



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2016 (UNAUDITED)**

<i>In thousands of RM</i>	Current Quarter 30 September		Current Period 30 September	
	2016	2015	2016	2015
<u>Continuing operations</u>				
Revenue	155,808	156,353	461,548	470,254
Cost of goods sold	(100,786)	(89,211)	(294,917)	(289,067)
Gross profit	55,022	67,142	166,631	181,187
Other income	345	248	1,130	792
Distribution expenses	(17,922)	(15,808)	(51,397)	(50,214)
Administrative expenses	(19,472)	(19,220)	(60,866)	(59,564)
Other expenses	(4,394)	(10,993)	(12,664)	(23,759)
Results from operating activities	13,579	21,369	42,834	48,442
Share of profit of equity accounted investee, net of tax	629	129	1,326	836
Finance income	3,340	1,700	7,326	3,117
Finance costs	(8,646)	(5,886)	(22,837)	(14,423)
Profit before tax	8,902	17,312	28,649	37,972
Income tax expense	(2,808)	(3,309)	(8,351)	(8,757)
Profit from continuing operations	6,094	14,003	20,298	29,215
<u>Discontinued operations</u>				
Loss from discontinued operations, net of tax	(29,600)	(6,790)	(17,155)	(11,428)
Profit for the period	(23,506)	7,213	3,143	17,787
Other comprehensive income				
Foreign currency translation differences for foreign operations	2,038	(7,889)	300	(3,993)
Total comprehensive income for the period	(21,468)	(676)	3,443	13,794
Profit/(loss) attributable to :				
Owners of the Company				
- from continuing operations	3,798	12,158	13,557	22,634
- from discontinued operations	(24,450)	(5,515)	(10,500)	(11,724)
	(20,652)	6,643	3,057	10,910
Non-controlling interests	(2,854)	570	86	6,877
	(23,506)	7,213	3,143	17,787
Total comprehensive income attributable to :				
Owners of the Company				
- from continuing operations	(13,877)	4,146	(5,856)	18,518
- from discontinued operations	(4,737)	(5,515)	9,213	(11,724)
	(18,614)	(1,369)	3,357	6,794
Non-controlling interests	(2,854)	693	86	7,000
	(21,468)	(676)	3,443	13,794
Basic earnings per share (Sen)				
- from continuing operations	0.84	2.67	2.98	4.98
- from discontinued operations	(5.38)	(1.21)	(2.31)	(2.58)
	(4.54)	1.46	0.67	2.40
Diluted earnings per share (Sen)				
- from continuing operations	0.84	2.67	2.98	4.98
- from discontinued operations	(5.38)	(1.21)	(2.31)	(2.58)
	(4.54)	1.46	0.67	2.40

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 2016 (UNAUDITED)

<i>In thousands of RM</i>	As at 30 September 2016	As at 31 December 2015
ASSETS		
Property, plant and equipment	462,038	445,944
Investment properties	26,120	25,470
Intangible assets	292,832	292,832
Investment in associates	14,483	16,217
Other Investments	15,864	15,864
Deferred tax assets	7,067	7,626
Total non-current assets	818,404	803,953
Inventories	161,263	199,251
Current tax assets	14,261	21,684
Trade and other receivables	214,784	227,918
Cash and cash equivalents	303,556	324,558
	693,864	773,411
Assets classified as held for sale	119,836	159,542
Total current assets	813,700	932,953
TOTAL ASSETS	1,632,104	1,736,906
EQUITY AND LIABILITIES		
Share capital	457,630	457,630
Reserves	31,356	28,951
Retained earnings	176,481	184,790
Total equity attributable to equity holders of the Company	665,467	671,371
Non-controlling interests	174,090	178,581
Total equity	839,557	849,952
Loans and borrowings	552,368	454,379
Deferred tax liabilities	12,956	19,296
Total non-current liabilities	565,324	473,675
Loans and borrowings	82,017	178,717
Provisions	964	964
Trade and other payables	136,931	147,379
Current tax liabilities	807	909
	220,719	327,969
Liabilities classified as held for sale	6,504	85,310
Total current liabilities	227,223	413,279
Total liabilities	792,547	886,954
TOTAL EQUITY AND LIABILITIES	1,632,104	1,736,906
Net assets per share attributable to ordinary equity holders of the parent (sen)	146	148

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 NINE MONTHS ENDED 30 SEPTEMBER 2016 (UNAUDITED)

In thousands of RM

	←——— Attributable to shareholders of the Company ———→										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	Total		
At 1 January 2016	457,630	39,944	73	(8,235)	23	-	2,982	(5,836)	184,790	671,371	178,581	849,952
Foreign exchange translation differences	-	-	-	2,405	-	-	-	-	-	2,405	-	2,405
Total other comprehensive income for the period	-	-	-	2,405	-	-	-	-	-	2,405	-	2,405
Revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	3,057	3,057	86	3,143
Total comprehensive income for the period	-	-	-	2,405	-	-	-	-	3,057	5,462	86	5,548
Issue of new shares to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
Dividends to owners of the Company	-	-	-	-	-	-	-	-	(11,366)	(11,366)	-	(11,366)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(4,577)	(4,577)
As at end of period	457,630	39,944	73	(5,830)	23	-	2,982	(5,836)	176,481	665,467	174,090	839,557

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2015

<i>In thousands of RM</i>	←———Attributable to shareholders of the Company———→											
	←———Non-distributable———→								Distributable		Non-controlling interest	Total equity
	Share capital	Share premium	Capital redemption reserve	Translation reserve	Fair value reserve	Revaluation reserve	Other capital reserve	Treasury shares	Retained earnings	Total		
At 1 January 2015	457,630	39,944	73	(14,542)	23	-	2,982	(5,836)	269,998	750,272	130,326	880,598
Foreign exchange translation differences	-	-	-	6,307	-	-	-	-	-	6,307	338	6,645
Total other comprehensive income for the period	-	-	-	6,307	-	-	-	-	-	6,307	338	6,645
Loss for the year	-	-	-	-	-	-	-	-	(62,476)	(62,476)	(10,780)	(73,256)
Total comprehensive income for the period	-	-	-	6,307	-	-	-	-	(62,476)	(56,169)	(10,442)	(66,611)
Issue of new shares to non-controlling interests	-	-	-	-	-	-	-	-	-	-	67,055	67,055
Dividends to owners of the Company	-	-	-	-	-	-	-	-	(22,732)	(22,732)	-	(22,732)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(8,358)	(8,358)
As at 31 December 2015	<u>457,630</u>	<u>39,944</u>	<u>73</u>	<u>(8,235)</u>	<u>23</u>	<u>-</u>	<u>2,982</u>	<u>(5,836)</u>	<u>184,790</u>	<u>671,371</u>	<u>178,581</u>	<u>849,952</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016 (UNAUDITED)**

In thousands of RM	Nine Months Ended 30 September	
	2016	2015
Cash flows from operating activities		
Profit/(loss) before taxation from		
Continuing operations	28,649	37,972
Discontinued operations	(17,124)	(24,271)
	11,525	13,701
Adjustments for:		
Amortisation of prepaid lease payments	-	194
Depreciation of property, plant and equipment	34,973	19,644
(Gain)/ loss on disposal of property, plant and equipment	(27,184)	-
Finance costs	25,595	12,924
Interest income	(7,561)	(1,549)
Share of profit of equity accounted associates	1,734	(707)
<i>Operating profit before changes in working capital</i>	39,082	44,207
Change in inventories	77,055	(49,968)
Change in payables and accruals	(29,431)	34,001
Change in receivables, deposits and prepayments	12,551	(39,832)
<i>Cash (used in)/generated from operations</i>	99,257	(11,592)
Finance costs paid	(25,595)	(12,924)
Interest income	7,561	1,549
Income tax paid	(8,484)	(9,755)
Net cash generated from/ (used in) operating activities	72,739	(32,722)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(45,086)	(14,489)
Acquisition of development expenditure	-	(2,206)
Proceeds from disposal of property, plant and equipment	37,479	-
Net cash used in investing activities	(7,607)	(16,695)
Cash flows from financing activities		
Dividends paid to non-controlling interests	(4,577)	(5,386)
Dividends paid to owners of the Company	(11,366)	(11,366)
Net drawdown/(repayment) of loans and borrowings	(68,737)	281,512
Proceeds from sale of treasury shares	-	2,164
Net cash used in financing activities	(84,680)	266,924
Exchange difference on translation of the financial statements of foreign operations	(1,543)	(1,158)
Net increase/(decrease) in cash and cash equivalents	(21,091)	216,349
Cash and cash equivalents at 1 January	327,722	208,212
Cash and cash equivalents as at end of period	306,631	424,561

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

Note :-

Cash and cash equivalents	303,556
Cash and cash equivalents under assets classified as held for sale	3,075
	306,631



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
(Incorporated in Malaysia)
For the Period Ended 30 September 2016

NOTES TO THE INTERIM FINANCIAL REPORT

A1) Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, *Interim Financial Reporting* in Malaysia and with IAS 34, *Interim Financial Reporting*.

A2) Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2015 except for the adoption of the following MFRS and Amendments to MFRSs during the current financial period :-

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

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

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



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
(Incorporated in Malaysia)
For the Period Ended 30 September 2016

A2) Changes in Accounting Policies (continued)

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

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

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*

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 2017

- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

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

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Amendments to MFRS 2, *Classification and measurement of share-based payment transactions.*

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

- MFRS 16, *Leases*

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

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

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

A3) Disclosure of audit report qualification

The auditor's report on the financial statements of the Group and the Company for the year ended 31 December 2015 was not subject to any qualification.



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)

(Incorporated in Malaysia)

For the Period Ended 30 September 2016

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

On 20 May 2016, the Company announced the completion of the proposed sale of three (3) parcels of land in Medan, Indonesia measuring in aggregate 75,339 square meters together with the building thereon by PT CCM Agripharma, a wholly-owned subsidiary of the Company, to PT Feedmill Indonesia for a cash consideration of Indonesian Rupiah 121.8 billion on an 'as is where is' basis. The Group had recognised a gain of RM27.1 million during the period under review from the said disposal.

Save as disclosed, 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

On 25 August 2016, the Company fully repaid the remaining outstanding Unsecured Sukuk Musyarakah of RM100 million. The repayment was made through drawdown of new term loan of the same amount.

Save for the above, there was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the period under review

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

A8) Dividends paid

On 3 June 2016, the Company paid an interim single tier dividend of 2.50 sen per ordinary share totalling RM11.37 million for the financial year ending 31 December 2016.



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
(Incorporated in Malaysia)
For the Period Ended 30 September 2016

A9) Segment reporting

<i>In thousands of RM</i>	Segment Revenue			
	Individual 3rd Quarter		Cumulative 3rd Quarter	
	2016	2015	2016	2015
<u>Continuing operations</u>				
Pharmaceuticals	80,302	81,438	238,907	245,433
Chemicals	75,078	77,066	221,995	217,540
Others* and inter-segment transactions	428	(2,151)	646	7,281
Group result	<u>155,808</u>	<u>156,353</u>	<u>461,548</u>	<u>470,254</u>
<u>Discontinued operations</u>				
Fertilizers	40,408	115,034	129,552	304,868
	<u>196,216</u>	<u>271,387</u>	<u>591,100</u>	<u>775,122</u>

* *Administrative and non-core activities*

<i>In thousands of RM</i>	Segment Profit/(Loss) Before Tax			
	Individual 3rd Quarter		Cumulative 3rd Quarter	
	2016	2015	2016	2015
<u>Continuing operations</u>				
Pharmaceuticals	4,994	14,309	16,763	32,672
Chemicals	9,414	5,170	28,533	18,443
Others* and inter-segment transactions	(5,506)	(2,167)	(16,647)	(13,143)
Group result	<u>8,902</u>	<u>17,312</u>	<u>28,649</u>	<u>37,972</u>
<u>Discontinued operations</u>				
Fertilizers	(29,600)	(7,383)	(17,124)	(14,342)
	<u>(20,698)</u>	<u>9,929</u>	<u>11,525</u>	<u>23,630</u>

* *Administrative and non-core activities*

A10) Property, plant and equipment

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

A11) Post balance sheet event

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



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)

(Incorporated in Malaysia)

For the Period Ended 30 September 2016

A12) Effect of 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 RM11.0 million). The hearing of the appeals was concluded on 29th July 2015 and the matter is still pending decision from the Indonesian Tax Court.

Save as disclosed, there are no changes in contingent liabilities or assets as at end of the current interim financial period.

A14) Capital Commitments

Commitments for the purchase of property, plant and equipment as at 30 September 2016.

	30 September 2016 RM’000	31 December 2015 RM’000
Approved but not contracted for	257,061	269,074
Contracted but not provided for	6,262	35,099
	<u>263,323</u>	<u>304,173</u>

A15) Discontinued operations and assets/liabilities classified as held for sale

Pursuant to the Group’s portfolio review in the financial year 2015, after analyzing the market outlook, competitive intensity and the attractiveness of industry, the Board had strategically decided to exit the fertilizer business. The Group therefore presents and disclose in its financial statements, the financial effects of discontinued operations in accordance to MFRS 5 (*Non Current Assets Held For Sale and Discontinued Operations*). The results of the discontinued operations are as follows:-



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
(Incorporated in Malaysia)
For the Period Ended 30 September 2016

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

<i>In thousands of RM</i>	Current Period	
	9 months ended 30 September	
	2016	2015
<u>Results of discontinued operation</u>		
Revenue	129,552	304,868
Expenses	(146,676)	(319,210)
Results from operating activities	(17,124)	(14,342)
Income tax expense	(31)	2,914
Loss from discontinued operations	(17,155)	(11,428)
<u>Cash flows of discontinued operation</u>		
Cash generated from operating activities	13,421	(8,384)
Cash used in investing activities	(474)	(1,634)
Cash used in financing activities	(13,031)	7,859
Effect of cash flows	(84)	(2,159)
	As at	As at
	30 September	31 December
	2016	2015
<u>Assets classified as held for sale</u>		
Property, plant and equipment	49,600	56,110
Prepaid lease payments	-	4,970
Inventories	27,595	66,868
Trade and other receivables	39,436	28,248
Current tax assets	130	187
Cash and cash equivalents	3,075	3,159
	119,836	159,542
<u>Liabilities classified as held for sale</u>		
Loans and borrowings	-	70,730
Trade and other payables	6,501	14,577
Current tax liabilities	3	3
	6,504	85,310



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
(Incorporated in Malaysia)
For the Period Ended 30 September 2106

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 2016

Continuing operations

For the current quarter ended 30 September 2016, the Group recorded revenue of RM155.8 million, slightly lower by 0.4% compared to the corresponding quarter last year. The Group's profit before tax for the current quarter under review however, declined to RM8.9 million from RM17.3 million recorded in the same quarter last year.

Pharmaceuticals Division's revenue for the quarter was RM80.3 million, decreased by 1.4% compared to the same quarter last year, primarily driven by lower sales from the ethical sector during the quarter. The Division recorded profit before tax of RM5.0 million, a decrease of 65.1% as compared to the corresponding quarter last year. The lower profit recorded was mainly attributed by the decline in its margin due to sales mix between the government and private sectors, increase in production costs impacted by foreign exchange, stock write offs and additional finance costs incurred during the quarter under review.

Chemicals Division recorded revenue of RM75.1 million during the quarter under review, which was 2.6% lower compared to the same quarter last year of RM77.1 million. The Division however, recorded a higher profit before tax of RM9.4 million, an increase of 82.1% as compared to the corresponding quarter last year. The growth in profit before tax is primarily due to improved margin on its chlor alkali products, and savings from its operational efficiency initiatives in both chemicals and polymers businesses.

Discontinued operations

In Note A15, the Group presents and discloses in its financial statements, the financial effects of discontinued operations in accordance to MFRS 5 (*Non Current Assets Held For Sale and Discontinued Operations*).

Following the exit from the fertilizer business, the Division recorded lower revenue of RM40.4 million during the quarter under review. The Division currently focuses its activities on sales of existing inventories pursuant to the closure of one of its manufacturing plant. During the quarter under review, Fertilizers Division recorded loss of RM29.6 million compared to a loss of RM7.4 million during the same period last year. The loss recorded in the quarter was mainly due to low margins on fertilizers sold and impairment made on damaged and slow moving inventories totalling to RM17.1 million.



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
(Incorporated in Malaysia)
For the Period Ended 30 September 2106

Commentary for Cumulative Quarter ended 30 September 2016

Continuing operations

For the current period ended 30 September 2016, the Group recorded revenue of RM461.5 million, lower by 1.9% compared to the corresponding period last year. The Group's profit before tax for the current period under review, decreased to RM28.6 million from RM38.0 million (or by 24.6%) recorded in the same period last year.

Pharmaceuticals Division's revenue for the period was RM238.9 million, a decrease of 2.7% compared to the same period last year. The lower revenue for the period was largely contributed by lower demand from ethical sector. The Division recorded profit before tax of RM16.8 million, a decrease of 48.7% as compared to the corresponding period last year. The lower profit recorded was mainly attributed by a decline in its margins due to the change sales mix between government and private sectors, increase in production costs impacted by foreign exchange and additional finance costs incurred during the period under review.

Chemicals Division recorded revenue of RM222.0 million during the period under review, which was 2.0% higher compared to the same period last year of RM217.5 million. The Division recorded a higher profit before tax of RM28.5 million, an increase of 54.7% as compared to the corresponding period last year. The growth in profit before tax is primarily due to improved margin on its chlor alkali products, and savings from its operational efficiency initiatives (including the closure of non-profitable business units) in both chemicals and polymers businesses.

Discontinued operations

In Note A15, the Group presents and discloses in its financial statements, the financial effects of discontinued operations in accordance to MFRS 5 (*Non Current Assets Held For Sale and Discontinued Operations*).

Following the exit from the fertilizer business, the Division recorded lower revenue of RM129.6 million during the period under review. The Division currently focuses its activities on sales of existing inventories pursuant to the closure of one of its manufacturing plant. as the Division currently focuses its activities on sales of existing inventories; pursuant to the closure of one of its manufacturing plant. During the period under review, Fertilizers Division recorded loss of RM17.1 million as compared to the loss of RM14.3 million for the same period last year, primarily due to low margins on fertilizers sold and impairment made on damaged and slow moving inventories totalling to RM17.1 million, cushioned by gain from disposal of properties in Medan of RM27.1 million.

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

Continuing operations

The Group's revenue for the current quarter of RM155.8 million was higher by 1.0% as compared to the immediate preceding quarter revenue of RM154.2 million. The higher revenue was mainly contributed by growth in revenue recorded in Pharmaceuticals Division. The Group's profit before tax of RM8.9 million for the current quarter was 18.7% higher as compared to the preceding quarter ended 30 June 2016 of RM7.5 million. Slight improvement of margins in Pharmaceuticals Division for the quarter and lower overall administrative expenses resulted in the Group recording a higher profit before tax for the quarter.



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
(Incorporated in Malaysia)
For the Period Ended 30 September 2106

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

Discontinued operations

Following the exit from the fertilizer business, the Division recorded lower revenue of RM40.4 million during the quarter under review. The Division currently focuses its activities on sales of existing inventories pursuant to the closure of one of its manufacturing plant.. Loss for the quarter was RM29.6 million compared to profit of RM19.6 million recorded in the immediate preceding quarter. Included in the preceding quarter was the recognition of net gain from disposal of its properties in Medan, Indonesia of RM27.1 million.

B3) Prospects

Demand in pharmaceutical industry is expected to remain stable for the current financial year despite business momentum facing increasing challenges arising from the weakening of the Malaysian Ringgit. Persistent foreign exchange volatility and uncertainties in the economy may further put pressure on manufacturing margin.

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

The Group is continuously consolidating its position to make steady progress in each of its core businesses. The decision to exit the Fertilisers business will enable the Group to move forward premised on its strength and focus on areas of greater potential. However, the exiting from Fertilisers business will have a negative impact to the current year's financial performance with the expected loss on disposal of the two Fertilisers subsidiaries amounting to approximately RM46 million to be recognised on completion in fourth quarter 2016.

B4) Variance of Actual Profit from Forecast Profit

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



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
(Incorporated in Malaysia)
For the Period Ended 30 September 2106

B5) Taxation

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

	Current Quarter RM'000	Current Period RM'000
Taxation		
In respect of profit for the year	7,458	14,163
Transfer from deferred tax	(4,650)	(5,781)
	<u>2,808</u>	<u>8,382</u>
Tax expense on continuing operations	2,808	8,351
Tax expense on discontinued operations	-	31
	<u>2,808</u>	<u>8,382</u>

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

B6) Profit Before Tax

	Current Quarter RM'000	Current Period RM'000
Operating profit is arrived at after charging / (crediting):		
Depreciation and amortization	15,380	34,973
Provision / (Over-provision) for and write-off / (write-back) of receivables	(439)	(1,141)
Provision / (Over-provision) for and write-off / (write-back) of inventories	19,322	19,496
Net foreign exchange loss / (gain)	(546)	(51)
Interest expense	9,263	25,595
Interest income	(3,381)	(7,561)
Gain from disposal of asset	-	(27,184)

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


CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
(Incorporated in Malaysia)
For the Period Ended 30 September 2106
B7) Status of corporate proposals

The Company and its wholly-owned subsidiary, CCM Agri-max Sdn Bhd had on 30 June 2016 entered into a conditional share sale agreement (“SSA”) with Hextar Fertilizers Group Sdn Bhd for a proposed disposal of their collective 100% equity interests in both CCM Agriculture Sdn Bhd and CCM Agriculture (Sabah) Sdn Bhd as well as for the proposed disposal by the Company of its Cock’s Head Brand Trade Marks. The Company also had, on even date, entered into a conditional sale and purchase agreement with Hextar Synergy Sdn Bhd for a proposed disposal of two parcels of land at Bintulu, Sarawak (“Bintulu Property”).

As stated in the SSA, the balance of Sale Consideration of the Sale Shares payable by the Purchaser on the completion date shall be subject to adjustments based on the total of the current assets accounts namely “Trade Receivables”, “Inventories” (which are housed in the internal warehouse) and “Cash and Cash Equivalents” of CCMAG and CCMAGS as at 31 August 2016. Accordingly, the parties to the agreement have collectively agreed to revise the Sale Consideration of the Sale Shares from RM48,550,000 to RM40,833,000 in accordance with the provisions of the SSA. The Sale Consideration of the Bintulu Property remains the same at RM35,000,000.

The proposals were completed on 15 November 2016.

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

B8) Group Borrowings and Debt Securities

The Group borrowings as at 30 September 2016 were as follows:

	30 September 2016 RM'000	31 December 2015 RM'000
<u>Continuing operations</u>		
Short term borrowings		
Unsecured		
Ringgit Malaysia denominated	72,449	167,759
Philippines Peso denominated	9,568	10,958
	<u>82,017</u>	<u>178,717</u>
Long term borrowings		
Unsecured		
Ringgit Malaysia denominated	552,368	454,379
	<u>634,385</u>	<u>633,096</u>
<u>Discontinued operations</u>		
Short term borrowings		
Unsecured		
Ringgit Malaysia denominated	-	70,730
	<u>-</u>	<u>70,730</u>


CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)

(Incorporated in Malaysia)

For the Period Ended 30 September 2106

B9) Off Balance Sheet Financial Instruments

The Group did not have any financial instruments with off balance sheet risks as at the date of this report.

B10) Earnings per share

	Individual 3rd Quarter		Cumulative 3rd Quarter	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Basic and Diluted Earnings Per Share:-				
Profit after tax and minority shareholders' interests (RM'000)				
- from continuing operations	3,798	12,158	13,557	22,634
- from discontinued operations	(24,450)	(5,515)	(10,500)	(11,724)
	<u>(20,652)</u>	<u>6,643</u>	<u>3,057</u>	<u>10,910</u>
Issued ordinary shares at beginning of the quarter/year ('000)	457,630	457,630	457,630	457,630
Effects of treasury shares issued ('000)	(2,998)	(2,998)	(2,998)	(2,998)
Weighted average number of ordinary shares ('000) at ending of the quarter/year	<u>454,632</u>	<u>454,632</u>	<u>454,632</u>	<u>454,632</u>
Basic earnings per share (sen)				
- from continuing operations	0.84	2.67	2.98	4.98
- from discontinued operations	(5.38)	(1.21)	(2.31)	(2.58)
	<u>(4.54)</u>	<u>1.46</u>	<u>0.67</u>	<u>2.40</u>

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

B11) Dividend

On 26 August 2016, the Company announced a second interim single tier dividend of 2.50 sen per share for the financial year ending 31 December 2016. The dividend amount totalling to RM11.4 million was paid on 18 November 2016.



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
(Incorporated in Malaysia)
For the Period Ended 30 September 2106

B12) Economic Profit (“EP”) Statement

<u>Net operating profit after tax</u> <u>computation:</u> <i>In millions of RM</i>	Individual 3rd Quarter 30 September		Cumulative 3rd Quarter 30 September	
	2016	2015	2016	2015
Earnings before interest and tax	(15.5)	15.6	28.2	40.0
Adjusted tax	3.9	(3.9)	(7.1)	(10.0)
NOPAT	(11.6)	11.7	21.1	30.0
<u>Economic charge computation:</u>				
Average invested capital	1,213.8	1,301.0	1,213.8	1,301.0
Weighted average cost of capital	6.98%	6.58%	6.98%	6.58%
Economic charge	21.2	21.4	63.5	64.2
Economic (loss)/ profit	(32.8)	(9.7)	(42.4)	(34.2)

The EP statement is as prescribed under the Government-Linked Corporations (GLC) Transformation program, and is disclosed on a voluntary basis. EP measures the value created by a business during a single period reflecting how much return a business makes over its cost of capital.

B13) Material litigation

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

B14) Disclosure of Realised and Unrealised Profits or Losses

	30 September 2016 RM'000	31 December 2015 RM'000
Total retained earnings		
- Realised	135,496	146,476
- Unrealised	40,985	38,314
	176,481	184,790



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
(Incorporated in Malaysia)
For the Period Ended 30 September 2016

B15) Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 November 2016.

By Order of the Board

NOOR AZWAH SAMSUDIN (LS0006071)
Company Secretary
25 November 2016