CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
(Incorporated in Malaysia)
For the Period Ended 31 March 2012

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2012 - unaudited

	Three Months Ended 31 March	
In thousands of RM	**2012**	**2011**
Cash flows from operating activities		
Profit before taxation	15,957	14,570
Adjustments for:		
Amortisation of prepaid lease payments	74	110
Depreciation of property, plant and equipment	10,575	10,626
Share of profit of equity accounted associates	(592)	(645)
Interest income	(576)	(937)
Finance costs	8,074	8,554
Operating profit before changes in working capital	33,512	32,278
Change in inventories	(82,361)	(2,691)
Change in receivables, deposits and prepayments	32,960	27,878
Change in payables and accruals	(31,793)	22,634
Cash (used in)/ generated from operations	(47,682)	80,099
Finance costs paid	(8,074)	(8,554)
Interest income	576	937
Income tax paid	(14,392)	(5,079)
Net cash (used in)/ generated from operating activities	(69,572)	67,403
Cash flows from investing activities		
Acquisition of property, plant and equipment	(12,735)	(9,978)
Increase in investment in subsidiaries	-	(7,056)
Net cash used in investing activities	(12,735)	(17,034)
Cash flows from financing activities		
Drawdown of loans and borrowings	48,763	-
Repayment of loans and borrowings	-	(43,908)
Proceeds from exercise of Warrants	38	-
Net cash generated from/ (used in) financing activities	48,801	(43,908)
Net (decrease)/ increase in cash and cash equivalents	(33,506)	6,461
Cash and cash equivalents at 1 January	180,541	212,159
Cash and cash equivalents as at 31 March	147,035	218,620

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

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NOTES TO THE INTERIM FINANCIAL REPORT

A1) Basis of preparation

These condensed consolidated interim financial statements are unaudited and have 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*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2011.

These are the Group's condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS framework annual financial statements and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. An explanation of how the transition to MFRSs has affected the reported financial position, financial performance and cash flows of the Group is provided.

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated annual financial statements as at and for the year ended 31 December 2011.

(i) Property, plant and equipment

In the previous years, the Group has availed itself to the transitional provision when MASB first adopted IAS 16, Property, plant and equipment in 1998. Land and buildings were revalued in December 2010 and no later valuation has been recorded for these property, plant and equipment.

Upon transition to MFRSs, the Group adopts the cost model for its property, land and building and elected to apply the optional exemption to use that previous revaluation as deemed cost under MFRSs. The revaluation reserve of RM52,798,000 at 1 January 2011, 31 March 2011 and 31 December 2011 was reclassified to retained earnings.

(ii) Foreign currency translation reserve

Under FRS, the Group recognized translation differences on foreign operations as a separate component of equity. Cumulative foreign currency translation differences for all foreign operations are deemed to be nil as at the date of transition to MFRS.

Accordingly, the foreign currency translation reserve of (RM8,831,000) at 1 January 2011, 31 March 2011 and 31 December 2011 was reclassified to retained earnings.

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A1) Basis of preparation (Continued)

The impact arising from the changes are summarized as follows:

In thousands of RM

	FRS	Reclassifications	MFRS
As at 1 January 2011			
Equity			
Translation reserve	(8,831)	8,831	-
Revaluation reserve	52,798	(52,798)	-
Retained earning	267,637	43,967	311,604
As at 31 March 2011			
Equity			
Translation reserve	(4,479)	8,831	4,352
Revaluation reserve	52,747	(52,798)	(51)
Retained earning	277,499	43,967	321,466
As at 31 December 2011			
Equity			
Translation reserve	(10,123)	8,831	(1,292)
Revaluation reserve	52,798	(52,798)	-
Retained earning	275,949	43,967	319,916

A2) 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 2011 was not subject to any qualification.

A3) Explanatory comments about the seasonality or cyclicality of operations

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

A4) Unusual Items due to their nature, size or incidence

There were no items 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 ended 31 March 2012.

A5) 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.

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A6) Issuances, cancellations, repurchases resale and repayments of debt and equity securities

There was no issuance, repurchase of debt and equity securities during the quarter under review. The number of Treasury Shares held as at 31 March 2012 was 2,998,000. During the quarter, share capital and share premium increased by RM27,899 and RM10,043 respectively due to the conversion of 27,899 warrants.

A7) Dividends paid

No dividend was paid in the current quarter under review.

A8) Segment reporting

In thousands of RM	**Segment Revenue**		**Segment Profit before tax**	
For the 3 months ended 31 March	**2012**	**2011**	**2012**	**2011**
Chemicals	88,957	105,655	7,622	8,945
Pharmaceuticals	70,477	60,340	7,463	4,186
Fertilizers	198,831	231,072	2,311	3,122
	358,265	397,067	17,396	16,253
Others* and inter-segment transactions	(387)	621	(1,439)	(1,683)
Group result	357,878	397,688	15,957	14,570

* Administrative and non-core activities (including intra-Group dividends)

A9) Property, plant and equipment

Land and buildings were revalued in December 2010 and no later valuation has been recorded for these property, plant and equipment. Upon transition to MFRSs, the Group adopts the cost model for its property, land and building and elected to apply the optional exemption to use that previous revaluation as deemed cost under MFRSs.

A10) Post balance sheet event

On 2 May 2012, the Company announced that it has entered into an agreement with the Bank of Tokyo-Mitsubihi UFJ Ltd for a Term Loan Facility ("Facility") amounting to RM110 million equivalent in USD (based on prevailing market rate at the time of execution of the transaction). The Facility will be used to refinance its Revolving Credit Facilities totaling the same amount. The Facility has a three (3) years tenure expiring 30 April 2015.

There are no other material events after the period end that has not been reflected in the Interim Financial Reports for the financial period ended 31 March 2012.

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A11) Effect of changes in the composition of the Group

There was no change in the composition of the Group for the current quarter ended 31 March 2012.

A12) 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.

A13) Capital Commitments

Commitments for the purchase of property, plant and equipment as at 31 March 2012.

	At 31 March 2012 RM'000	At 31 March 2011 RM'000
Approved but not contracted for	39,173	53,800
Contracted but not provided for	21,133	21,445
	60,306	75,245

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

B1) Review of Performance

Consolidated Group revenue for the first quarter ended 31 March 2012 was lower by RM39.8 million or 10% as compared with the corresponding quarter last year due to lower sales recorded from Chemical and Fertiliser divisions. Consolidated Group profit before tax of RM15.9 million was however higher as compared with the same quarter last year by 9%, mainly due to higher gross profit margin of 19% from 14%. During the quarter, Chemical and Fertiliser divisions had focused on improving their margins in both trading and manufactured products.

Chemical division's revenue for the quarter decreased by 16% to RM89.0 million from RM105.7 million recorded for the same period last year. The decrease was mainly contributed by the trading section, with lower sales recorded by Polyurethanes & Plastics business and Rubber Chemical business. Although profit before tax decreased by 15% from RM8.9 million to RM 7.6 million for the quarter, the gross profit margin improved to 21% from 18% in the same period last year. This is a result of the division's strategy to refocus its business into more profitable segments.

The Pharmaceutical division's revenue rose by 17% to RM70.5 million for the period under review as compared to the same period last year. Growth in revenue was mainly from Government sector which saw a 45% increase from the same period last year due to early off take by customers for the period. This growth cushioned the impact of the decline in export sales of 11% from same period last year. The growth resulted in division's profit before tax to increase by 78% to RM7.5 million as compared to RM4.2 million recorded in the same period last year.

Revenue for Fertiliser division for the quarter ended 31 March 2012 decreased by 14% or RM32 million as compared with the same period last year due to lower tonnage volume sold to plantations, public sector and dealers. The high number of rainy days which led to lower usage of fertilisers at plantation estates continued to affect deliveries during the quarter under review. The improvement in gross margin to 6% from 4% in the same period last year had however softened the impact of the lower revenue recorded for the quarter. For the period under review, the division registered a profit before tax of RM2.3 million which was 26% lower than the corresponding period last year.

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

Consolidated Group revenue for current quarter is lower by RM44.9 million, representing an 11% decrease as compared to the immediate preceding quarter. This is primarily attributable to lower revenue contribution from the Chemical and Fertiliser divisions. Profit before tax increased by 60% from RM9.9 million in the preceding quarter to RM15.9 million in the current quarter due to higher gross profit margins of 19% achieved compared to 14% in the preceding quarter.

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B3) Prospects for the current financial year

The Malaysian economy is expected to expand albeit at a moderate pace of below 5% for the year 2012. Domestic demand is expected to continue supporting the country's growth in 2012, with the outlook for investments becoming more favourable compared to the preceding year led by the government's Economic Transformation Programme.

The Group is expected to continue its focus on enhancing business profitability by improving production efficiency and cost effectiveness across all of its business division, and strengthening its presence in the region.

Chemical division's performance is expected to continue to be satisfactory for the rest of the year. The chlorine and caustic soda price movements are expected to put some price pressure on the manufactured products. However the rubber polymer business is expected to be able to cushion the impact.

The demand for pharmaceutical products is expected to remain relatively stable. The prospects for this division are positive and the division is well positioned to further improve its presence in the local and regional markets.

The demand of fertiliser is also expected to remain stable. However, this expectation should be cautiously viewed as the volatility of raw material prices may erode the profit margin for the Fertiliser division.

Based on the above, the Group's performance for the remaining of financial year ending 31 December 2012 is expected to continue to be challenging.

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 31 March 2012 RM'000	Current Period 31 March 2012 RM'000
Taxation		
In respect of profit for the year	6,690	6,690
Transfer from deferred tax	(1,045)	(1,045)
	5,645	5,645

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B6) Profit Before Tax

	Current Quarter 31 March 2012 RM'000	Current Period 31 March 2012 RM'000
Operating profit is arrived at after charging:		
Allowance for doubtful debt	101	101
Amortisation of prepaid lease payments	74	74
Depreciation of property, plant and equipment	10,575	10,575
Interest expense	8,074	8,074
Write-off of inventories	332	332
Net foreign exchange loss	4,544	4,544
And after crediting:		
Interest income	576	576
Net foreign exchange gain	5,580	5,580

Other than the above, there were no impairment of assets and gain or loss on derivatives for the current quarter and current period ended 31 March 2012.

B7) Status of corporate proposals that have been announced by the Company but not completed as at the date of this announcement

The Company has on 29 December 2011 announced that it proposed to undertake the following Internal Restructuring exercise :

(i) the acquisition by Usaha Pharma (M) Sdn Bhd ("UPSB"), a wholly owned subsidiary of CCM, of the entire equity interest in Innovative Polymer Systems Sdn Bhd ("IPSB"), Innovative Resins Sdn Bhd ("IRSB") and Delta Polymer Systems Sdn Bhd ("DPSB"), (hereinafter IPSB, IRSB and DPSB are collectively referred to as "Innovative Group") from CCM and CCM Usaha Kimia (M) Sdn Bhd ("UKSB");

(ii) subsequent to the Proposed Shares Acquisition, the acquisition by UPSB of the entire businesses and assets of IPSB and DPSB; and

(iii) increase of share capital of CCM International Sdn Bhd ("CCMI"), CCM Agriculture Sdn Bhd ("CCMA"), CCM Agriculture (Sabah) Sdn Bhd ("CCMAS") and UKSB by way of conversion of a portion of the inter-company loans owing to the Company;

Save for the acquisition of IRSB and the surrendering of manufacturing license to UPSB , the above Internal Restructuring exercises have been completed as at 21 May 2012. There were no other corporate proposals announced and not completed as at 21 May 2012.

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B8) Group Borrowings and Debt Securities

The Group borrowings as at 31 March 2012 were as follows:

	31 March 2012 RM'000	31 March 2011 RM'000
Short term borrowings		
Unsecured		
Ringgit Malaysia denominated	640,226	368,074
United States Dollar denominated	75,324	65,441
	715,550	433,515
Long term borrowings		
Unsecured		
Ringgit Malaysia denominated	120,722	363,787

B9) Off Balance Sheet Financial Instruments

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

B10) Earnings per share

	Current Quarter 31 March 2012	Current Period 31 March 2012
a) Basic Earnings Per Share:-		
Profit after tax and minority shareholders' interests (RM'000)	6,725	6,725
Issued ordinary shares at beginning of the period ('000)	404,756	404,756
Effects of shares issued ('000)	28	28
Weighted average number of ordinary shares ('000) at ending of the quarter/year	404,784	404,784
Basic earnings per share (sen)	1.66	1.66

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B10) Earnings per share (continue)

	Current Quarter 31 March 2012	Current Period 31 March 2012
b) Diluted Earnings Per Share:-		
Profit after tax and minority shareholders' interests (RM'000)	6,725	6,725
Weighted average number of ordinary shares ('000) at ending of the quarter/year	404,784	404,784
Effects of warrants (B) ('000)	55,286	55,286
Weighted average number of ordinary shares – diluted('000) at ending of the quarter/year	460,070	460,070
Diluted earnings per share (sen)	1.46	1.46

B11) Dividend

No dividend is proposed for the current quarter under review.

B12) Economic Profit ("EP") Statement

	Current Quarter 31 March		Current Period 31 March	
In millions of RM	**2012**	**2011**	**2012**	**2011**
Net operating profit after tax ("NOPAT") computation				
Earnings before interest and tax	22.9	21.5	22.9	21.5
Adjusted tax	(5.7)	(5.4)	(5.7)	(5.4)
NOPAT	**17.2**	**16.1**	**17.2**	**16.1**
Economic charge computation:				
Average invested capital	1,564.9	1,471.6	1,564.9	1,471.6
Weighted average cost of capital %	5.15%	5.36%	5.15%	5.36%
Economic charge	**20.2**	**19.7**	**20.2**	**19.7**
Economic loss	**(3.0)**	**(3.6)**	**(3.0)**	**(3.6)**

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.

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B13) Material litigation

There was no pending material litigation as at the date of the report.

B14) Disclosure of Realised and Unrealised

	31 March 2012 RM'000	31 December 2011 RM'000 (restated)
Total retained profits of CCM Berhad and its subsidiaries:		
- Realised	267,556	254,988
- Unrealised	59,085	64,928
Total	**326,641**	**319,916**

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 21 May 2012.

By Order of the Board

NOOR AZWAH SAMSUDIN (LS0006071)
Company Secretary
21 May 2012