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 2007 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2008 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 2007 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 2007 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 2007 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 / 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 December 2008 is 2,998,000.

During the quarter, Share Capital and Share Premium increased by RM500 and RM180 respectively due to the conversion of 500 warrants.

A7 Dividends paid

Interim dividends relating to the financial year ended 31 December 2008 of 8.0 sen per ordinary share less tax at 26% (5.92 sen net per ordinary shares) were paid in the current quarter totalling RM 23.8 million on 5 Nov 2008.

A8 Segment reporting

	Segment Revenue (RM'000)		Segment Profit before tax (RM'000)	
For the 12 months ended 31 December	**2008**	**2007**	**2008**	**2007**
Fertilizers	1,405,809	723,776	83,468	35,009
Chemicals	606,544	511,061	14,650	15,126
Pharmaceuticals	232,700	217,410	37,191	56,277
Others *	10,382	8,927	53,483	72,172
	2,255,435	1,461,174	188,792	178,584
Inter-segment revenue (is eliminated)	(89,976)	(63,906)	(68,524)	(73,033)
Segment result	2,165,459	1,397,268	120,268	105,551
Unallocated expenses	-	-	-	-
	2,165,459	1,397,268	120,268	105,551
* Administrative and non-core	-	-	-	-

Revenue for the year for the fertilizers division increased by 94.2% against the corresponding period. Accordingly, profit before tax for the year improved by 138.4% from RM35 million to RM84 million. The higher performance was achieved in an enviroment of rising prices and improved margins over the first three quarters of the year compared to the previous year. In the final quarter, however, prices suffered a steep decline arising from the global economic meltdown and the downturn in CPO prices. Although volumes were maintained, the value of stocks at the year-end had to be impaired in view of the lower realisable prices as a result of which the division barely managed to turn a profit for the final quarter.

For the chemicals division, revenue for the year increased by 18.7% against the same period last year. However, profit before tax for the year decreased by 3.1% from RM15.1 million to RM14.7 million. This was due to year-end stock impairment incurred in chemicals trading as a result of falling prices, plus a reversal of profits in the operations of CCM Water Systems Sdn Bhd. due to cost overruns. Turnover activities for CCM Water Systems was lower than expected as potential customers scaled down or deferred their projects in view of the negative global economic outlook. For the pharmaceuticals division, revenue for the year increased by 7% against the same period last year. Profit before tax for the year was however lower by 33% at RM37.2m compared to RM 56.3m last year. The decrease in profit before tax reflected reduced margins arising from higher raw material prices coupled with lower selling prices of products to the government sector.

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

On 23 April 2008, CCM had entered into a Share Sale Agreement and Conditional Profit Guarantee Agreement to acquire:
(a) 480,000 ordinary shares of RM1.00 each in Innovative Polymer Systems Sdn Bhd ("IPSSB");
(b) 99,999 ordinary shares of RM1.00 each in Innovative Resins Sdn Bhd ("IRSB"); and
(c) 1,000 ordinary shares of RM1.00 each in Delta Polymer Syatems Sdn Bhd ("DPSSB")
from Paramount Discovery Sdn Bhd ("PDSB") for an aggregate purchase consideration of RM122,733,000 to be satisfied via cash. (Collectively referred to as the 'Proposed Acquisitions"). The proposed Acquisition have been completed on 20 January 2009.

A11 Effect of changes in the composition of the Group

There were no major changes in the composition of the Group for the current quarter.

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 December 2008

	RM'000	
	At 31 Dec 2008	**At 31 Dec 2007**
Approved and contracted for	93,117	36,445
Approved but not contracted for	77,274	27,232
	170,391	63,677

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

B1 Review of Performance

Consolidated Group revenue for the fourth quarter ended 31 December 2008 increased by 34.8% over the same quarter last year driven by the fertilisers division (revenue increase of 68%) and the chemicals division (revenue increase of 20%). Consolidated Group profit before tax for the fourth quarter ended 31 December 2008 was a loss of RM 1.7 million compared to a profit of RM 33.5 million for the same quarter last year. This reversal in performance was primarily due to the impairment of year-end stocks incurred by the fertilisers and chemicals divisions arising from the sharp declines in market prices caused by the global economic crisis. The stock impairment losses were charged to cost of sales causing the gross profit margin for the quarter to drop from 14.5% last year to 7.9% in the current year.

For the year ended 31 December 2008, Consolidated Group revenue crossed the two billion Ringgit mark, registering a 94.2% increase over the same period last year. The principal revenue driver was the fertilisers division, with increases in revenue also being contributed by the chemicals and pharmaceuticals divisions albeit by smaller percentage amounts. Consolidated Group profit before taxation for the year ended 31 December 2008 saw an increase of 13.9% from RM105.6 million in 2007 to RM120.3 million in 2008, despite the year-end stock impairment charges and a once-off extraordinary charge of RM15.4 million recorded in second quarter of the year representing a write-off of the residual value of the nitric acid plant which will no longer be in operation once the Shah Alam fertiliser plant is converted to a solid urea-based steam granulation process technology. Excluding the nitric acid plant write-off, the increase in the profit before taxation would have been 28.8% against the same period last year.

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

Consolidated Group revenue at RM530.8 million for the current quarter under review was a decrease of 17.3% from the RM642.2 million recorded in the preceding quarter. Fertiliser division sales in the quarter under review at RM344.7 million was 18.8% lower than the RM424.5 million recorded in the previous quarter. Both the pharmaceuticals and chemicals divisions also recorded lower sales in the quarter under review compared to the previous quarter, with pharmaceuticals declining 11.2% and chemicals lower by 1.8%. The lower revenues across all divisions plus the impact of the year-end stock impairment at the fertilisers and chemicals divisions contributed to an overall Consolidated Group loss before taxation of RM1.7 million for the quarter under review compared to a profit before taxation of RM50.7 million in the previous quarter.

B3 Prospects for the next financial year.

The global economic meltdown and its likely repercussions on the domestic and regional economies have cast a pall on the Group's business prospects for the next financial year. In the fertilisers division, much will depend on the performance of crude palm oil prices and the level of CPO inventories relative to demand. Although offtakes of fertilisers by both the plantation and smallholder sectors slowed down considerably in the quarter under review, this was more in anticipation of lower fertiliser prices rather than due to the decline in CPO prices from their previous peaks. At current CPO price levels, growers are still making a profit and given the outlook for CPO prices to be likely maintained around RM1,800 to RM2,000 per tonne and that fertiliser prices have bottomed out, growers should soon restart their fertiliser purchases.

For the chemicals division, performance in the next financial year is expected to be shored up by its acquisition of the Innovative group of companies which produces polymer coatings for the rubber glove industries. In addition to a profit guarantee backing the acquisition, the performance of the rubber glove industry which is showing resilience in the face of the global economic slowdown augurs a positive outlook for the division. In its traditional chlor-alkali and industrial chemicals trading businesses, however, the division expects that the global economic woes will impact negatively. For the water-care business, the division expects its performance to improve by venturing into new sectors and markets. In pharmaceuticals, the division does not expect a reduction in healthcare spending by the government and hospital sectors, although in the area of OTC health supplements demand may likely be affected by the economic downturn. The division is looking to enhance its presence in the regional markets and will pursue profitability and growth via new areas of activities and product offerings. Overall the Group expects to remain profitable in the next more challenging financial year.

B4 Variance of Actual Profit from Forecast Profit

The Group's actual profit before tax exceeds the 2008 forecast profit before tax of RM116 million.

B5 Taxation

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

	At 31 Dec 2008	Year-To-Date 2008
	RM'000	
Taxation		
In respect of profit for the year	(2,812)	34,244
Under/(Over) provision in respect of previous years	(2,677)	488
Transfer to/(from) deferred tax	358	35
	(5,131)	34,767

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

a) On 23 April 2008, the Company entered into a conditional shares sale agreement ("SSA") with Paramount Discovery Sdn Bhd in relation to the proposed acquisitions by the Company of :

(i) 480,000 ordinary shares of RM1.00 each in Innovative Polymer Systems Sdn Bhd ("IPSSB") representing 100% of the issued and paid-up capital in IPSSB as at 31 March 2008;

(ii) 99,999 ordinary shares of RM1.00 each in Innovative Resins Sdn Bhd ("IRSB") representing 100% of the issued and paid-up capital in IRSB as at 31 March 2008; and

(iii) 1,000 ordinary shares of RM1.00 each in Delta Polymers Systems Sdn Bhd ("DPSSB") representing 100% of the issued and paid-up capital in DPSSB as at 31 March 2008

for an aggregate purchase consideration of RM122,733,000 to be satisfied partly via internally generated funds and partly via external financing. Simultaneously with the execution of the shares sale agreement, the Company had nominated its wholly-owned subsidiary, CCM Usaha Kimia (M) Sdn Bhd (formerly known as Usaha Kimia (M) Sdn Bhd) to hold one percentum (1%) in each of the Target Companies. On 3 July 2008, the Company entered into a supplemental shares sale agreement to vary certain terms of the SSA, in particular the variation of the aggregate purchase consideration to RM122,733,000. Subsequently, the Proposed Acquisitions have been completed on 20 January 2009.

B9 Group Borrowings and Debt Securities

The Group borrowings as at 31 December 2008 were as follows:

	As at 31 Dec 2008 RM'000	As at 31 Dec 2007 RM'000
Short term borrowings		
Unsecured	725,895	172,790
Long term borrowings		
Unsecured	187,120	270,000

B10 Off Balance Sheet Financial Instruments

The Group did not have any financial instrument with off balance sheet risks as at 25 February 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 25 February 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 2008
a) Basic Earnings Per Share:-		
Profit after tax and minority shareholders' interests (RM'000)	(1,227)	65,026
Issued ordinary shares at beginning of the year ('000)	402,563	402,563
Effects of shares issued ('000)	172	172
Weighted average number of shares ('000)	402,735	402,735
Basic earnings per share (sen)	(0.30)	16.15
b) Diluted Earnings Per Share:-		
Profit after tax and minority shareholders' interests (RM'000)	(1,227)	65,026
After tax effect of notional interest savings (RM'000)	432	1,728
Adjusted profit after tax and minority shareholders' interests	(795)	66,754
Weighted average number of ordinary shares ('000)	402,735	402,735
Effect of warrants (B) ('000)	57,221	57,221
Weighted average number of ordinary shares - diluted ('000)	459,956	459,956
Diluted earnings per share (sen)	(0.17)	14.51

B13 Dividend

The Board of Directors has recommended a final dividend of 1.8 sen per ordinary shares less tax at 25% and 4.85 sen tax exempt dividend (2007 : 10.0 sen per ordinary shares less tax at 26%) in respect of the current financial year ending 31 December 2008.

The final dividend is subject to shareholders' approval at the forthcoming Annual General Meeting (AGM) of the Company. The date of the AGM and book closure in respect of the final dividend will be announced in due course.

B14 **Economic Profit ("EP") Statement**

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	RM'mill	RM'mill	RM'mill	RM'mill
Net operating profit after tax ("NOPAT") computation:				
Earnings before interest and tax ("EBIT")	7.5	35.9	141.2	112.1
Adjusted tax	(2.0)	(9.7)	(36.7)	(30.3)
NOPAT	**5.6**	**26.2**	**104.5**	**81.9**
Economic charge computation:				
Average invested capital	1,417.3	1,073.2	1,417.3	1,073.2
Weighted average cost of capital ("WACC') (%)	4.23%	6.39%	4.23%	6.39%
Economic charge	**15.0**	**17.1**	**59.9**	**68.6**
Economic profit	**-9.4**	**9.1**	**44.6**	**13.3**

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 twelve months ended 31 December 2008 against the corresponding twelve months ended 31 December 2007, the economic profit has increased by RM31.3 million from RM13.3 million to RM44.6 million.

B15 **Investment**

Investment properties of the Group comprise a number of commercial properties that are leased to third parties. During the quarter, the investment properties were revalued by an independent professional valuers using an open market value method giving rise to a revaluation surplus of RM3,700,000. The Group adopts the fair value model under FRS 140, Investment Property in accordance to which this was recognised as a gain in the profit and loss account.

B16 **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 25 February 2009.

By Order of the Board

NOOR AZWAH SAMSUDIN (LS0006071)
Company Secretary

25 February 2009