

CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
(Incorporated in Malaysia)
For the Period Ended 31 March 2009

A Explanatory Notes Pursuant to Financial Reporting Standards ("FRS") 134

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 Bursa Malaysia Securities Berhad including compliance with Financial Reporting Standard (FRS) 134 2004 , Interim Financial Reporting, issued by the Malaysian Accounting Standards Board (MASB).

The interim financial report has been prepared in accordance with the same accounting policies in the 2008 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2009 annual financial statements.

The preparation of an interim financial report in conformity with FRS 134 2004 , Interim Financial Reporting requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from those estimates.

The financial information relating to the financial year ended 31 December 2008 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2008 are available from the Company's registered office.

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 2008 was not subject to any qualification.

A3 Explanatory comments about the seasonality or cyclicity of operations

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

A4 Unusual Items due to their Nature, Size or Incidence

Nil

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.

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

There was no repurchase of shares during the quarter. The number of Treasury Shares held as at 31 March 2009 is 2,998,000. There is no movement in the issuance of share capital during the quarter.

A7 Dividends paid

No interim dividend was paid in the current quarter under review.

A8 Segment reporting

	Segment Revenue (RM'000)		Segment Profit before tax (RM'000)	
	2009	2008	2009	2008
<i>For the 3 months ended 31 March</i>				
Fertilizers	183,738	235,689	336	19,627
Chemicals	104,433	123,859	(149)	4,262
Pharmaceuticals	54,997	51,487	8,810	12,040
Others *	1,148	1,273	16,180	(5,786)
	344,316	412,308	25,177	30,143
Inter-segment revenue (is eliminated)	(1,218)	(12,821)	(17,394)	-
Segment result	343,098	399,487	7,783	30,143
Unallocated expenses	-	-	-	-
	343,098	399,487	7,783	30,143

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

The Fertilizers division recorded gross revenue for the quarter which was 22.0% lower and PBT which was 98.3% lower than the corresponding performances reported in the same period last year. Revenue figures were affected by both lower offtakes by customers as well as lower product prices. PBT was affected by lower margins and higher operating costs.

The Chemicals division likewise saw both lower prices and volumes traded during the quarter compared to the same period last year giving rise to an overall decline of 15.7% in gross revenues. The effect of the lower revenues and further deterioration in the value of carrying stocks resulted in an overall Loss Before Taxation for the division during the quarter. The division's newly acquired business which is involved in the manufacture of polymers for the rubber glove industries however performed satisfactorily and its results for the first quarter appear unaffected by the economic downturn.

The Pharmaceuticals division continued to show resilience in the face of the economic downturn. Gross revenue for the division for the quarter was 6.8% higher than the same period last year. However, PBT was 26.8% lower than the same period last year reflecting higher operating costs due to depreciation charges on the new Bangi plant which commenced in the second quarter of last year, increased spending on advertising and promotion and expanded staff recruitment and marketing efforts in regional offices.

A9 Property, plant and equipment

The valuations of land and buildings have been brought forward, without amendment from the previous annual financial statements.

A10 Post balance sheet events

There are no material events after the period end that have not been reflected in the financial statements for the period ended 31 March 2009.

A11 Effect of changes in the composition of the Group

Innovative Polymer Systems Sdn Bhd, Innovative Resins Sdn Bhd and Delta Polymer Systems Sdn Bhd became subsidiaries of Chemical Company of Malaysia Berhad effective from 20 January 2009 and their financial results have been included in the Group Consolidated statements for the current quarter and year-to-date.

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 2009

	RM'000	
	At 31 Mar 2009	At 31 Mar 2008
Approved and contracted for	55,899	2,526
Approved but not contracted for	45,507	17,304
	101,407	19,830

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

B1 Review of Performance

In line with the prevailing economic conditions, Consolidated Group revenue for the first quarter ended 31 March 2009 decreased by 14.1% over the same quarter last year as both the fertilisers division and the chemicals division generated lower sales than previously. Consolidated Group profit before tax for the first quarter ended 31 March 2009 was lower by 74.2% compared to the same period last year. The steeper decline in before tax earnings was primarily due to margin impairment on sales of brought forward stocks at the current low prices as well as higher operating costs incurred in the new year.

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

Consolidated Group revenue at RM343.1 million for the current quarter under review was a decrease of 35.4% from the RM530.8 million recorded in the preceding quarter. Consolidated Group PBT at RM7.8 million for the current quarter under review however improved from the Consolidated Group loss before taxation of RM1.7 million reported in the preceding quarter. The improvement in earnings reflected the non-recurrence of stock impairment charges recorded in the preceding quarter.

B3 Prospects for the remaining period to the end of the financial year.

Unless there is a rapid turnaround of the economic environment, the Group expects the year to be a difficult one for both its fertilizers and chemicals businesses. Although profitability may be low, the Group anticipates that both these divisions will record positive numbers for the year. In water-care, the Group is actively pursuing opportunities overseas for its water purification systems. The pharmaceuticals division is showing resilience in the face of the economic turbulence and should be able to meet its targets for the year.

B4 Variance of Actual Profit from Forecast Profit

The Group neither made any profit forecast nor issued any profit guarantee.

B5 Taxation

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

	At 31 Mar 2009	Year-To-Date 2009
	RM'000	
Taxation		
In respect of profit for the year	3,183	3,183
Under/(Over) provision in respect of previous years		0
Transfer to/(from) deferred tax	449	449
	3,632	3,632

B6 Sale of Unquoted Investments and/or Properties

On 17 September 2008, the Group has entered into a Sale & Purchase Agreement for the sale of two pieces of vacant land at a total consideration of RM8.13 million to a third party. The Group had received full settlement for the said sale on 19 January 2009.

B7 Quoted Securities

There was no purchase or disposal of quoted securities for the quarter under review and financial period to date.

B8 Status of corporate proposals that have been announced by the Company but not completed as at the date of this announcement

There is no corporate proposals that have been announced by the Company but not completed as at the date of the quarter under review.

B9 Group Borrowings and Debt Securities

The Group borrowings as at 31 March 2009 were as follows:

	As at 31 Mar 2009 RM'000	As at 31 Mar 2008 RM'000
Short term borrowings		
Unsecured	686,791	285,868
Long term borrowings		
Unsecured	187,019	270,000

B10 Off Balance Sheet Financial Instruments

The Group did not have any financial instrument with off balance sheet risks as at 27 May 2009, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

B11 Changes in material litigation since the last annual balance sheet date

The Group is not engaged in any material litigation as at 27 May 2009, the latest practical date which is not earlier than 7 days from the date of this quarterly report.

B12 Earnings per share

	Quarter ended	Year-To-Date 2009
a) Basic Earnings Per Share:-		
Profit after tax and minority shareholders' interests (RM'000)	2,261	2,261
Issued ordinary shares at beginning of the year ('000)	402,849	402,849
Effects of shares issued ('000)	0	0
Weighted average number of shares ('000)	402,849	402,849
Basic earnings per share (sen)	0.56	0.56
b) Diluted Earnings Per Share:-		
Profit after tax and minority shareholders' interests (RM'000)	2,261	2,261
After tax effect of notional interest savings (RM'000)	432	432
Adjusted profit after tax and minority shareholders' interests	2,693	2,693
Weighted average number of ordinary shares ('000)	402,849	402,849
Effect of warrants (B) ('000)	57,221	57,221
Weighted average number of ordinary shares - diluted ('000)	460,070	460,070
Diluted earnings per share (sen)	0.59	0.59

B13 Dividend

No dividend is proposed for the current quarter under review.

B14 Economic Profit ("EP") Statement

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	31.03.2009 RM'mill	31.03.2008 RM'mill	31.03.2009 RM'mill	31.03.2008 RM'mill
<u>Net operating profit after tax ("NOPAT") computation:</u>				
Earnings before interest and tax ("EBIT")	13.5	33.2	13.5	33.2
Adjusted tax	(3.4)	(8.6)	(3.4)	(8.6)
NOPAT	10.1	24.6	10.1	24.6
<u>Economic charge computation:</u>				
Average invested capital	1,636.0	1,192.2	1,636.0	1,192.2
Weighted average cost of capital ("WACC") (%)	4.79%	5.61%	4.79%	5.61%
Economic charge	19.6	16.7	19.6	16.7
Economic profit	-9.5	7.9	-9.5	7.9

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.

In the comparison of performance of the current three months ended 31 March 2009 against the corresponding three months ended 31 March 2008, the economic profit has decreased by RM17.4 million from profit of RM7.9 million to loss of RM9.5 million.

B15 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 May 2009.

By Order of the Board

NOOR AZWAH SAMSUDIN (LS0006071)

Company Secretary

27 May 2009