

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015 (UNAUDITED)**

In thousands of RM	Nine Months Ended 30 September	
	2015	2014
Cash flows from operating activities		
Profit before taxation	23,630	13,224
Adjustments for:		
Amortisation of prepaid lease payments	290	290
Depreciation of property, plant and equipment	33,196	36,637
Share of profit of equity accounted associates	(836)	(1,324)
Interest income	(3,315)	(3,845)
Finance costs	20,474	20,687
<i>Operating profit before changes in working capital</i>	73,439	65,669
Change in inventories	(50,521)	27,353
Change in receivables, deposits and prepayments	(46,043)	(5,258)
Change in payables and accruals	55,135	20,038
<i>Cash generated from operations</i>	32,010	107,802
Finance costs paid	(20,474)	(20,687)
Interest income	3,315	3,845
Income tax paid	(13,929)	(8,722)
Net cash generated from operating activities	922	82,238
Cash flows from investing activities		
Acquisition of property, plant and equipment	(21,436)	(31,419)
Acquisition of intangible asset	(2,963)	(2,190)
Acquisition of other investment	-	(15,978)
Proceeds from disposal of property, plant and equipment	-	74,814
Net cash (used in)/ generated from investing activities	(24,399)	25,227
Cash flows from financing activities		
Net drawdown/(repayment) of loans and borrowings	124,174	(150,013)
Dividends paid to non-controlling interests	(5,386)	(7,898)
Dividends paid to owners of the Company	(22,732)	-
Proceeds from sale of treasury shares	2,163	-
Net cash (used in)/ generated from financing activities	98,219	(157,911)
Exchange difference on translation of the financial statements of foreign operations	3,614	41
Net increase/(decrease) in cash and cash equivalents	78,356	(50,405)
Cash and cash equivalents at 1 January	208,212	255,337
Cash and cash equivalents as at end of period	286,568	204,932

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



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)

(Incorporated in Malaysia)

For the Period Ended 30 September 2015

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 2014.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

The following MFRSs and Amendments to MFRSs applicable to the Group have been adopted with effect from 1 January 2015:

- Amendments to MFRS 3, *Business Combinations (Annual Improvements 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 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

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

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
(Incorporated in Malaysia)
For the Period Ended 30 September 2015

A2) Changes in Accounting Policies (continued)

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 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* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- 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 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- 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 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- 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)*

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*

The adoption of the above standards and amendments are not expected to have any material financial impact to the Group upon their first adoption.

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 2014 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 inselling prices and costs of raw materials.



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)

(Incorporated in Malaysia)

For the Period Ended 30 September 2015

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

During the current financial quarter, the Company's subsidiary, CCM Duopharma Biotech Berhad Group (CCMD Group) conducted operational review of the following:-

- a) Useful life of existing Oral Solid Dosage (OSD) plant (K1) in Klang.

CCMD Group will be building a new state of the art OSD plant (to be named as K3) to replace K1. Construction of K3 is expected to commence in first half of 2016 and it will take around 3 years to complete. Upon completion of K3 with newly enhanced GMP features, the operation of K1 will be relocated to K3. In view of above firm plan, K1 will have a finite useful life of approximately 5 years, and hence necessitate the need to accelerate depreciating current net book value with effect from 01/01/2015. The effect of accelerated depreciation, recognized in cost of sales, in current quarter/period to date and future financial years is as follows:-

	YTD Sept 2015	FY2015	FY 2016	FY 2017	FY 2018	FY2019
Increase in depreciation expense (RM '000)	1,207	1,609	1,609	1,609	1,609	1,609

- b) Provision for slow moving stock from 12 months to expiry date to 6 months to expiry date.

The review was necessary in view of implementation of new stability guidelines which imposes stringent requirements for extrapolations of proposed shelf life based on stability data. Revised requirement on storage conditions will result in newly registered products and also existing registered products to carry shelf life of less than 3 years. The effect of the revised provision of slow moving stock is a gain of an estimated amount of RM4.9 million which was recognised in cost of sales for the current quarter under review.

Save as disclosed above, 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 save for repayment of term loan of RM130 million matured on 30 April 2015.

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


CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
(Incorporated in Malaysia)
For the Period Ended 30 September 2015
A8) Dividends paid

On 15 January 2015, the Company paid an interim single tier dividend of 2.50 sen per ordinary share in respect of the financial year ended 31 December 2014 totalling RM11.37 million.

On 30 September 2015, 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 2015.

A9) Segment reporting

<i>In thousands of RM</i>	Segment Revenue			
	Individual Quarter		Cumulative Quarter	
	2015	2014	2015	2014
Pharmaceuticals	81,438	79,083	245,433	230,986
Chemicals	77,066	71,610	217,540	215,211
Fertilizers	115,034	112,517	304,868	400,677
	<u>273,538</u>	<u>263,210</u>	<u>767,841</u>	<u>846,874</u>
Others* and inter-segment transactions	(2,151)	457	7,281	1,663
Group result	<u>271,387</u>	<u>263,667</u>	<u>775,122</u>	<u>848,537</u>

** Administrative and non-core activities*

<i>In thousands of RM</i>	Segment Profit/(Loss) Before Tax			
	Individual Quarter		Cumulative Quarter	
	2015	2014	2015	2014
Pharmaceuticals	14,309	7,841	32,672	22,725
Chemicals	5,170	3,499	18,443	11,924
Fertilizers	(7,577)	(7,596)	(14,342)	(12,125)
	<u>11,902</u>	<u>3,744</u>	<u>36,773</u>	<u>22,524</u>
Others* and inter-segment transactions	(1,973)	(3,252)	(13,143)	(9,300)
Group result	<u>9,929</u>	<u>492</u>	<u>23,630</u>	<u>13,224</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 2015

A12) Effect of changes in the composition of the Group

On 30 June 2015, the Company completed the disposals of entire equity interest, owned directly or indirectly, in its subsidiaries namely, CCM Pharmaceuticals SdnBhd, Innovax SdnBhd, CCM Pharma SdnBhd, Upha Pharmaceutical Manufacturing (M) SdnBhd, CCM Pharmaceuticals (S) Pte Ltd and CCM International (Philippines) Inc to its other subsidiaries namely CCM Duopharma Biotech Berhad (CCMD) and Duopharma Manufacturing Sdn Bhd. The transfer of shares created one flagship holding company, CCMD, for the Pharmaceutical Division; and is not expected to have any material financial impact to the Group.

Save as disclosed, there were no 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 RM9.7 million). The hearing of the appeals was concluded on 29th July 2015 and the matter is now 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 2015.

	At 30 September 2015 RM'000	At 31 December 2014 RM'000
Approved but not contracted for	56,720	28,543
Contracted but not provided for	49,762	31,498
	<u>106,482</u>	<u>60,041</u>



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
(Incorporated in Malaysia)
For the Period Ended 30 September 2015

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 2015

For the current quarter ended 30 September 2015, the Group recorded revenue of RM271.4 million, higher by 2.9% compared to the corresponding quarter last year. The Group's profit before tax for the current quarter under review increased to RM9.9 million from RM0.5 million recorded in the same quarter last year.

Pharmaceuticals Division's revenue for the quarter was RM81.4 million, increased by 3% compared to the same quarter last year observed mainly in the over-the-counter (OTC) market. The Division recorded profit before tax of RM14.3 million, an increase of 82.5% as compared to the corresponding quarter last year. The increase was mainly due to improved margin on both its OTC and ethical segments, coupled with the positive net impact on changes on estimates amounting to RM4.5 million as stated in Note A6.

Chemicals Division recorded revenue of RM77.1 million during the quarter under review. This was 7.6% higher compared to the same quarter last year primarily attributed to higher selling prices of its products. The Division recorded a higher profit before tax of RM5.2 million, an increase of 47.8% as compared to the corresponding quarter last year, primarily due to improved margin in its products, and savings from its operational efficiency initiatives.

Fertilizers Division recorded revenue of RM115.0 million during the quarter under review. This was 2.2% lower compared to the same quarter last year primarily affected by lower demand for compound fertilizers amidst low crude palm oil prices. This has put pressures on plantation houses to cut costs and delay procurement of fertilizers. Lower revenue coupled with higher raw material costs due to weakening of Ringgit against US Dollar, resulted in the division's loss before tax for the quarter under review of RM7.6 million.

Commentary for Cumulative Quarters ended 30 September 2015

For the nine months period ended 30 September 2015, the Group recorded revenue of RM775.1 million. This was lower by RM73.4 million or 8.7% as compared to the corresponding period last year. Lower sales were recorded mainly by Fertilizers Division. Despite the lower sales, the Group recorded a profit before tax of RM23.6 million for the period under review equivalent to an increase of 78.7% from RM13.2 million in the same period last year, contributed by improvement in financial performances of the Pharmaceuticals and Chemicals Divisions.

Pharmaceuticals Division recorded revenue of RM245.4 million for the period under review, an increase of 6.3% as compared to the same period last year. Profit before tax increased by RM9.9 million (or 43.8%) from RM22.7 million in the same period 2014 to RM32.7 million in the current period. The higher profit recorded in the current period was primarily attributable to overall improvement in gross margins in both Ethical and OTC segments, further assisted by higher revenue recorded in the period, and the positive net impact of RM3.7 million on changes in estimates as stated in Note A6.



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)

(Incorporated in Malaysia)

For the Period Ended 30 September 2015

B1) Review of Performance (continued)

Chemicals Division recorded revenue of RM217.5 million during the period under review, representing an increase of 1.1% as compared to the corresponding period last year. The higher revenue recorded during the period was primarily due to higher selling prices of its products cushioning the impact of lower sales volume from its regional businesses. Division's profit before tax improved by 54.7% to RM18.4 million for the period under review, from RM11.9 million in the corresponding period last year. The increase in profit was largely attributable to higher selling prices of its products and savings from its operational efficiency initiatives.

The Fertilizers Division recorded revenue of RM304.9 million during the period under review. This was 23.9% lower compared to the same period last year, contributed by the lower volume of compound and straight fertilisers sold during the period. This was attributed by low crude palm oil prices during the period, putting pressures on those industries to cut costs and delay procurement of fertilizers. The Division suffered a loss before tax of RM14.3 million compared to a loss of RM12.1 million in the corresponding period last year. The major contributors to the loss position recorded during the period under review were the lower revenue, rising raw material costs and weakening of Ringgit against US Dollar.

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

The Group's revenue for the current quarter of RM271.4 million was higher by RM37.8 million (or 16.2%) as compared to the immediate preceding quarter revenue of RM233.6 million. This was primarily driven by higher sales of fertilizers in the current quarter mainly due to increase in off take in the plantation sector. The Group recorded profit before tax of RM9.9 million during the quarter compared to a profit of RM3.4 million in the preceding quarter.

B3) Prospects

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 chloralkali and polymer coating businesses continue to perform positively although the markets remain competitive. 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 crude palm oil (CPO) prices remaining low and plantation houses implementing cost savings measures. The proposed closure of fertilizers plant in Shah Alam and the retrenchment exercise to be conducted (as announced to Bursa Malaysia on 1 September 2015), is expected to have a negative impact to the Group's financial performance in the current year.

Albeit a challenging business environment amidst volatility of currencies and low commodity prices, the Group remains steadfast in improving production efficiency and cost effectiveness across all of its business divisions. The Group will continue to capitalise on growth prospects across all its business operations while maintaining focus on operational efficiency, in its commitment to deliver sustainable earnings moving forward.



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
(Incorporated in Malaysia)
For the Period Ended 30 September 2015

B4) Variance of Actual Profit from Forecast Profit

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

B5) Taxation

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

	Current Quarter 30-Sep-15 RM'000	Current Period 30-Sep-15 RM'000
Taxation		
In respect of profit for the year	5,814	10,563
Transfer from deferred tax	(3,098)	(4,720)
	<u>2,716</u>	<u>5,843</u>

B6) Profit Before Tax

	Current Quarter 30 September 2015 RM'000	Current Period 30 September 2015 RM'000
Operating profit is arrived at after charging / (crediting):		
Depreciation and amortization	13,648	33,486
Provision for and write-off of receivables	999	2,434
Provision for and write-off / (write-back) of inventories	(1,758)	328
Net foreign exchange loss / (gain)	(4,600)	(6,353)
Interest expense	7,550	20,474
Interest income	(1,766)	(3,315)
	<u>13,073</u>	<u>46,957</u>

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

B7) Status of corporate proposals

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



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
(Incorporated in Malaysia)
For the Period Ended 30 September 2015

B8) Group Borrowings and Debt Securities

The Group borrowings as at 30 September 2015 were as follows:

	30 September 2015 RM'000	31 December 2014 RM'000
Short term borrowings		
Unsecured		
Ringgit Malaysia denominated	444,049	484,228
United State Dollar denominated	-	9,643
Philippines Peso denominated	11,760	-
Singapore Dollar denominated	-	132
	<u>455,809</u>	<u>494,003</u>
Long term borrowings		
Unsecured		
Ringgit Malaysia denominated	262,368	100,000
	<u>262,368</u>	<u>100,000</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

	Current Quarter 30 September 2015 RM'000	Current Period 30 September 2015 RM'000
Basic and Diluted Earnings Per Share:-		
Profit after tax and minority shareholders' interests (RM'000)	6,643	10,910
Issued ordinary shares at beginning of the quarter/year ('000)	<u>457,630</u>	<u>457,630</u>
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>1.45</u>	<u>2.38</u>

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

B11) Dividend

No dividend is proposed for the current quarter under review.



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
(Incorporated in Malaysia)
For the Period Ended 30 September 2015

B12) Economic Profit ("EP") Statement

<u>Net operating profit after tax ("NOPAT")</u> <u>computation:</u> <i>In millions of RM</i>	Current Quarter		Current Period	
	30 September		30 September	
	2015	2014	2015	2014
Earnings before interest and tax ("EBIT")	15.6	5.9	40.0	28.7
Adjusted tax	<u>(3.9)</u>	<u>(1.5)</u>	<u>(10.0)</u>	<u>(7.2)</u>
NOPAT	<u>11.7</u>	<u>4.4</u>	<u>30.0</u>	<u>21.5</u>
<u>Economic charge computation:</u>				
Average invested capital	1,301.0	1,447.8	1,301.0	1,447.8
Weighted average cost of capital ("WACC") (%)	<u>6.58%</u>	<u>6.04%</u>	<u>6.58%</u>	<u>6.04%</u>
Economic charge	<u>21.4</u>	<u>21.9</u>	<u>64.2</u>	<u>65.6</u>
Economic (loss)/ profit	<u>(9.7)</u>	<u>(17.5)</u>	<u>(34.2)</u>	<u>(44.1)</u>

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

Claim by CCM Agriculture SdnBhd against GLE Logistics (M) SdnBhd

The Company's wholly-owned subsidiary, CCM Agriculture Sdn. Bhd., had commenced legal proceedings against GLE Logistics (M) Sdn. Bhd. ("the Defendant") in the High Court of Malaya at Kuala Lumpur vide Civil Suit No. 22NCVC-335-06/2015 for loss of products placed with the Defendant pursuant to a warehousing arrangement. Judgment in Default of Appearance has been obtained against Defendant on 1.10.2015.

Claim by Chemical Company of Malaysia Berhad against Y&G Corporation Berhad

The Company had commenced legal proceedings against Y&G Corporation Berhad ("the Defendant") in the High Court of Malaya at Kuala Lumpur vide Civil Suit No: 22NCVC-564-10/2015 for breach of the Lease Agreement dated 29 August 1987 made between the Company and the Defendant relating to the grant by the Company in favour of the Defendant of a lease over a portion the land held under HS(D) 5216 PT 200 Mukim Bukit Raja Daerah KlangNegeri Selangor. The Writ of Summons and Statement of Claim have been served on the Defendant on 23 October 2015.

The Company and the Defendant have agreed to amicable settlement of the claim. Pursuant to the terms of the settlement, the Parties have executed the surrender of lease and the lease is pending registration at the relevant land office. The Court has fixed the matter for mention on 11 December 2015 for an update on the registration of the surrender of the lease.



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)

(Incorporated in Malaysia)

For the Period Ended 30 September 2015

Save for the above, there were no other material litigations as at the end of period under review.

B14) Disclosure of Realised and Unrealised

	As at 30 September 2015 RM'000	As at 31 December 2014 RM'000
Total retained profits of CCM Berhad and its subsidiaries:		
- Realised	200,320	210,619
- Unrealised	57,856	59,379
Total	<u>258,176</u>	<u>269,998</u>

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 2015.

By Order of the Board

NOOR AZWAH SAMSUDIN (LS0006071)

Company Secretary

25 November 2015