



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2014 (UNAUDITED)**

<i>In thousands of RM</i>	As at 31 December 2014	As at 31 December 2013
<b>ASSETS</b>		
Property, plant and equipment	537,784	578,306
Intangible assets	290,091	288,090
Investment properties	30,940	30,940
Prepaid lease payments	5,357	5,744
Investment in associates	15,058	13,563
Other Investments	16,102	124
Deferred tax assets	13,819	9,945
<b>Total non-current assets</b>	<b>909,151</b>	<b>926,712</b>
Trade and other receivables	260,343	283,648
Inventories	251,349	290,107
Current tax assets	17,809	23,285
Assets classified as held for sale	-	74,814
Cash and cash equivalents	204,884	255,337
<b>Total current assets</b>	<b>734,385</b>	<b>927,191</b>
<b>TOTAL ASSETS</b>	<b>1,643,536</b>	<b>1,853,903</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	457,630	457,630
Reserves	26,730	36,442
Retained earnings	266,656	310,510
<b>Total equity attributable to equity holders of the Company</b>	<b>751,016</b>	<b>804,582</b>
<b>Non-controlling interests</b>	<b>130,987</b>	<b>122,671</b>
<b>Total equity</b>	<b>882,003</b>	<b>927,253</b>
Loans and borrowings	100,000	380,000
Deferred tax liabilities	24,712	19,897
<b>Total non-current liabilities</b>	<b>124,712</b>	<b>399,897</b>
Provisions	-	410
Trade and other payables	144,292	155,093
Current tax liabilities	667	1,616
Loans and borrowings	491,862	369,634
<b>Total current liabilities</b>	<b>636,821</b>	<b>526,753</b>
<b>Total liabilities</b>	<b>761,533</b>	<b>926,650</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,643,536</b>	<b>1,853,903</b>
<b>Net assets per share attributable to ordinary equity holders of the parent (sen)</b>	<b>165</b>	<b>177</b>

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2014 (UNAUDITED)**

*In thousands of RM*

In thousands of RM	Attributable to shareholders of the Company									Total	Non-controlling interest	Total equity
	Non-distributable							Distributable				
	Share capital	Share premium	Capital redemption reserve	Translation reserve	Revaluation reserve	Fair value reserve	Other capital reserve	Treasury shares	Retained earnings			
At 1 January 2014	457,630	39,944	73	(2,746)	2,002	23	2,982	(5,836)	310,510	804,582	122,671	927,253
Foreign exchange translation differences	-	-	-	(9,712)	-	-	-	-	-	(9,712)	780	(8,932)
Total other comprehensive income for the period	-	-	-	(9,712)	-	-	-	-	-	(9,712)	780	(8,932)
Revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	(43,854)	(43,854)	7,114	(36,740)
Total comprehensive income for the period	-	-	-	(9,712)	-	-	-	-	(43,854)	(53,566)	7,894	(45,672)
Issuance of shares to non-controlling interests											9,780	9,780
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(9,358)	(9,358)
At 31 December 2014	457,630	39,944	73	(12,458)	2,002	23	2,982	(5,836)	266,656	751,016	130,987	882,003

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 2013**

*In thousands of RM*

<i>In thousands of RM</i>	Attributable to shareholders of the Company									Total	Non-controlling interest	Total equity
	Non-distributable							Distributable				
	Share capital	Share premium	Capital redemption reserve	Translation reserve	Revaluation reserve	Fair value reserve	Other capital reserve	Treasury shares	Retained earnings			
At 1 January 2013	457,630	39,944	73	(7,915)	2,002	23	2,982	(5,836)	345,779	834,682	133,272	967,954
Foreign exchange translation differences	-	-	-	5,169	-	-	-	-	-	5,169	620	5,789
Total other comprehensive income for the year	-	-	-	5,169	-	-	-	-	-	5,169	620	5,789
Profit for the year	-	-	-	-	-	-	-	-	647	647	10,890	11,537
Total comprehensive income for the year	-	-	-	5,169	-	-	-	-	647	5,816	11,510	17,326
Dividends to owners of the Company	-	-	-	-	-	-	-	-	(35,916)	(35,916)	-	(35,916)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(22,111)	(22,111)
At 31 December 2013	457,630	39,944	73	(2,746)	2,002	23	2,982	(5,836)	310,510	804,582	122,671	927,253

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2014 (UNAUDITED)**

In thousands of RM	Twelve Months Ended 31 December	
	2014	2013
<b>Cash flows from operating activities</b>		
Profit before taxation	(20,673)	20,850
Adjustments for:		
Amortisation of prepaid lease payments	387	387
Change in fair value of investment properties	-	(18,706)
Depreciation of property, plant and equipment	52,740	51,597
Gain on disposal of property, plant and equipment	108	(283)
Unrealised foreign exchange loss/(gain)	6,249	1,606
Share of profit of equity accounted associates	(1,495)	(2,657)
Impairment loss on property, plant and equipment	22,640	-
Net impairment loss on intangible assets	-	15,787
Interest income	(5,074)	(5,448)
Finance costs	27,071	31,772
Property, plant and equipment written off	18	515
<i>Operating profit before changes in working capital</i>	<u>81,971</u>	<u>95,420</u>
Change in inventories	48,730	62,711
Change in receivables, deposits and prepayments	29,405	86,591
Change in payables and accruals	<u>(35,622)</u>	<u>(49,881)</u>
<i>Cash generated from operations</i>	<u>124,484</u>	<u>194,841</u>
Finance costs paid	(27,071)	(31,772)
Interest income	5,074	5,448
Income tax paid	(10,166)	(17,917)
Net cash generated from operating activities	<u>92,321</u>	<u>150,600</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(42,793)	(39,220)
Acquisition of intangible asset	(2,001)	(1,062)
Acquisition of investment properties	-	(1,243)
Acquisition of other investment	(15,877)	-
Dividend received from associates	-	1,969
Proceeds from disposal of property, plant and equipment	<u>74,814</u>	<u>283</u>
Net cash generated from / (used in) investing activities	<u>14,143</u>	<u>(39,273)</u>
<b>Cash flows from financing activities</b>		
Net drawdown/(repayment) of loans and borrowings	(160,783)	(94,009)
Dividends paid to non-controlling interests	(9,358)	(22,111)
Dividends paid to owners of the Company	-	(35,916)
Issue of new shares to non-controlling interests	<u>9,780</u>	<u>-</u>
Net cash used in financing activities	<u>(160,361)</u>	<u>(152,036)</u>
Exchange difference on translation of the financial statements of foreign operations	<u>3,444</u>	<u>2,088</u>
Net (decrease)/increase in cash and cash equivalents	<u>(50,453)</u>	<u>(38,621)</u>
Cash and cash equivalents at 1 January	<u>255,337</u>	<u>293,958</u>
Cash and cash equivalents as at end of period	<u><u>204,884</u></u>	<u><u>255,337</u></u>

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



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

**(Incorporated in Malaysia)**

**For the Period Ended 31 December 2014**

**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 2013.

The following MFRSs, Interpretations and Amendments to MFRSs applicable to the Group have been adopted with effect from 1 January 2014.

- Amendments to MFRS 10, *Consolidated Financial Statements: Investments Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investments Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011) : Investments Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136, *Impairment of Assets – Recoverable Amount disclosure for Non-Financial Assets.*
- Amendments to MFRS 139, *Financial Instruments : Recognition and Measurement – Novation of Derivative and Continuation of Hedge Accounting*
- IC Interpretation 21, *Levies*

The adoption of the above standards and amendments did not have any material impact to the current and prior period's financial statements of the Group.

The following revised MFRSs and Amendments to MFRSs applicable to the Group 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 July 2014**

- Amendments to MFRS 1, *First-time Adoption of Malaysia Financial Reporting Standards ( Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combination (Annual Improvement 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement ( Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits - Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures ( Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Asset (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*



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

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- MFRS 9, *Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139*
- Amendments to MFRS 7, *Financial Instruments : Disclosure – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

**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 2013 was not subject to any qualification.

**A4) Explanatory comments about the seasonality or cyclicity of operations**

The Group's operations were not subjected to any material seasonal or cyclical factor other than market fluctuations in selling prices and costs of raw materials.

**A5) Unusual Items due to their nature, size or incidence**

There was no item affecting assets, liabilities, net income or cash flows that were unusual because of their nature, size or incidence for the current quarter and financial period under review.

**A6) Changes in prior estimates of amounts which materially affect the current interim period**

There were no material changes in the prior 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 save for repayments of the unsecured term loans on 22 September 2014, 27 May 2014 of RM50 million each and on 29 December 2014 of RM10 million.

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

**A8) Dividends paid**

No dividend was paid in the current quarter under review.



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**A9) Segment reporting**

<i>In thousands of RM</i>	<b>Segment Revenue</b>			
	<b>Individual 4th Quarter 2014</b>	<b>2013</b>	<b>Cumulative 4th Quarter 2014</b>	<b>2013</b>
Pharmaceuticals	86,621	81,631	317,607	295,919
Chemicals	66,766	72,540	281,977	299,502
Fertilizers	87,917	141,973	488,594	692,956
	<u>241,304</u>	<u>296,144</u>	<u>1,088,178</u>	<u>1,288,377</u>
Others* and inter-segment transactions	(1,318)	(2,607)	345	189
Group result	<u>239,986</u>	<u>293,537</u>	<u>1,088,523</u>	<u>1,288,566</u>

\* Administrative and non-core activities

<i>In thousands of RM</i>	<b>Segment Profit/(Loss) Before Tax</b>			
	<b>Individual 4th Quarter 2014</b>	<b>2013</b>	<b>Cumulative 4th Quarter 2014</b>	<b>2013</b>
Pharmaceuticals	11,882	13,134	34,607	30,831
Chemicals	3,353	3,924	15,277	16,580
Fertilizers	(48,452)	(9,306)	(59,777)	(12,921)
	<u>(33,217)</u>	<u>7,752</u>	<u>(9,893)</u>	<u>34,490</u>
Others* and inter-segment transactions	(680)	(23,149)	(10,780)	(13,640)
Group result	<u>(33,897)</u>	<u>(15,397)</u>	<u>(20,673)</u>	<u>20,850</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 other material events after the period end that has not been reflected in the Interim Financial Reports for the current financial period under review.





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

There were no changes in the composition of the Group for the period under review, save for the followings :-

- a) Pursuant to members' voluntary winding-up of CCM Chemtrade Sdn Bhd, the said company was dissolved on 19 February 2014.
- b) Pursuant to members' voluntary winding-up of the following subsidiaries:-
  - (i) CCMF Agronomic & Technical Services Sdn Bhd
  - (ii) Usaha Progresif Sdn Bhd
  - (iii) Liberal Wira Sdn Bhd
  - (iv) Euphorex Corporation Sdn Bhd
  - (v) CCM Chemtrans Sdn Bhd

the said companies were dissolved with effect from 21 July 2014.

- c) On 27 June 2014, a Proposed Internal Restructuring Exercise was announced involving the disposal of the Company's 50.1% equity interest in CCM Fertilizers Sdn Bhd and 100% equity interest in both CCM Agriculture Sdn Bhd and CCM Agriculture (Sabah) Sdn Bhd to the Company's wholly-owned subsidiary, CCM Agri-Max Sdn Bhd. The exercise was completed on 19 November 2014.

The changes did not give rise to any material effect on the composition of Group for the period under review.

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

There were no changes in contingent liabilities or assets as at end of the current interim financial period save for the following:

PT CCMI had on 23 September 2014 submitted 5 letters of appeal to the Indonesian Tax Court against the objection decisions of the Director General of Tax, Indonesia ("DGT") on several tax adjustments / corrections made by tax auditor totaling IDR36.1 billion (or equivalent to RM9.7 million) in aggregate. The DGT has submitted to the Tax Court its replies to the letters of appeal. PT CCMI has filed into the Tax Court its rebuttals to two of the appeals by the deadline for doing so i.e. 16 February 2015. PT CCMI's rebuttals in respect of the DGT's replies to the other appeals are required to be filed into the Tax Court as follows:-

- (i) for two of the appeals, by 3 March 2015; and
- (ii) for the remaining appeal, by 10 March 2015.


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**A14) Capital Commitments**

Commitments for the purchase of property, plant and equipments as at 31 December 2014.

	<b>At 31 December 2014 RM'000</b>	<b>At 31 December 2013 RM'000</b>
Approved but not contracted for	47,936	36,075
Contracted but not provided for	69,634	38,281
	<u>117,570</u>	<u>74,356</u>



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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 31 December 2014

For the current quarter ended 31 December 2014, the Group recorded revenue of RM240.0 million, lower by 18.2% compared to the corresponding quarter last year. The Group recorded an operational profit before tax of RM2.9 million during the quarter under review. However the Group had taken a prudent measure to recognise an impairment loss of RM36.8 million against its Medan Plant assets during the quarter which led to it recording a loss before tax of RM33.9 million, an increase from loss before tax of RM15.4 million recorded in the same quarter last year.

The Group's fertilisers operations in Medan had been registering losses despite significant cost improvement initiatives made over the years. Although the trading operations for Indonesia remains profitable, the manufacturing plant operations faced the difficulties of operating in the local business environment; which led to the closure of the plant operations in October 2014. The Group anticipated that full economic benefits from the Medan Plant and related current assets may be not be recovered, and impairment of RM36.8million was recognised in the quarter under review.

Pharmaceuticals Division recorded revenue of RM86.6 million during the quarter under review. This was 6.1% higher compared to the same quarter last year primarily contributed by higher sales from its ethical segment. Pharmaceuticals Division recorded profit before tax of RM11.9 million, a decrease of 9.5% as compared to the corresponding quarter last year. The decrease was mainly due to provisions and write-offs made on inventories during the quarter under review.

Chemicals Division's revenue of RM66.8 million for the quarter was 8.0% lower as compared to the same quarter last year. The decline in its revenue was primarily attributed by the lower trading sales recorded during the quarter. The Division recorded a lower profit before tax of RM3.4 million as compared to the corresponding quarter last year of RM3.9 million, attributed by lower sales and impairment on receivables and inventories recognised in the quarter under review.

Fertilizers Division recorded revenue of RM87.9 million during the quarter under review. This was 38.1% lower compared to the same quarter last year primarily contributed by lower sales to distributors segment and competitive pricing for the plantation sector. Fertilizers Division recorded a loss before tax of RM48.5 million during the quarter as compared to RM9.3 million in the same quarter last year. The loss incurred for the quarter, was primarily due to the impairment of RM36.8 million made against Medan Plant related assets due to cessation of its manufacturing plant operations.



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Commentary for Cumulative Quarters ended 31 December 2014

For the twelve months period ended 31 December 2014, the Group recorded revenue of RM1,088.5 million. This was lower by RM200.0 million or 15.5% as compared to the corresponding period last year. Lower sales were recorded by Chemicals and Fertilizers Divisions. The Group recorded an operating profit before tax (excluding impairment loss on Medan Plant) of RM16.1 million in the period under review, as compared to profit before tax of RM20.9 million in same period last year.

The Group recorded a loss before tax of RM20.7 million after recognition of the impairment loss of RM36.8 million made on its Medan Plant assets. Taking prudent measures, the Group has assessed that the full economic benefits will not be recovered from its operation in Medan which led to the closure in October 2014.

Pharmaceuticals Division recorded revenue of RM317.6 million for the period under review, an increase of 7.3% as compared to the same period last year. Profit before tax increased by RM3.8 million (or 12.3%) from RM30.8 million in the same period 2013 to RM34.6 million in the current period. The higher profit recorded in the current period was primarily attributable to higher revenue generated from its ethical segment; as well as higher plant utilisation rate during the period under review.

Chemicals Division recorded revenue of RM282.0 million during the period under review, representing a decrease of 5.9% as compared to the corresponding period last year. The lower revenue recorded during the period was primarily due to lower sales volume of its trading and regional businesses. The Division's profit before tax of RM15.3 million for the period under review was lower by 7.9% compared to the same period last year. The decrease in profit was largely attributable to the lower sales recorded in its trading and regional businesses.

The Fertilizers Division recorded revenue of RM488.6 million during the period under review. This was 29.5% lower compared to the same period last year, contributed by the lower volume sold on both its compound fertilisers and straights/mixtures. The Division recorded a loss before tax of RM59.8 million in the period under review compared to a loss of RM12.9 million in the corresponding period last year. The loss recorded during the period under review included an impairment loss of RM36.8 million made on its Medan plant assets, pursuant to the closure of the said manufacturing plant.

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

The Group's revenue for the current quarter of RM240.0 million was lower by RM23.7 million (or 9.0%) as compared to the immediate preceding quarter revenue of RM263.7million. This was primarily attributable to the decrease in revenue contribution from Fertilizers Division.

The impairment loss recognised for its Medan plant assets coupled with lower gross profit margins registered by its Fertilisers Division during the quarter, has resulted in the Group recording loss before tax of RM33.9 million as compared to a profit before tax of RM0.5 million in the preceding quarter.


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**B3) Prospects for the current financial year**

The Group will continue to focus on enhancing business profitability by increasing sales growth domestically and regionally, improving production efficiency and cost effectiveness across all of its business divisions.

The demand for pharmaceuticals products is expected to remain relatively stable throughout the financial year. The prospects for the Pharmaceuticals Division remain positive as it consolidates its position in the local and regional markets, continuation of focus in Biotherapeutics, niche therapeutic areas and Halal leadership in the pharmaceuticals space.

For Chemicals Division, the chlor alkali market is still experiencing a phase of consolidation but the regional market has shown signs of stability. The polymer coating business is expected to soften the cyclical effect of the chlor alkali market. The Division is implementing continuous improvement program to extract operational savings and striving to increase its trading margin for the current financial year, while expanding its customer base within the region.

The demand of fertilizers is expected to remain challenging in view of expectation of lower crude palm oil (CPO) prices and consequently, plantation owners implementing cost savings measures. Notwithstanding the above, Fertilizers Division will continue to focus on aggressive sales and promotions activities, operational excellence and a review of the business in an effort to improve its profitability.

The Group remains positive for a better operating results for the financial year ending 31 December 2015, albeit on a challenging business environment.

**B4) Variance of Actual Profit from Forecast Profit**

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

**B5) Taxation**

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

	<b>Current Quarter 31-Dec-14 RM'000</b>	<b>Current Period 31-Dec-14 RM'000</b>
Taxation		
In respect of profit for the year	11,628	15,126
Transfer from deferred tax	<u>1,259</u>	<u>941</u>
	<u><u>12,887</u></u>	<u><u>16,067</u></u>


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**B6) Profit Before Tax**

	Current Quarter 31 December 2014 RM'000	Current Period 31 December 2014 RM'000
<b>Operating profit is arrived at after charging / (crediting):</b>		
Depreciation and amortization	16,200	53,127
Provision for and write-off of receivables	10,225	11,922
Provision for and write-off of inventories	9,989	18,982
Impairment of assets	22,640	22,640
Net foreign exchange loss	6,629	6,249
Interest expense	6,384	27,071
Interest income	(1,229)	(5,074)

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

**B7) Status of corporate proposals**

- a) On 27 November 2014, the Company had entered into a conditional share sale agreement (“SSA”) with CCM Duopharma Biotech Berhad (“CCMD”) for the following:
- i) proposed disposal of 100% equity interest in CCM Pharmaceuticals Sdn Bhd (“CCMP”) and its subsidiaries and settlement of outstanding inter-company advances owed by CCMP and/or its subsidiaries to the Group as at 30 September 2014; and
  - ii) proposed disposal of 100% equity interest in Innovax Sdn Bhd (“Innovax”) and settlement of outstanding inter-company advances owed by Innovax to the Group as at 30 September 2014,
- (collectively referred to as “SSA 1”).
- b) on 27 November 2014, the Company had entered into a conditional SSA with Duopharma Manufacturing Sdn Bhd (“DMSB”) for the following:
- i) proposed disposal of 100% equity interest in CCM Pharma Sdn Bhd (“CCM Pharma”) and settlement of outstanding inter-company advances owed by CCM Pharma to the Group (if any) as at 30 September 2014; and
  - ii) proposed disposal of 100% equity interest in Upha Manufacturing Sdn Bhd (“Upha”) and settlement of outstanding inter-company advances owed by Upha to the Group as at 30 September 2014,
- (collectively referred to as “SSA 2”).



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- c) on 27 November 2014, CCM International Sdn Bhd (“**CCM International**”), a wholly owned subsidiary of the Company, had entered into a conditional SSA with CCMD for the proposed disposal of 100% equity interest in CCM Pharmaceuticals (S) Pte Ltd (“**CCM Singapore**”) and settlement of outstanding inter-company advances owed by CCM Singapore to the Group (if any) as at 30 September 2014 (“**SSA 3**”); and
- d) on 27 November 2014, CCM Investments Ltd. (“**CCM Investments**”), a wholly owned subsidiary of the Company, had entered into a conditional SSA with CCMD for the proposed disposal of 99.9% equity interest in CCM International (Philippines) Inc (“**CCM Philippines**”) and the capitalisation of inter-company advances made by CCM Investments or the Company or any subsidiary of the Company to CCM Philippines and for that purpose, issuance of new shares in CCM Philippines to CCM Investments (“**SSA 4**”).

The SSA 1, SSA 2, SSA 3 and SSA 4 are collectively referred to as “**SSAs**”.

Further to the above, on 24 December 2014, the Company had entered into the following supplementary agreements:

- (a) the supplementary agreement with CCMD in relation to the SSA 1 to amend the SSA 1 (“**Supplementary Agreement 1**”); and
- (b) the supplementary agreement with DMSB in relation to the SSA 2 to amend the SSA 2 (“**Supplementary Agreement 2**”).

The Supplementary Agreement 1 and Supplementary Agreement 2 are collectively referred to as “**Supplementary Agreements**”.

Pursuant to the Supplementary Agreements, the Company had agreed to grant CCMD and DMSB an additional warranty with respect to the potential liability arising from the disclosure in the respective SSAs in relation to the alleged sales tax issues currently being investigated by the Royal Malaysian Customs Department against CCMP and Upha, respectively. The warranty provided is by way of an indemnity (with no maximum limit of such indemnity) for an aggregate liability in excess of RM100,000 to be paid to CCMP and Upha, respectively, and is valid for six (6) years after the date of completion of the SSAs, with a further provision that the Company may take over conduct of any appeal or proceedings in relation to matter giving rise to the aggregate liability.

The proposals are pending fulfilment of conditions precedent for completion including the Company’s EGM scheduled on 10 March 2015 and CCMD’s EGM scheduled 11 March 2015.



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**B8) Group Borrowings and Debt Securities**

The Group borrowings as at 31 December 2014 were as follows:

	<b>31-Dec-14</b>	<b>31-Dec-13</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Short term borrowings</b>		
Unsecured		
Ringgit Malaysia denominated	482,087	368,597
United States Dollar denominated	9,643	1,037
Singapore Dollar denominated	132	-
	<u>491,862</u>	<u>369,634</u>
<b>Long term borrowings</b>		
Unsecured		
Ringgit Malaysia denominated	100,000	380,000
	<u>100,000</u>	<u>380,000</u>

**B9) Off Balance Sheet Financial Instruments**

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

**B10) Earnings per share**

	<b>Current Quarter 31 December 2014 RM'000</b>	<b>Current Period 31 December 2014 RM'000</b>
<b>Basic and Diluted Earnings Per Share:-</b>		
Profit after tax and minority shareholders' interests (RM'000)	(47,468)	(43,854)
Issued ordinary shares at beginning of the quarter/year ('000)	457,630	457,630
Effects of treasury shares issued ('000)	-	-
Effects of shares issued ('000)	-	-
Weighted average number of ordinary shares ('000) at ending of the quarter/year	<u>457,630</u>	<u>457,630</u>
Basic earnings per share (sen)	<u>(10.37)</u>	<u>(9.58)</u>

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




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**B11) Dividend**

The Board of Directors had approved an interim single tier dividend of 2.50sen per share (2013:2.15sen per share) based on paid up capital of 457.6 million shares at par value of RM1.00 each amounting to approximately RM11.4 million. The entitlement date in respect of the interim single tier dividend was on 31 December 2014 and the payment was made on 15 January 2015.

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

	<b>Current Quarter</b>		<b>Current Period</b>	
	<b>31 December</b>		<b>31 December</b>	
<b><u>Net operating profit after tax ("NOPAT")</u></b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b><u>computation:</u></b>				
<i>In millions of RM</i>				
Earnings before interest and tax ("EBIT")	(28.9)	(1.5)	(0.2)	51.8
Adjusted tax	7.2	0.4	0.0	(12.9)
<b>NOPAT</b>	<b>(21.7)</b>	<b>(1.1)</b>	<b>(0.1)</b>	<b>38.8</b>
<b><u>Economic charge computation:</u></b>				
Average invested capital	1,419.1	1,550.2	1,419.1	1,550.2
Weighted average cost of capital ("WACC") (%)	6.09%	5.39%	6.09%	5.09%
<b>Economic charge</b>	<b>21.6</b>	<b>20.9</b>	<b>86.4</b>	<b>78.8</b>
<b>Economic (loss)/ profit</b>	<b>(43.3)</b>	<b>(22.0)</b>	<b>(86.5)</b>	<b>(40.0)</b>

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

**B13) Material litigation**

There was no material litigation against the Group as at the end of period under review.



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**B14) Disclosure of Realised and Unrealised**

	<b>As at 31 December 2014 RM'000</b>	<b>As at 31 December 2013 RM'000</b>
Total retained profits of CCM Berhad and its subsidiaries:		
- Realised	216,335	261,129
- Unrealised	50,321	49,381
<b>Total</b>	<b><u>266,656</u></b>	<b><u>310,510</u></b>

**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 26 February 2015.

By Order of the Board

NOOR AZWAH SAMSUDIN (LS0006071)  
 Company Secretary  
 26 February 2015