<u>99,013</u>	<u>101,399</u>	<u>(2,386)</u>	<u>(2.35)</u>
<u>Segment profit/(loss) before tax</u>				
Chemicals	12,633	13,548	(915)	(6.75)
Polymers	5,096	5,243	(147)	(2.80)
Others and inter-segment transactions	(1,362)	(4,265)	2,903	(68.07)
Group result	<u>16,367</u>	<u>14,526</u>	<u>1,841</u>	<u>12.67</u>

The Group’s revenue for the current quarter of RM99.0 million is lower by 2.35% as compared to the immediate preceding quarter revenue of RM101.4 million. The lower revenue is mainly contributed by both Chemicals and Polymers Divisions. Despite the decrease in revenue, the Group’s profit before tax for the current quarter increased to RM16.4 million compared to RM14.5 million in the immediate preceding quarter. The profit before tax for quarter ended 30 June 2018 included RM4.1 million gain from Disposal of Shah Alam Land (refer to B7).

B3) Prospects

The de-merger of CCM Duopharma Biotech Berhad from the Group was completed on 28 December 2017. The Group now focuses on growing its Chemicals and Polymers Divisions, consolidating its position to make steady progress in each of its core businesses. Both Divisions will continue to evaluate opportunities within its respective markets to ensure growth. The Group has completed two (2) major non-core assets divestment as at end of period under review and will continue its de-gearing plans via divestment of identified non-core asset 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 June 2018

B3) Prospects (continued)

Although the market remains competitive, the Chemicals Division is expected to continue to perform positively. It will be reactivating its Pasir Gudang Works 1 in order to increase its production capacity, enabling the Chemicals Division to seize the market opportunities for its chlor alkali products. It will continue implementing continuous improvement program to extract operational savings and striving to increase its trading margin while expanding its customer base within the region. The Division will continue to expand its core capabilities both domestically and regionally to improve its market share.

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

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	Current Period
	RM'000	RM'000
Taxation		
In respect of profit for the period	5,840	10,184
Real Property Gains Tax (RPGT)		
on Disposal of Shah Alam Land	9,273	9,273
Transfer from deferred tax	(4,044)	(4,218)
	<u>11,069</u>	<u>15,239</u>

The Group's effective tax rate is higher than the statutory tax rate mainly due to the RPGT incurred during the quarter on the Disposal of Shah Alam Land and non-deductibility of certain expenses for tax purposes.

B6) Profit Before Tax

	Current Quarter	Current Period
	RM'000	RM'000
Operating profit is arrived at after charging / (crediting):		
Depreciation and amortization	5,728	11,452
(Write-back)/Provision for receivables	741	518
Provision for and write-off of inventories	500	1,500
Net foreign exchange loss	500	904
Interest expense	6,053	11,623
Interest income	(969)	(2,045)

Other than the above, there are 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 June 2018

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 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 the Company (“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 Sale and Purchase Agreement (“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.

On 30 November 2017, the Company entered into a conditional SPA with Global Vision Logistics Sdn Bhd (“GVL” or “Purchaser”), being the party nominated by GBA Corp, for the Proposed Disposal of Shah Alam Land.

On 28 February 2018, the parties to the SPA, have agreed to extend the date to fulfil the condition precedent of the SPA from 28 February 2018 to 2 March 2018, being the date of the Extraordinary General Meeting (“EGM”) for the procurement of the Company’s shareholders’ approval for the Proposed Disposal of the Shah Alam Land, via a letter dated 26 February 2018. As a consequence, the Payment Deadline is extended to 2 June 2018.

On 2 March 2018, the shareholders of the Company have approved the Proposed disposal of Shah Alam Land, at EGM held on even date.

On 6 April 2018, the Economic Planning Unit had, vide its letter, resolved to approve the transfer of Shah Alam Land in favour of GVL.

The proposed disposal was completed on 13 June 2018 following the payment of the Balance Disposal Consideration of RM171,000,000 in two (2) separate tranches of RM38,000,000 from GVL and RM133,000,000 from GVL’s financier on 1 June 2018 and 7 June 2018 respectively and the late payment charges of RM75,427.40 from GVL on 13 June 2018.



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
(Incorporated in Malaysia)
For the Period Ended 30 June 2018

B7) Status of corporate proposals (continued)

B. On 13 April 2018 the Company entered into a conditional share sale agreement (SSA) with CCM Duopharma Biotech Berhad (CCMD) for disposal of the Company's entire shareholding in PanGen Biotech Inc. (PanGen), involving 806,450 common shares, representing approximately 8.39% equity interest, for a cash consideration of RM59,156,546.56. The Proposed Disposal is in line with the Company's strategy to dispose its non-core assets and provides an opportunity for the Company to unlock value in the investment, with the proceeds to be used to pare down bank borrowings which in turn would result in interest savings of approximately RM3.0 million per year. The disposal include the execution of the deed of novation of a marketing and commercialization agreement (MCA) between the Company, CCMD and PanGen in relation to the novation of all rights and obligations held by Company under the MCA to CCMD, as a condition precedent to the SSA.

As at 31 May 2018, the shareholders of the Company have approved the Proposed Disposal of the Company's 8.39% interest in PanGen, at its Extraordinary General Meeting held on even date.

The proposed disposal was completed on 29 June 2018 following the transfer of the Sale Shares from CCMB's securities account to CCMD's securities account and receipt of the Disposal Consideration from CCMD in accordance with the SSA.

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.

B8) Group Borrowings and Debt Securities

	30 June	31 December
	2018	2017
	RM'000	RM'000
Short term borrowings		
Unsecured		
Ringgit Malaysia denominated	235,300	359,388
Long term borrowings		
Unsecured		
Ringgit Malaysia denominated	189,250	108,750
	<u>424,550</u>	<u>468,138</u>

B9) Material litigation

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

B10) 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 June 2018

B11) Earnings per share

	Individual Quarter		Cumulative Quarter	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	RM'000	RM'000	RM'000	RM'000
Basic and Diluted Earnings Per Share:-				
Profit after tax and minority shareholders' interests (RM'000)				
- from continuing operations	2,518	(653)	12,499	550
- from discontinued operations	-	7,066	-	14,090
	<u>2,518</u>	<u>6,413</u>	<u>12,499</u>	<u>14,640</u>
Weighted average number of ordinary shares ('000) at ending of the quarter/year	<u>167,696</u>	<u>454,632</u>	<u>167,696</u>	<u>454,632</u>
Basic earnings per share (sen)				
- from continuing operations	1.50	(0.14)	7.45	0.12
- from discontinued operations	-	1.55	-	3.10
	<u>1.50</u>	<u>1.41</u>	<u>7.45</u>	<u>3.22</u>

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

B11) Derivative financial instruments

As at the end of current period, there were no outstanding derivative financial instruments in the Group.

B12) Gains and losses arising from fair value changes of financial liabilities

There are no material gains or losses from changes on the fair values of financial liabilities for the current period under review.

B13) 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 28 August 2018.

By Order of the Board

NOOR AZWAH SAMSUDIN (LS0006071)
 Company Secretary
 28 August 2018