

Statements of Cash Flows

for the year ended 31 December 2010

Amounts in RM'000 unless otherwise stated

	Note	Group		Company	
		2010	2009	2010	2009
Cash flows from operating activities					
Profit before tax		59,200	15,579	22,287	5,428
Adjustments for:					
Allowance for impairment of goodwill		5,500	17,480	–	–
Amortisation of prepaid lease payments		439	464	–	–
Change in fair value of investment properties		(3,361)	(2,300)	(52)	(2,300)
Depreciation of property, plant and equipment	3	44,206	42,702	1,222	1,312
Dividend income from subsidiaries		–	–	(21,441)	(24,785)
Gain on disposal of property, plant and equipment		(2,347)	(799)	(1,731)	–
Gain on disposal of asset held for sale		(3,804)	–	(1,522)	–
Gain on disposal of investment properties		(160)	–	(160)	–
Loss/(Gain) on revaluation of property, plant and equipment		8,955	(56)	–	–
Finance costs		34,654	33,890	28,404	26,288
Finance income		(3,267)	(2,444)	(32,719)	(14,777)
Impairment loss on asset held for sale		140	–	–	–
Share of profit of equity accounted investee, net of tax		(2,073)	(1,165)	–	–
Property, plant and equipment written off		809	52	–	280
Operating profit/(loss) before working capital		138,891	103,403	(5,712)	(8,554)
Changes in working capital:					
Inventories		69,380	146,565	–	–
Payables and accruals		(40,136)	(103,925)	(50,639)	46,748
Receivables, deposits and prepayments		19,165	215,594	72,321	87,669
Cash generated from operations		187,300	361,637	15,970	125,863
Finance costs paid		(34,654)	(33,890)	(28,404)	(26,288)
Finance income received		3,267	2,444	32,719	14,777
Income taxes paid		(19,017)	(29,262)	(1,234)	(772)
Net cash generated from operating activities		136,896	300,929	19,051	113,580
Cash flows from investing activities					
Acquisition of investment properties		–	–	(227)	(411)
Acquisition of other investment		(100)	–	–	–
Acquisition of property, plant and equipment	3	(87,770)	(105,539)	(8,861)	(1,001)
Acquisition of subsidiaries, net of cash and cash equivalent acquired	31	–	(119,285)	–	(119,285)
Dividends received from subsidiaries		–	–	20,407	20,185
Dividend received from associate		2,430	–	–	–
Increase in investment in subsidiaries		–	–	(605)	(850)
Proceeds from disposal of property, plant and equipment		3,325	4,016	1,737	–
Proceeds from disposal of asset held for sale		41,921	8,131	28,879	–
Proceeds from disposal of investment properties		8,506	–	8,506	–
Net cash (used in)/generated from investing activities		(31,688)	(212,677)	49,836	(101,362)

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for the year ended 31 December 2010

Amounts in RM'000 unless otherwise stated

	Note	Group		Company	
		2010	2009	2010	2009
Cash flows from financing activities					
Dividends paid to minority shareholders		(8,472)	(7,914)	–	–
Dividends paid to owners of the Company	25	(31,998)	(24,791)	(31,998)	(24,791)
Increase in deposits pledged with banks		(25)	(522)	–	–
Proceeds from loans and borrowings		–	450,000	–	50,000
Proceeds from exercise of warrants		2,441	135	2,441	135
Repayment of loans and borrowings		(87,349)	(436,434)	(75,000)	–
Net cash (used in)/generated from financing activities		(125,403)	(19,526)	(104,557)	25,344
Exchange difference on translation of the financial statements of foreign operations		4,987	2,611	–	–
Net (decrease)/increase in cash and cash equivalents		(15,208)	71,337	(35,670)	37,562
Cash and cash equivalents at 1 January	(i)	226,820	155,483	123,408	85,846
Cash and cash equivalents at 31 December	(i)	211,612	226,820	87,738	123,408

Cash and cash equivalents

(i) Cash and cash equivalents included in the statements of cash flow comprise the following statement of financial position amounts:

	Group		Company	
	2010	2009	2010	2009
Cash and bank balances	73,478	69,527	4,180	1,987
Deposits with licensed banks (excluding deposits pledged)	138,134	157,293	83,558	121,421
	211,612	226,820	87,738	123,408

The notes on pages 83 to 146 are an integral part of these financial statements.

Notes to the Financial Statements

Amounts in RM'000 unless otherwise stated

Chemical Company of Malaysia Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follows:

Principal place of business and registered office:

13th Floor, Menara PNB
201-A, Jalan Tun Razak
50400 Kuala Lumpur

The consolidated financial statements of the Company as at and for the year ended 31 December 2010 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in an associate. The financial statements of the Company as at and for the year ended 31 December 2010 do not include other entities.

Chemical Company of Malaysia Berhad is an investment holding and management company with subsidiaries engaged in the manufacturing and marketing of fertilizers, chemicals and pharmaceuticals products and services as stated in Note 7. There has been no significant change in the nature of these activities during the financial year.

The immediate and ultimate holding company is Permodalan Nasional Berhad ("PNB"), a company incorporated in Malaysia.

The financial statements were approved by the Board of Directors on 29 April 2011.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards ("FRSs"), accounting principles generally accepted and the Companies Act, 1965 in Malaysia.

The Group and the Company have not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and the Company:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132, *Financial Instruments: Presentation – Classification of Rights Issues*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distributions of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*