



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
(Incorporated in Malaysia)
For the Period Ended 31 December 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) 134²⁰⁰⁴, 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 134²⁰⁰⁴, 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 December 2009 is 2,998,000.

During the quarter, Share Capital and Share Premium increased by RM43,166 and RM15,540 respectively due to the conversion of 43,166 warrants. The company has fully redeemed its RM200 million nominal amount of 7-year 3% fixed rate bonds on 24th December 2009.

A7 Dividends paid

No dividend was paid in the current quarter under review.

A8 Segment reporting

	Segment Revenue (RM'000)		Segment Profit/(Loss) before tax (RM'000)	
	2009	2008	2009	2008
<i>For the 12 months ended 31 December</i>				
Fertilizers	897,286	1,405,809	16,618	83,468
Chemicals	432,019	606,544	(15,352)	14,650
Pharmaceuticals	242,674	232,700	34,832	37,191
Others *	5,049	10,382	5,105	53,483
	1,577,028	2,255,435	41,203	188,792
Inter-segment revenue (<i>is eliminated</i>)	(5,219)	(89,976)	(25,624)	(68,524)
Segment result	1,571,809	2,165,459	15,579	120,268
Unallocated expenses	-	-	-	-
	1,571,809	2,165,459	15,579	120,268

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

Turnover performance of the Fertilizers division for the year ended 31 December 2009 was 36.2% lower than that achieved in the same period last year. PBT was 80.1% lower than the corresponding performance reported in the same period last year. Major contributing factors are overall lower prices and softer customers demand.

Revenue for the Chemicals division for the year ended 31 December 2009 decreased by 28.8% against the same period last year while segment profit before tax including an extraordinary charge, contributed a loss of RM 15.4 million compared to a profit of RM 14.7 million in the same period last year. Excluding the extraordinary charge, the segment profit before tax would have been a profit of RM 1.9 million. Turnover declined due to contraction in overall sales volume and selling price. The division's loss was partly due to provisions for doubtful debts and the writedown of stock values in the early part of the year arising from falling product prices.

The Pharmaceuticals division recorded a 4.3% higher turnover for the period under review compared to the same period last year. In spite of the growth in sales which was due to higher sales in new government tender won during the year, profit before tax for the division was 6.3% lower than that achieved in the same period last year.

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 financial period ended 31 December 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 2009

	RM'000	
	At 31 Dec 2009	At 31 Dec 2008
Approved and contracted for	32,062	93,117
Approved but not contracted for	22,368	77,274
	<u>54,430</u>	<u>170,391</u>

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

B1 Review of Performance

The fourth quarter ended 31 December 2009 continued to reflect tougher business conditions affecting both the Fertilizers and Chemicals businesses in the current year compared to the previous year, contributing to a drop of 24.2% in Consolidated Group revenue of RM402.2 million compared to RM530.8 million the same period last year. Accordingly, consolidated Group loss before tax for the fourth quarter ended 31 December 2009 increased by RM8.5 million from RM1.7 million to RM10.2 million the same period last year.

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

Consolidated Group revenue decreased by 0.3% from the previous quarter. However, Consolidated Group gross profit was higher by 6.4%.

B3 Prospects for the next financial year.

Barring any significant slowdown in the domestic and global economies as well as import permit restriction on selected drugs, the Board of Directors expects the Group to achieve a favourable performance for 2010.

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:

	Quarter ended	Year-To-Date 2009
	RM'000	
Taxation		
In respect of profit for the year	(706)	11,312
Under/(Over) provision in respect of previous years	(38)	3,243
Transfer to/(from) deferred tax	1,276	(4,044)
	532	10,511

B6 Sale of Unquoted Investments and/or Properties

There was no sale of unquoted investments for the quarter under review and financial period to date. On 27 October 2009, the Group has entered into a Sale & Purchase Agreement for the sale of a vacant land located at Teluk Panglima Garang at a total consideration of RM28.96 million to a third party.

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 December 2009 were as follows:

	At 31 Dec 2009 RM'000	At 31 Dec 2008 RM'000
Short term borrowings		
Unsecured	429,387	187,120
Long term borrowings		
Unsecured	499,172	725,895

B10 Off Balance Sheet Financial Instruments

The Group did not have any financial instrument with off balance sheet risks as at 25 February 2010, 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 2010, 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)	(12,781)	(5,820)
Issued ordinary shares at beginning of the year ('000)	402,849	402,849
Effects of shares issued ('000)	27	27
Weighted average number of shares ('000)	402,876	402,876
Basic earnings per share (sen)	(3.17)	(1.44)
b) Diluted Earnings Per Share:-		
Profit after tax and minority shareholders' interests (RM'000)	(12,781)	(5,820)
After tax effect of notional interest savings (RM'000)	436	1,748
Adjusted profit after tax and minority shareholders' interests (RM'000)	(12,345)	(4,072)

Weighted average number of ordinary shares ('000)	402,876	402,876
Effect of warrants (B) ('000)	57,125	57,125
Weighted average number of ordinary shares - diluted ('000)	<u>460,001</u>	<u>460,001</u>
Diluted earnings per share (sen)	<u>(2.68)</u>	<u>(0.89)</u>

B13 Dividend

The Board of Directors has recommended a dividend of 8.0 sen tax exempt dividend (2008 : Final dividend of 1.8 sen per ordinary shares less tax at 25% and 4.85 sen tax exempt dividend) in respect of the current financial year ending 31 December 2009. 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
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	RM'mill	RM'mill	RM'mill	RM'mill
<u>Net operating profit after tax ("NOPAT") computation:</u>				
Earnings before interest and tax ("EBIT")	-1.9	7.5	46.3	141.2
Adjusted tax	0.5	(2.0)	(11.6)	(36.7)
NOPAT	-1.4	5.6	34.7	104.5
<u>Economic charge computation:</u>				
Average invested capital	1,639.7	1,417.3	1,639.7	1,417.3
Weighted average cost of capital ("WACC") (%)	5.14%	4.23%	5.14%	4.23%
Economic charge	21.1	15.0	84.3	59.9
Economic profit	(22.5)	(9.4)	(49.6)	44.6

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.

In the comparison of performance of the year ended 31 December 2009 against the corresponding period, the group recorded economic loss of RM49.6 million against economic profit of RM44.6 million for the period under review.

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 25 February 2010.

By Order of the Board

NOOR AZWAH SAMSUDIN (LS0006071)

Company Secretary

25 February 2010