



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2019 (UNAUDITED)**

| <i>In thousands of RM</i> | Current Quarter 30 June | | Current Period 30 June | |
|---|------------------------------------|---------------|-----------------------------------|---------------|
| | 2019 | 2018 | 2019 | 2018 |
| Revenue | 92,845 | 99,013 | 189,820 | 200,412 |
| Cost of goods sold | (74,715) | (72,313) | (153,244) | (145,282) |
| Gross profit | 18,130 | 26,700 | 36,576 | 55,130 |
| Other income | 535 | 10,801 | 2,472 | 12,663 |
| Distribution expenses | (726) | (653) | (1,359) | (1,389) |
| Administrative expenses | (8,511) | (13,168) | (15,536) | (19,337) |
| Other expenses | (2,870) | (2,714) | (4,535) | (7,640) |
| Results from operating activities | 6,558 | 20,966 | 17,618 | 39,427 |
| Share of (loss)/profit of equity accounted investee, net of tax | (222) | 485 | (83) | 1,044 |
| Finance income | 609 | 969 | 1,500 | 2,045 |
| Finance costs | (2,779) | (6,053) | (5,341) | (11,623) |
| Profit before tax | 4,166 | 16,367 | 13,694 | 30,893 |
| Income tax expense | (1,160) | (11,069) | (4,376) | (15,239) |
| Profit for the period | 3,006 | 5,298 | 9,318 | 15,654 |
| Other comprehensive income | | | | |
| Fair value of available-for-sale financial assets | - | 2,538 | - | 13,818 |
| Foreign currency translation differences for foreign operations | (3,201) | (1,507) | (1,777) | 2,921 |
| Total comprehensive income for the period | (195) | 6,329 | 7,541 | 32,393 |
| Profit attributable to : | | | | |
| Owners of the Company | 2,993 | 2,518 | 9,238 | 12,499 |
| Non-controlling interests | 13 | 2,780 | 80 | 3,155 |
| | 3,006 | 5,298 | 9,318 | 15,654 |
| Total comprehensive income attributable to : | | | | |
| Owners of the Company | (208) | 3,549 | 7,461 | 29,238 |
| Non-controlling interests | 13 | 2,780 | 80 | 3,155 |
| | (195) | 6,329 | 7,541 | 32,393 |
| Basic earnings per share (Sen) | 1.78 | 1.50 | 5.51 | 7.45 |
| Diluted earnings per share (Sen) | 1.78 | 1.50 | 5.51 | 7.45 |

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 2019 (UNAUDITED)

| <i>In thousands of RM</i> | As at 30 June 2019 | As at 31 December 2018 |
|---|-------------------------------|-----------------------------------|
| ASSETS | | |
| Property, plant and equipment | 216,839 | 175,568 |
| Investment properties | 220 | 220 |
| Intangible assets | 94,107 | 94,107 |
| Right-of-use assets | 2,307 | - |
| Investment in associates | 13,570 | 13,653 |
| Deferred tax assets | 1,369 | 1,358 |
| Total non-current assets | 328,412 | 284,906 |
| Inventories | 25,773 | 28,646 |
| Current tax assets | 11,293 | 12,459 |
| Trade and other receivables | 92,050 | 92,961 |
| Cash and cash equivalents | 133,432 | 136,297 |
| | 262,548 | 270,363 |
| Assets classified as held for sale | - | 19,986 |
| Total current assets | 262,548 | 290,349 |
| TOTAL ASSETS | 590,960 | 575,255 |
| EQUITY AND LIABILITIES | | |
| Share capital | 81,920 | 81,920 |
| Reserves | 20,923 | 22,769 |
| Retained earnings | 210,947 | 211,684 |
| Total equity attributable to equity holders of the Company | 313,790 | 316,373 |
| Non-controlling interests | 2,665 | 2,601 |
| Total equity | 316,455 | 318,974 |
| Loans and borrowings | 170,280 | 152,107 |
| Lease liabilities | 671 | - |
| Deferred tax liabilities | 15,681 | 15,216 |
| Total non-current liabilities | 186,632 | 167,323 |
| Loans and borrowings | 31,040 | 41,695 |
| Lease liabilities | 1,833 | - |
| Trade and other payables | 54,490 | 46,311 |
| Current tax liabilities | 510 | 952 |
| Total current liabilities | 87,873 | 88,958 |
| Total liabilities | 274,505 | 256,281 |
| TOTAL EQUITY AND LIABILITIES | 590,960 | 575,255 |
| Net assets per share attributable to ordinary equity holders of the parent (sen) | 187 | 189 |

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 2019 (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 2019 | 81,920 | - | - | 19,718 | 69 | - | 2,982 | - | 211,684 | 316,373 | 2,601 | 318,974 |
| Foreign currency translation differences of foreign operations | - | - | - | (1,777) | - | - | - | - | - | (1,777) | - | (1,777) |
| Total other comprehensive income for the period | - | - | - | (1,777) | - | - | - | - | - | (1,777) | - | (1,777) |
| Profit for the period | - | - | - | - | - | - | - | - | 9,238 | 9,238 | 80 | 9,318 |
| Total comprehensive income for the period | - | - | - | (1,777) | - | - | - | - | 9,238 | 7,461 | 80 | 7,541 |
| Dividends to owners of the Company | - | - | - | - | - | - | - | - | (10,060) | (10,060) | - | (10,060) |
| Transfer upon the disposal of equity investment designated at FVOCI | - | - | - | - | (69) | - | - | - | 85 | 16 | (16) | - |
| As at end of period | 81,920 | - | - | 17,941 | - | - | 2,982 | - | 210,947 | 313,790 | 2,665 | 316,455 |

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 2018

In thousands of RM

| 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 | - | 34,964 | 280,305 | (2,464) | 277,841 |
| Net change in fair value of equity investment designated at FVOCI | - | - | - | - | 14,037 | - | - | - | - | 14,037 | 16 | 14,053 |
| Foreign currency translation differences of foreign operations | - | - | - | 1,367 | - | - | - | - | - | 1,367 | - | 1,367 |
| Total other comprehensive income for the period | - | - | - | 1,367 | 14,037 | - | - | - | - | 15,404 | 16 | 15,420 |
| Profit for the period | - | - | - | - | - | - | - | - | 25,695 | 25,695 | 5,049 | 30,744 |
| Total comprehensive income for the period | - | - | - | 1,367 | 14,037 | - | - | - | 25,695 | 41,099 | 5,065 | 46,164 |
| Dividends to owners of the Company | - | - | - | - | - | - | - | - | (5,031) | (5,031) | - | (5,031) |
| Dividends to non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfer upon the disposal of equity investment designated at FVOCI | - | - | - | - | (43,695) | - | - | - | 43,695 | - | - | - |
| Transfer upon the disposal of property | - | - | - | - | - | (112,361) | - | - | 112,361 | - | - | - |
| As at 31 December 2018 | 81,920 | - | - | 19,718 | 69 | - | 2,982 | - | 211,684 | 316,373 | 2,601 | 318,974 |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2019 (UNAUDITED)

| In thousands of RM | 6 Months Ended 30 June | |
|--|------------------------|----------|
| | 2019 | 2018 |
| Cash flows from operating activities | | |
| Profit before taxation | 13,694 | 30,893 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 12,353 | 11,452 |
| Net gain on disposal of asset held for sale | (1,094) | (4,100) |
| Finance costs | 5,341 | 11,623 |
| Interest income | (1,500) | (2,045) |
| Write back of receivables | (642) | - |
| Share of loss/(profit) of equity accounted associates | 83 | (1,044) |
| Inventories written down / written off | 503 | - |
| Unrealised foreign exchange loss | 645 | - |
| <i>Operating profit before changes in working capital</i> | 29,383 | 46,779 |
| Change in inventories | 2,370 | 1,413 |
| Change in payables and accruals | 5,544 | (542) |
| Change in receivables, deposits and prepayments | (2,311) | (2,222) |
| <i>Cash generated from operations</i> | 34,986 | 45,428 |
| Finance costs paid | (5,341) | (11,623) |
| Interest income | 1,500 | 2,045 |
| Income tax paid, net of refund | (167) | (14,625) |
| Net cash generated from operating activities | 30,978 | 21,225 |
| Cash flows from investing activities | | |
| Acquisition of property, plant and equipment | (53,104) | (21,112) |
| Dividends received from other investments | - | 3,465 |
| Proceeds from disposal of other investments | - | 59,157 |
| Proceeds from disposal of asset held for sale | 21,675 | - |
| Net cash (used in) / generated from investing activities | (31,429) | 41,510 |
| Cash flows from financing activities | | |
| Dividends paid to owners of the Company | (10,060) | (5,031) |
| Net drawdown/(repayment) of loans and borrowings | 7,518 | (43,588) |
| Net cash used in financing activities | (2,542) | (48,619) |
| Exchange difference on translation of the financial statements of foreign operations | 128 | (775) |
| Net decrease in cash and cash equivalents | (2,865) | 13,341 |
| Cash and cash equivalents at 1 January | 136,297 | 160,345 |
| Cash and cash equivalents as at end of period | 133,432 | 173,686 |

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 2019

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 2018.

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 2018 except for those standards, amendments and interpretations which are effective from the annual period beginning on or after 1 January 2019.

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 (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 (Annual Improvements to MFRS Standards 2015–2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015–2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits - Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (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*

The Group adopted the above MFRSs and Amendments to MFRSs except for MFRS 11 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:

MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.



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A2) Changes in Accounting Policies (continued)

MFRS 16, *Leases* (continued)

The Group applied MFRS 16 with effect from 1 January 2019 using the modified retrospective approach where comparatives are not restated. The cumulative effect of adopting MFRS 16 are recognised as adjustments to the opening balance on 1 January 2019 as follows:

Statement of Financial Position at 1 January 2019
Impact of change in accounting policies

| | Opening Balance as previously reported | MFRS 16 adjustments | After adjustments |
|---------------------|---|--------------------------------|--------------------------|
| | RM'000 | RM'000 | RM'000 |
| Right-of-use assets | Nil | 2,933 | 2,933 |
| Lease liabilities | Nil | (2,933) | (2,933) |

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 2020;

- Amendment to MFRS 3, *Business Combinations*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material*

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 does not plan to apply MFRS 17 as it is 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 2018 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.



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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.

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 31 January 2019, the Company paid second interim single tier dividend of 4.00 sen per ordinary share totalling RM6.7 million for the financial year ended 31 December 2018.

On 14 June 2019, the Company paid final single tier dividend of 2.00 sen per ordinary share totalling RM3.4 million for the financial year ended 31 December 2018.

A9) Segment reporting

| <i>In thousands of RM</i> | Segment Revenue | | | |
|---------------------------|-------------------------------|-------------|-------------------------------|-------------|
| | Individual 2nd Quarter | | Cumulative 2nd Quarter | |
| | 2019 | 2018 | 2019 | 2018 |
| Chemicals | 70,768 | 76,648 | 145,121 | 155,838 |
| Polymers | 22,936 | 23,039 | 46,743 | 46,169 |
| Others* | (859) | (674) | (2,044) | (1,595) |
| Group result | 92,845 | 99,013 | 189,820 | 200,412 |

* Administrative, non-core activities and inter-segment transactions

| <i>In thousands of RM</i> | Segment Profit/(Loss) Before Tax | | | |
|---------------------------|---|-------------|-------------------------------|-------------|
| | Individual 2nd Quarter | | Cumulative 2nd Quarter | |
| | 2019 | 2018 | 2019 | 2018 |
| Chemicals | 5,065 | 12,633 | 12,849 | 26,181 |
| Polymers | 4,446 | 5,096 | 9,531 | 10,339 |
| Others* | (5,345) | (1,362) | (8,686) | (5,627) |
| Group result | 4,166 | 16,367 | 13,694 | 30,893 |

* Administrative, non-core activities and inter-segment transactions



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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 are 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

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 |
| | 2019 | 2018 |
| | RM'000 | RM'000 |
| Contracted but not provided for | 8,206 | 31,726 |



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

B1) Review of Performance

Commentary for Individual Quarter ended 30 June 2019

| <i>In thousands of RM</i> | Current Year Quarter | Preceding Year Corres-ponding Quarter | Changes (Amount) | Changes (%) |
|--|---------------------------------|--|-----------------------------|------------------------|
| <u>Segment Revenue</u> | | | | |
| Chemicals | 70,768 | 76,648 | (5,880) | (7.7) |
| Polymers | 22,936 | 23,039 | (103) | (0.4) |
| Others* | (859) | (674) | (185) | 27.4 |
| Group result | 92,845 | 99,013 | (6,168) | (6.2) |
| <u>Segment profit/(loss) before tax</u> | | | | |
| Chemicals | 5,065 | 12,633 | (7,568) | (59.9) |
| Polymers | 4,446 | 5,096 | (650) | (12.8) |
| Others* | (5,345) | (1,362) | (3,983) | 292.4 |
| Group result | 4,166 | 16,367 | (12,201) | (74.5) |

* *Administrative, non-core activities and inter-segment transactions*

The Group revenue of RM92.8 million was 6.2% lower than the corresponding quarter last year due to lower revenue from the Chemicals Division. The Group recorded a lower profit before tax in the current quarter of RM4.2 million, decreased from RM16.4 million recorded in the same quarter last year mainly due to the following factors:

- Margin squeeze resulting from the fall in the average chlor alkali product selling prices, which saw the average selling prices of key products decreased by up to 31% compared to same quarter last year,
- Lower finance cost by RM3.2 million as a result of the completion of the Group's de-gearing exercise in end 2018, and;
- Non-recurring items totalling RM10.1 million in the second quarter 2018 consisting of RM4.1 million gain from disposal of Shah Alam land and RM6.0 million of debt recovered and write-back of over accruals from its fertilizers business.

Segmental review of performances against the corresponding quarter are as below:

Chemicals

Chemicals Division recorded higher volume sold for its key Chlor-alkali products by approximately 21% during the quarter under review. Despite the higher volume sold, revenue decreased by 7.7% due to lower average selling prices of its chlor-alkali products on the back of softer prices of the chemical commodity. Consequently, profit before tax reduced to RM5.1 million in the first quarter compared to RM12.6 million in corresponding quarter last year.



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B1) Review of Performance (continued)

Polymers

Revenue decreased slightly by 0.4% for the current quarter as compared to same quarter last year. The Division's profit before tax, declined from RM5.1 million to RM4.4m due to additional depreciation pursuant to the commencement of operations from its new building in Bangi.

Commentary for Cumulative Quarter ended 30 June 2019

| <i>In thousands of RM</i> | Current Year To Date | Preceding Year Corres-ponding Period | Changes (Amount) | Changes (%) |
|--|---------------------------------|---|-----------------------------|------------------------|
| <u>Segment Revenue</u> | | | | |
| Chemicals | 145,121 | 155,838 | (10,717) | (6.9) |
| Polymers | 46,743 | 46,169 | 574 | 1.2 |
| Others* | (2,044) | (1,595) | (449) | 28.2 |
| Group result | <u>189,820</u> | <u>200,412</u> | <u>(10,592)</u> | <u>(5.3)</u> |
| <u>Segment profit/(loss) before tax</u> | | | | |
| Chemicals | 12,849 | 26,181 | (13,332) | (50.9) |
| Polymers | 9,531 | 10,339 | (808) | (7.8) |
| Others* | (8,686) | (5,627) | (3,059) | 54.4 |
| Group result | <u>13,694</u> | <u>30,893</u> | <u>(17,199)</u> | <u>(55.7)</u> |

* Administrative, non-core activities and inter-segment transactions

The Group revenue of RM189.8 million was 5.3% lower than the corresponding period last year due to lower revenue from the Chemicals Division. The Group recorded a lower profit before tax in the current period of RM13.7 million, decreased from RM30.9 million recorded in the same period last year primarily due to the following factors:

- Margin squeeze resulting from the fall in the average chlor alkali product selling prices, which saw the average selling prices of key products decreased by up to 36% compared to the corresponding period last year,
- Lower finance cost by RM6.3 million as a result of the completion of the Group's de-gearing exercise in December 2018, and;
- Non-recurring items totalling RM12.1 million in the second half 2018 consisting of RM4.1 million gain from disposal of Shah Alam land and RM8.0 million of debt recovered and write-back of over accruals from its former fertilizers business.
- Lower share of result from our associate company by RM1.1 million.

Segmental review of performances against the corresponding period are as below:



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B1) Review of Performance (continued)

Chemicals

Chemicals Division recorded higher volume sold for its key Chlor-alkali products by between 15% to 42% during the period under review. Despite the higher volume sold, revenue decreased by 6.9% due to lower average selling prices of its chlor-alkali products on the back of softer prices of the chemical commodity during the period. Consequently, profit before tax reduced to RM12.8 million compared to RM26.2 million in corresponding period last year.

Polymers

Revenue increased slightly by 1.2% as compared to same period last year. The Division's profit before tax, declined from RM10.3 million to RM9.5m due to additional depreciation pursuant to the commencement of operations from its new building in Bangi.

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

| <i>In thousands of RM</i> | Current Quarter | Preceding Quarter | Changes (Amount) | Changes (%) |
|--|----------------------------|------------------------------|-----------------------------|------------------------|
| <u>Segment Revenue</u> | | | | |
| Chemicals | 70,768 | 74,353 | (3,585) | (4.8) |
| Polymers | 22,936 | 23,807 | (871) | (3.7) |
| Others* | (859) | (1,185) | 326 | (27.5) |
| Group result | 92,845 | 96,975 | (4,130) | (4.3) |
| <u>Segment profit/(loss) before tax</u> | | | | |
| Chemicals | 5,065 | 7,784 | (2,719) | (34.9) |
| Polymers | 4,446 | 5,085 | (639) | (12.6) |
| Others* | (5,345) | (3,341) | (2,004) | 60.0 |
| Group result | 4,166 | 9,528 | (5,362) | (56.3) |

* Administrative, non-core activities and inter-segment transactions

The Group's revenue for the current quarter of RM92.8 million was lower by 4.3% as compared to the preceding quarter's revenue of RM96.8 million due to lower volume and average selling prices during the current quarter. Group's profit before tax for the current quarter decreased to RM4.2 million compared to the preceding quarter of RM9.5 million mainly attributable to:

- Chemicals Division's revenue declined by 4.8% due to lower average selling prices and volume sold for its chlor-alkali products during the quarter. Current quarter's volume sold was affected by the heavy vehicle road ban during the festive season break and lower trading volume. Accordingly, profit before tax decreased to RM5.1 million compared to RM7.8 million in the preceding quarter.
- Polymers Division revenue declined by 3.7% to RM22.9 million for the current quarter under review. Profit before tax decreased to RM4.4 million for the quarter due to lower volume sold during the current quarter.
- Others segment included a net gain RM1.1 million from the disposal of its Nilai land recorded in first quarter 2019.



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B3) Prospects

The divestment of non-core assets was fully completed in March 2019, where all the proceeds were fully utilised to pare down Group's existing borrowings. With the stronger financial position, the Group is now pursuing its expansion and growth strategies by focusing its effort in expanding its two (2) core businesses, Chemicals and Polymers Divisions.

Both businesses will now continue to pursue new opportunities within their respective markets to increase their market share in order to ensure sustainable growth.

Chemicals

The reactivation of its Pasir Gudang Plant 1 (PGW1) is planned to be fully commissioned by the fourth quarter of this year. This effort will increase its total chlor-alkali production capacity by 50 per cent annually once it begins operations. This will allow the Division to seize the existing market opportunities for its chlor-alkali products. In addition, Chemicals Division will continue with various improvement programs to gain benefit from operational savings. The Division will also continue to grow its core capabilities both domestically and regionally in order to strengthen its market share.

However, the Division remains cautious of the fluctuation in chemical commodity prices, which may invariably impact its results.

Polymers

The Division expects the business environment to be challenging in the current year, in view of intense competition and cost increases. In order to stay ahead of the competition, the Division is strengthening its product development capabilities and undertaking capacity expansion. Ongoing efforts are also in place to improve the production process including leveraging on automation with the objective of enhancing cost efficiency and quality improvement.

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 the financial period was as follows:

| | Current Quarter | Current Period |
|-------------------------------------|----------------------------|-----------------------|
| | RM'000 | RM'000 |
| Taxation | | |
| In respect of profit for the period | 1,124 | 3,922 |
| Transfer from deferred tax | 36 | 454 |
| | 1,160 | 4,376 |

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



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
(Incorporated in Malaysia)
For the Period Ended 30 June 2019

B6) Profit before tax

| | Current Quarter | Current Period |
|---|----------------------------|---------------------------|
| | RM'000 | RM'000 |
| Operating profit is arrived at after charging / (crediting): | | |
| Depreciation and amortization | 6,263 | 12,353 |
| (Write-back)/Provision for receivables | (39) | (642) |
| (Write-back)/Provision for inventories | (101) | 503 |
| Net foreign exchange gain | (437) | (51) |
| Interest expense | 2,779 | 5,341 |
| Interest income | (609) | (1,500) |

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

B7) Status of Corporate Proposals

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

B8) Group Borrowings and Debt Securities

| | 30 June 2019 | 31 December 2018 |
|-------------------------------------|-------------------------|-----------------------------|
| Ringgit Malaysia denominated | RM'000 | RM'000 |
| Short term borrowings | | |
| Unsecured | 31,040 | 41,695 |
| | 31,040 | 41,695 |
| Long term borrowings | | |
| Unsecured | 170,280 | 152,107 |
| | 201,320 | 193,802 |

B9) Material Litigation

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

B10) Dividend

No dividend is proposed for the current quarter under review.



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
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B11) Earnings per Share

| | Individual Quarter | | Cumulative Quarter | |
|---|---------------------------|----------------|---------------------------|----------------|
| | 30 June | 30 June | 30 June | 30 June |
| | 2019 | 2018 | 2019 | 2018 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Basic Earnings Per Share:- | | | | |
| Profit after tax and minority shareholders' interests (RM'000) | 2,993 | 2,518 | 9,238 | 12,499 |
| Weighted average number of ordinary shares ('000) at ending of the quarter/year | 167,696 | 167,696 | 167,696 | 167,696 |
| Basic earnings per share (sen) | 1.78 | 1.50 | 5.51 | 7.45 |

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

B12) Derivative Financial Instruments

As at the end of the 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 28 August 2019.

By Order of the Board

NOOR AZWAH SAMSUDIN (LS0006071)
 Company Secretary
 28 August 2019