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

In thousands of RM	Current Quarter 30 September		Current Period 30 September	
	2018	**2017**	**2018**	**2017**
Continuing operations				
Revenue	95,068	88,118	295,480	261,477
Cost of goods sold	(71,012)	(63,272)	(216,294)	(192,945)
Gross profit	24,056	24,846	79,186	68,532
Other income	2,928	756	15,591	3,495
Distribution expenses	(840)	(797)	(2,229)	(2,928)
Administrative expenses	(3,686)	(11,152)	(23,023)	(32,047)
Other expenses	(8,297)	(7,198)	(15,937)	(14,044)
Results from operating activities	14,161	6,455	53,588	23,008
Share of profit of equity accounted investee, net of tax	(130)	110	914	148
Finance income	1,740	1,085	3,785	3,284
Finance costs	(4,889)	(6,815)	(16,512)	(18,540)
Profit before tax	10,882	835	41,775	7,900
Income tax expense	(5,528)	(367)	(20,767)	(3,446)
Profit from continuing operations	5,354	468	21,008	4,454
Discontinued operations				
Profit from discontinued operations, net of tax	-	11,126	-	28,811
Profit for the period	5,354	11,594	21,008	33,265
Other comprehensive income				
Fair value of available-for-sale financial assets	-	(657)	11,739	(5,438)
Foreign currency translation differences for foreign operations	215	3,540	5,215	4,808
Total comprehensive income for the period	5,569	14,477	37,962	32,635
Profit attributable to :				
Owners of the Company				
- from continuing operations	4,573	1,150	17,072	1,700
- from discontinued operations	-	7,049	-	21,139
	4,573	8,199	17,072	22,839
Non-controlling interests	781	3,395	3,936	10,426
	5,354	11,594	21,008	33,265
Total comprehensive income attributable to :				
Owners of the Company				
- from continuing operations	4,788	4,640	34,026	1,070
- from discontinued operations	-	6,442	-	21,139
	4,788	11,082	34,026	22,209
Non-controlling interests	781	3,395	3,936	10,426
	5,569	14,477	37,962	32,635
Basic earnings per share (Sen)				
- from continuing operations	2.73	0.25	10.18	0.37
- from discontinued operations	-	1.55	-	4.65
	2.73	1.80	10.18	5.02
Diluted earnings per share (Sen)				
- from continuing operations	2.73	0.25	10.18	0.37
- from discontinued operations	-	1.55	-	4.65
	2.73	1.80	10.18	5.02

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 2018 (UNAUDITED)

In thousands of RM	**As at 30 September 2018**	**As at 31 December 2017**
ASSETS		
Property, plant and equipment	169,749	143,816
Investment properties	20,020	20,020
Intangible assets	94,170	94,170
Investment in associates	13,057	15,608
Other investments	154	45,568
Deferred tax assets	2,322	2,321
Total non-current assets	299,472	321,503
Inventories	35,816	39,277
Current tax assets	8,386	18,330
Trade and other receivables	114,863	136,005
Cash and cash equivalents	257,439	160,345
	416,504	353,957
Assets classified as held for sale	-	185,900
Total current assets	416,504	539,857
TOTAL ASSETS	715,976	861,360
EQUITY AND LIABILITIES		
Share capital	81,920	81,920
Reserves	26,601	163,421
Retained earnings	202,738	36,923
Total equity attributable to equity holders of the Company	311,259	282,264
Non-controlling interests	2,576	(1,360)
Total equity	313,835	280,904
Loans and borrowings	169,226	108,750
Deferred tax liabilities	19,350	24,044
Total non-current liabilities	188,576	132,794
Loans and borrowings	160,300	359,388
Trade and other payables	53,004	87,980
Current tax liabilities	261	294
Total current liabilities	213,565	447,662
Total liabilities	402,141	580,456
TOTAL EQUITY AND LIABILITIES	715,976	861,360
Net assets per share attributable to ordinary equity holders of the parent (sen)	**186**	**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 SEPTEMBER 2018 (UNAUDITED)

In thousands of RM	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
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	-	-	-	-	11,739	-	-	-	-	11,739	-	11,739
Foreign curency translation differences	-	-	-	5,215	-	-	-	-	-	5,215		5,215
Realisation of revaluation reserves upon disposal of property	-	-	-	-	-	(112,361)	-	-	112,361	-	-	-
Total other comprehensive income for the period	-	-	-	5,215	11,739	(112,361)	-	-	112,361	16,954	-	16,954
Profit for the period	-	-	-	-	-	-	-	-	17,072	17,072	3,936	21,008
Total comprehensive income for the period	-	-	-	5,215	11,739	(112,361)	-	-	129,433	34,026	3,936	37,962
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	-	-	23,566	53	-	2,982	-	202,738	311,259	2,576	313,835

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											
	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
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 SEPTEMBER 2018 (UNAUDITED)

	Nine Months Ended 30 September	
In thousands of RM	**2018**	**2017**
Cash flows from operating activities		
Profit before taxation		
- continuing operations	41,775	7,900
- discontinued operation	-	38,971
	41,775	46,871
Adjustments for:		
Depreciation of property, plant and equipment	17,179	36,598
Gain on disposal of property	(4,100)	-
Finance costs	16,512	22,407
Interest income	(3,785)	(4,965)
Share of profit of equity accounted associates	(914)	(148)
Impairment loss on intangibles	-	1,600
Operating profit before changes in working capital	66,667	102,363
Change in inventories	3,340	(11,359)
Change in payables and accruals	(18,915)	682
Change in receivables, deposits and prepayments	11,957	(19,308)
Cash generated from operations	63,049	72,378
Finance costs paid	(16,512)	(22,407)
Interest income	3,785	4,965
Income tax paid	(20,730)	(3,572)
Net cash generated from operating activities	29,592	51,364
Cash flows from investing activities		
Acquisition of property, plant and equipment	(41,058)	(60,778)
Acquisition of development expenditure	-	(16,144)
Dividends received from other investments	3,465	-
Proceeds from disposal of other investments	59,157	-
Proceeds from disposal of property, plant and equipment	190,000	-
Net cash generated/(used in) investing activities	211,564	(76,922)
Cash flows from financing activities		
Dividends paid to non-controlling interests	-	(6,573)
Dividends paid to owners of the Company	(5,031)	(11,366)
Net (repayment)/drawdown of loans and borrowings	(138,612)	(7,695)
Net cash used in from financing activities	(143,643)	(25,634)
Exchange difference on translation of the financial statements of foreign operations	(419)	(1,495)
Net increase/(decrease) in cash and cash equivalents	97,094	(52,687)
Cash and cash equivalents at 1 January	160,345	288,317
Cash and cash equivalents as at end of period	257,439	235,630

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

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

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. Previuosly, 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)*

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 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.

CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
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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

	Segment Revenue			
In thousands of RM	Individual 3rd Quarter		Cumulative 3rd Quarter	
	2018	2017	2018	2017
Continuing operations				
Chemicals	71,795	68,179	227,633	197,838
Polymers	24,129	20,483	70,298	60,721
Others* and inter-segment transactions	(856)	(544)	(2,451)	2,918
Group result	95,068	88,118	295,480	261,477
Discontinued operations				
Pharmaceuticals	-	115,379	-	355,734
	95,068	203,497	295,480	617,211

** Administrative and non-core activities*

	Segment Profit/(Loss) Before Tax			
In thousands of RM	Individual 3rd Quarter		Cumulative 3rd Quarter	
	2018	2017	2018	2017
Continuing operations				
Chemicals	11,947	11,078	38,128	27,323
Polymers	4,906	4,602	15,245	14,469
Others* and inter-segment transactions	(5,971)	(14,845)	(11,598)	(33,892)
Group result	10,882	835	41,775	7,900
Discontinued operations				
Pharmaceuticals	-	14,207	-	38,971
	10,882	15,042	41,775	46,871

** Administrative and non-core activities*

A10) Revaluation of property, plant and equipment

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

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 September 2018	31 December 2017
	RM'000	RM'000
Contracted but not provided for	7,640	22,249

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:-

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In thousands of RM	Current Period 9 months ended 30 September 2018	 2017
Results of discontinued operation		
Revenue	-	355,734
Expenses	-	(316,763)
Results from operating activities	-	38,971
Income tax expense	-	(10,160)
Profit from discontinued operations	-	28,811
Cash flows of discontinued operation		
Cash generated from operating activities	-	24,320
Cash used in investing activities	-	(42,619)
Cash used in financing activities	-	(9,715)
Effect of cash flows	-	(28,014)

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

In thousands of RM	As at 30 September 2018	As at 31 December 2017
Assets classified as held for sale		
Investment property	-	185,900
	-	185,900

CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
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Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1) Review of Performance

Commentary for Individual Quarter ended 30 September 2018

Continuing operations

In thousands of RM	Current Year Quarter	Preceding Year Corres-ponding Quarter	Changes (Amount)	Changes (%)
Segment Revenue				
Chemicals	71,795	68,179	3,616	5.30
Polymers	24,129	20,483	3,646	17.80
Others and inter-segment transactions	(856)	(544)	(312)	57.35
Group result (continuing operations)	95,068	88,118	6,950	7.89
Segment profit/(loss) before tax				
Chemicals	11,947	11,078	869	7.84
Polymers	4,906	4,602	304	6.61
Others and inter-segment transactions	(5,971)	(14,845)	8,874	-59.78
Group result (continuing operations)	10,882	835	10,047	1203.23

For the current quarter ended 30 September 2018, the Group recorded revenue of RM95.1 million, higher by 7.89% compared to the corresponding quarter last year of RM88.1 million. The increase was mainly due to improved revenue from both Chemicals and Polymers Divisions.

The Group recorded profit before tax in the current quarter of RM10.9 million, increased from RM0.8 million recorded in the same quarter last year, driven mainly from improved sales and margins in the current quarter as well as positive impact from operational efficiency initiatives. The preceding year's profit before tax includes voluntary separation scheme costs, expenses for corporate exercises and progress works for land remediation at Lot 818 Shah Alam undertaken last year amounting to RM4.8 million.

Chemicals Division recorded revenue of RM71.8 million during the quarter under review, which was 5.3% higher compared to the same quarter last year of RM68.2 million and consequently a higher profit before tax of RM11.9 million, as compared to the corresponding quarter last year of RM11.1 million. The increase in revenue and profit before tax were primarily due to higher volume sold during the quarter under review and also positive impact from operational efficiency initiatives.

Polymers Division recorded revenue of RM24.1 million during the quarter under review, which was 17.8% higher compared to the same quarter last year of RM20.5 million. The Division recorded higher profit before tax of RM4.9 million, an increase of 6.61% as compared to the corresponding quarter last year of RM4.6 million. The increase in profit before tax was primarily due to changes in sales mix during the period.

CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
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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 third quarter 2017, the Pharmaceuticals Division recorded revenue of RM115.4 million and profit before tax of RM14.2 million.

Commentary for Cumulative Quarter ended 30 September 2018

Continuing operations

In thousands of RM	**Current Year To Date**	**Preceding Year Corres-ponding Period**	**Changes (Amount)**	**Changes (%)**
Segment Revenue				
Chemicals	227,633	197,838	29,795	15.06
Polymers	70,298	60,721	9,577	15.77
Others and inter-segment transactions	(2,451)	2,918	(5,369)	-184.00
Group result (continuing operations)	295,480	261,477	34,003	13.00
Segment profit/(loss) before tax				
Chemicals	38,128	27,323	10,805	39.55
Polymers	15,245	14,469	776	5.36
Others and inter-segment transactions	(11,598)	(33,892)	22,294	-65.78
Group result (continuing operations)	41,775	7,900	33,875	428.80

For the current period ended 30 September 2018, the Group recorded revenue of RM295.5 million, higher by 13.0% compared to the corresponding period last year of RM261.5 million. The increase was mainly due to improved revenue from both Chemicals and Polymers Divisions.

The Group recorded profit before tax in the current period of RM41.8 million, increased from RM7.9 million recorded in the same period last year, driven mainly from improved sales and margins in the current period as well as positive impact from operational efficiency initiatives. The profit before tax for period ended 30 September 2018 included RM4.1 million gain from the Disposal of Shah Alam Land which was completed on 13 June 2018. The profit before tax for period ended 30 September 2017 included RM6.2 million miscellaneous expenses incurred for the corporate exercises undertaken during the year.

Chemicals Division recorded revenue of RM227.6 million during the period under review, which was 15.06% higher compared to the same period last year of RM197.8 million and consequently a higher profit before tax of RM38.1 million, as compared to the corresponding period last year of RM27.3 million. The increase in revenue and profit before tax were 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 period under review and positive impact from operational efficiency initiatives.

B1) Review of Performance (continued)

Polymers Division recorded revenue of RM70.3 million during the period under review, which was 15.77% higher compared to the same period last year of RM60.7 million. The Division recorded higher profit before tax of RM15.2 million, an increase of 5.36% as compared to the corresponding period last year of RM14.5 million. The increase in profit before tax was 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 RM355.7 million and profit before tax of RM39.0 million for the period ended 30 September 2017.

B2) Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter

Continuing operations

In thousands of RM	**Current Quarter**	**Preceding Quarter**	**Changes (Amount)**	**Changes (%)**
Segment Revenue				
Chemicals	71,795	76,648	(4,853)	-6.33
Polymers	24,129	23,039	1,090	4.73
Others and inter-segment transactions	(856)	(674)	(182)	27.00
Group result	95,068	99,013	(3,945)	-3.98
Segment profit/(loss) before tax				
Chemicals	11,947	12,633	(686)	-5.43
Polymers	4,906	5,096	(190)	-3.73
Others and inter-segment transactions	(5,971)	(1,362)	(4,609)	338.40
Group result	10,882	16,367	(5,485)	-33.51

The Group's revenue for the current quarter of RM95.1 million was lower by 3.98% as compared to the immediate preceding quarter revenue of RM99.0 million. The lower revenue was mainly contributed by Chemicals Division due to decrease in market prices. Consequently, Group's profit before tax for the current quarter decreased to RM10.9 million compared to RM16.4 million in the immediate preceding quarter.

B3) Prospects

Since the de-merger of CCM Duopharma Biotech Berhad from the Group on 28 December 2017, the Group is now putting strong effort in expanding its Chemicals and Polymers Divisions in order to make continuous progress of its core two (2) businesses. Both businesses will pursue new opportunities within its respective markets to ensure sustainable growth. The Group has completed two (2) major non-core assets divestment for the period under review. This has strengthened the Group's financial position hence enabling the Group to pursue its expansion and growth strategies.

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 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 also continue to expand its core capabilities both domestically and regionally to improve its market share.

Polymer Division's performance is expected to remain stable. The Division will continue to undertake research and development (R&D) programs to develop new and innovative products to enhance its 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
Taxation	**RM'000**	**RM'000**
In respect of profit for the period	5,730	15,914
Real Property Gains Tax (RPGT)	275	9,548
Transfer from deferred tax	(477)	(4,695)
	5,528	20,767

The Group's effective tax rate was 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
Operating profit is arrived at after charging / (crediting):	**RM'000**	**RM'000**
Depreciation and amortization	5,727	17,179
(Write-back)/Provision for receivables	290	808
(Write-back)/Provision for inventories	(300)	1,200
Net foreign exchange loss	211	1,115
Interest expense	4,889	16,512
Interest income	(1,740)	(3,785)

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

On 7 September 2018, the Company entered into a Sale and Purchase Agreement with Rock Link Sdn Bhd in relation to a proposed disposal of a piece of land held under H.S.(D) 75345, PT 6055, in Mukim of Labu, District of Seremban, Negeri Sembilan for a purchase consideration of RM21.5 million.

The disposal is now pending approval by state authority and Economic Planning Unit of the Prime Minister's Office.

Save for as disclosed above, there are no other 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 September 2018	31 December 2017
	RM'000	RM'000
Short term borrowings		
Unsecured		
Ringgit Malaysia denominated	160,300	359,388
Long term borrowings		
Unsecured		
Ringgit Malaysia denominated	169,226	108,750
	329,526	468,138

B9) Material Litigation

There were no material litigations 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 September 2018

B11) Earnings per Share

	Individual Quarter		Cumulative Quarter	
	30 September 2018	**30 September 2017**	**30 September 2018**	**30 September 2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Basic Earnings Per Share:-				
Profit after tax and minority shareholders' interests (RM'000)				
- from continuing operations	4,573	1,150	17,072	1,700
- from discontinued operations	-	7,049	-	21,139
	4,573	8,199	17,072	22,839
Weighted average number of ordinary shares ('000) at ending of the quarter/year	167,696	454,632	167,696	454,632
Basic earnings per share (sen)				
- from continuing operations	2.73	0.25	10.18	0.37
- from discontinued operations	-	1.55	-	4.65
	2.73	1.80	10.18	5.02

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

B12) Derivative Financial Instruments

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

B13) Gains and Losses Arising from Fair Value Changes of Financial Liabilities

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

B14) 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 13 November 2018.

By Order of the Board

NOOR AZWAH SAMSUDIN (LS0006071)
Company Secretary
13 November 2018