Directors' Report
for the year ended 31 December 2009

The Directors of Chemical Company of Malaysia Berhad present their forty-eighth annual report together with the audited financial statements of the Group and of the Company for the year ended 31 December 2009. This report and the financial statements will be presented to the shareholders at the Annual General Meeting to be held on 9 June 2010.

PRINCIPAL ACTIVITIES

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

RESULTS

	Group RM'000	Company RM'000
Profit attributable to:		
Shareholders of the Company	(5,820)	8,765
Minority interest	10,888	-
	5,068	8,765

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company paid a final ordinary dividend of 1.80 sen per ordinary share less tax at 25% totalling RM5,398,128.43 (1.35 sen net per ordinary share) and final tax exempt dividend of 4.85 sen per ordinary share totalling RM19,393,276.20, in respect of the financial year ended 31 December 2008 on 23 July 2009.

The final ordinary dividends recommended by the Directors in respect of the financial year ended 31 December 2009 is 8.0 sen per ordinary share, tax exempt dividend which if approved, will be paid on 9 July 2010 to shareholders registered at the close of business on 23 June 2010.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Tan Sri Ab. Rahman bin Omar, Chairman
Dato' Dr Mohamad Hashim bin Ahmad Tajudin, Group Managing Director
E. Sreesanthan
Dato' Kalsom binti Abdul Rahman
Abdul Rahim bin Abdul Hamid
Tan Sri Dato' Dr Abu Bakar bin Suleiman
Datuk Dr Saharan bin Haji Anang
Dato' Mohd Nizam bin Zainordin (appointed on 11.05.2009)
Datin Paduka Jamiah binti Abdul Hamid (resigned on 05.05.2009)
Dato' N. Sadasivan (resigned on 31.12.2009)

DIRECTORS' INTERESTS

The interest and deemed interests in the ordinary shares and options of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.50 each			
	At 1.1.2009	Bought	Sold	At 31.12.2009
Dato' Dr Mohamad Hashim bin Ahmad Tajudin				
Interest in CCM Duopharma Biotech Berhad				
- Own	15,000	-	-	15,000
Tan Sri Dato' Dr Abu Bakar bin Suleiman				
Interest in CCM Duopharma Biotech Berhad				
- Own	286,400	-	-	286,400
- Others*	11,000	2,000	-	13,000

* Zufar Suleiman and Halina Jael are the son and daughter of Tan Sri Dato' Dr Abu Bakar bin Suleiman, respectively. In accordance with Section 134(12)(c) of the Companies Act, 1965, the interests and deemed interests of Zufar Suleiman and Halina Jael in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) shall be treated as the interests of the Tan Sri Dato' Dr Abu Bakar bin Suleiman also.

None of the other Directors holding office at 31 December 2009 had any interest in the ordinary shares of the Company and of its related companies during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 96,516 ordinary shares of RM1 each at par for cash arising from conversion of 96,516 Warrants-B on the basis of one ordinary share at the price of RM1.36 per ordinary share for every warrant held.

There were no other changes in the authorised, issued and paid-up capital of the Company during the financial year. There were no debentures issued during the year.

OPTIONS GRANTED OVER UNISSUED SHARES/WARRANTS

No options were granted to any person to take up unissued shares or warrants of the Company during the financial year.

Warrants

On 27 December 2002, the Company issued RM200,000,000 nominal amount of 7-year 3% Fixed Rate Bonds ("Bonds") together with 88,040,592 detachable warrants (hereinafter termed "Warrants-B") at 100% of the nominal amount of the Bonds to AmMerchant Bank Berhad as primary subscriber.

On 13 January 2003, the primary subscriber offered for sale 88,040,592 Warrants-B at an offer price of RM0.4522 per warrant on a non-renounceable basis to the shareholders of the Company on the basis of one (1) warrant for every four (4) existing ordinary shares held.

These Warrants-B confer upon the registered holder the right to subscribe for one ordinary share ("New Share") of RM1.00 in the Company at an exercisable price of RM1.36 for each new ordinary share, subject to adjustments under certain circumstances in accordance with the Deed Poll dated 22 November 2002 commencing on the issue date and ending on the date falling 10 years from the issue date.

The Board of Directors of CCM has on 24 December 2009 fully redeemed the Bonds and fully settled the final interest payment for the Bonds in accordance with the terms and conditions of the Trust Deed dated 21 November 2002 relating to the issuance of the Bonds.

Pursuant to the terms and conditions of the Deed Poll dated 22 November 2002 constituting Warrants-B, Warrants-B may be exercised at any time within ten (10) years commencing on the issue date and ending on 26 December 2012.

TREASURY SHARES

There were no changes in treasury shares during the year.

OTHER STATUTORY INFORMATION

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts; and

ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent; or

ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading; or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

OTHER STATUTORY INFORMATION (CONT.)

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, except for allowance for doubtful debts of RM15,835,000, allowance for impairment loss on goodwill of RM17,480,000, write-down of inventories of RM9,584,000 and net foreign exchange gain of RM8,842,000 as disclosed in Note 21 to the financial statements, the result of the operations of the Group and of the Company for the financial year ended 31 December 2009 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

IMMEDIATE AND ULTIMATE HOLDING COMPANY

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

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Tan Sri Ab. Rahman bin Omar

Dato’ Dr Mohamad Hashim bin Ahmad Tajudin

Kuala Lumpur,

31 March 2010

Statement by Directors

Pursuant to Section 169 (15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 73 to 138 are drawn up in accordance with the Financial Reporting Standards and Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2009 and of their financial performance and cash flows for the year ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Tan Sri Ab. Rahman bin Omar

Dato' Dr Mohamad Hashim bin Ahmad Tajudin

Kuala Lumpur,

31 March 2010

Independent auditors' report

to the members of Chemical Company of Malaysia Berhad
(Company No. 5136-T)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Chemical Company of Malaysia Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 73 to 138.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2009 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in note 7 to the financial statements. We have also considered the unaudited financial statements of CCM Investment Limited.

c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

Mohamed Raslan Abdul Rahman
Approval Number: 1825/05/11(J/PH)
Chartered Accountant

Petaling Jaya,

31 March 2010

Balance Sheets
at 31 December 2009

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000 Restated
Assets					
Property, plant and equipment	3	**451,062**	388,540	**19,801**	20,392
Intangible assets	4	**314,636**	234,054	**63**	63
Prepaid lease payments	5	**122,961**	129,308	**-**	-
Investment properties	6	**47,667**	72,724	**135,667**	160,313
Investment in subsidiaries	7	**-**	-	**325,401**	205,408
Investment in associate	8	**8,361**	7,196	**-**	-
Other investments	9	**6,978**	7,073	**-**	-
Development expenditure	10	**-**	-	**-**	-
Deferred tax assets	11	**1,706**	4,324	**-**	-
Receivables	12	**-**	-	**760,436**	668,925
Total non-current assets		**953,371**	843,219	**1,241,368**	1,055,101
Receivables, deposits and prepayments	12	**370,131**	569,901	**24,021**	203,059
Inventories	13	**377,442**	514,455	**-**	-
Current tax assets		**62,187**	31,865	**42,725**	16,640
Assets classified as held for sale	14	**38,117**	8,131	**27,357**	-
Cash and cash equivalents	15	**227,342**	155,483	**123,408**	85,846
Total current assets		**1,075,219**	1,279,835	**217,511**	305,545
Total assets		**2,028,590**	2,123,054	**1,458,879**	1,360,646
Equity					
Share capital	16	**402,946**	402,849	**402,946**	402,849
Reserves	16	**33,134**	30,046	**17,272**	17,234
Retained earnings	16	**284,389**	314,621	**246,040**	262,066
Total equity attributable to equity holders of the Company		**720,469**	747,516	**666,258**	682,149
Minority interest		**115,660**	111,075	**-**	-
Total equity		**836,129**	858,591	**666,258**	682,149

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Liabilities					
Loans and borrowings	17	**460,890**	187,120	**450,000**	185,000
Deferred tax liabilities	11	**15,441**	33,468	**2,807**	18,109
Total non-current liabilities		**476,331**	220,588	**452,807**	203,109
Provisions	18	**667**	656	**-**	-
Payables and accruals	19	**206,736**	303,246	**97,498**	50,750
Current tax liabilities		**41,058**	14,078	**37,316**	4,638
Loans and borrowings	17	**467,669**	725,895	**205,000**	420,000
Total current liabilities		**716,130**	1,043,875	**339,814**	475,388
Total liabilities		**1,192,461**	1,264,463	**792,621**	678,497
Total equity and liabilities		**2,028,590**	2,123,054	**1,458,879**	1,360,646

The notes on pages 83 to 138 are an integral part of these financial statements.

Income Statements
for the year ended 31 December 2009

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000 Restated
Revenue	20	**1,571,809**	2,165,459	**29,834**	59,271
Cost of goods sold		**(1,366,436)**	(1,865,590)	**(1,069)**	(1,086)
Gross profit		**205,373**	299,869	**28,765**	58,185
Other income		**18,486**	6,703	**3,103**	6,282
Distribution expenses		**(41,245)**	(40,524)	**-**	-
Administrative expenses		**(82,920)**	(76,984)	**(8,492)**	(9,499)
Other expenses		**(53,834)**	(47,844)	**(6,437)**	(2,461)
Results from operating activities		**45,860**	141,220	**16,939**	52,507
Interest income		**2,444**	2,740	**14,777**	11,313
Finance costs		**(33,890)**	(25,658)	**(26,288)**	(14,775)
Operating profit	21	**14,414**	118,302	**5,428**	49,045
Share of profit after tax and minority interest of equity accounted associate		**1,165**	1,966	**-**	-
Profit before tax		**15,579**	120,268	**5,428**	49,045
Tax expense	23	**(10,511)**	(34,767)	**3,337**	(4,638)
Profit for the year		**5,068**	85,501	**8,765**	44,407
Attributable to:					
Equity holders of the Company		**(5,820)**	65,026	**8,765**	44,407
Minority interest		**10,888**	20,475	**-**	-
Profit for the year		**5,068**	85,501	**8,765**	44,407
Basic earnings per ordinary share (sen)	24	**(1.44)**	16.1		
Diluted earnings per ordinary share (sen)	24	**(0.89)**	14.5		

The notes on pages 83 to 138 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity
for the year ended 31 December 2009

		Attributable to equity			
		Non-distributable			
Group	Note	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Translation reserve RM'000
At 1 January 2008		402,563	20,129	73	(9,249)
Foreign exchange translation differences		-	-	-	(3,190)
Realisation of revaluation reserve on landed property		-	-	-	-
Net gains recognised directly in equity		-	-	-	(3,190)
Profit for the year		-	-	-	-
Total recognised income and expense for the year		-	-	-	(3,190)
Issue of shares:					
Conversion of warrants		286	92	-	-
Dividends to shareholders	25	-	-	-	-
Dividends to minority interest		-	-	-	-
Acquisition of subsidiary		-	-	-	-
At 31 December 2008		402,849	20,221	73	(12,439)

holders of the Company			Distributable			
Revaluation reserve RM'000	Other capital reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
25,418	2,982	(5,836)	302,476	738,556	99,856	838,412
-	-	-	-	(3,190)	-	(3,190)
(373)	-	-	373	-	-	-
(373)	-	-	373	(3,190)	-	(3,190)
-	-	-	65,026	65,026	20,475	85,501
(373)	-	-	65,399	61,836	20,475	82,311
-	-	-	-	378	11	389
-	-	-	(53,254)	(53,254)	-	(53,254)
-	-	-	-	-	(10,009)	(10,009)
-	-	-	-	-	742	742
25,045	2,982	(5,836)	314,621	747,516	111,075	858,591

Consolidated Statement of Changes in Equity (cont.)
for the year ended 31 December 2009

		Attributable to equity			
		Non-distributable			
Group (cont.)	Note	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Translation reserve RM'000
At 1 January 2009		402,849	20,221	73	(12,439)
Foreign exchange translation differences		-	-	-	3,485
Realisation of revaluation reserve on the disposal of property		-	-	-	-
Realisation of revaluation on landed property		-	-	-	-
Net gains recognised directly in equity		-	-	-	3,485
Profit for the year		-	-	-	-
Total recognised income and expense for the year		-	-	-	3,485
Issue of shares:					
Conversion of warrants		97	38	-	-
Dividends to shareholders	25	-	-	-	-
Dividends to minority interest		-	-	-	-
Acquisition of subsidiary	30	-	-	-	-
At 31 December 2009		402,946	20,259	73	(8,954)
		Note 16		Note 16	Note 16

holders of the Company			Distributable			
Revaluation reserve RM'000	Other capital reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
25,045	2,982	(5,836)	314,621	747,516	111,075	858,591
(56)	-	-	-	3,429	-	3,429
(6)	-	-	6	-	-	-
(373)	-	-	373	-	-	-
(435)	-	-	379	3,429	-	3,429
-	-	-	(5,820)	(5,820)	10,888	5,068
(435)	-	-	(5,441)	(2,391)	10,888	8,497
-	-	-	-	135	-	135
-	-	-	(24,791)	(24,791)	-	(24,791)
-	-	-	-	-	(7,914)	(7,914)
-	-	-	-	-	1,611	1,611
24,610	2,982	(5,836)	284,389	720,469	115,660	836,129
Note 16	Note 16	Note 16				

Statement of Changes in Equity

for the year ended 31 December 2009

Company	Note	← Non-distributable				→	Distributable	
		Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Revaluation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2008		402,563	20,118	73	2,776	(5,836)	270,913	690,607
Profit for the year		-	-	-	-	-	44,407	44,407
Issue of shares:								
Conversion of warrants		286	103	-	-	-	-	389
Dividends to shareholders	25	-	-	-	-	-	(53,254)	(53,254)
At 31 December 2008		402,849	20,221	73	2,776	(5,836)	262,066	682,149
At 1 January 2009		402,849	20,221	73	2,776	(5,836)	262,066	682,149
Profit for the year		-	-	-	-	-	8,765	8,765
Issue of shares:								
Conversion of warrants		97	38	-	-	-	-	135
Dividends to shareholders	25	-	-	-	-	-	(24,791)	(24,791)
At 31 December 2009		402,946	20,259	73	2,776	(5,836)	246,040	666,258

The notes on pages 83 to 138 are an integral part of these financial statements.

Cash Flow Statements

for the year ended 31 December 2009

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Cash flows from operating activities					
Profit before tax		**15,579**	120,268	**5,428**	49,045
Adjustments for:					
Allowance for impairment of goodwill		**17,480**	-	**-**	-
Amortisation of prepaid lease payments		**2,447**	2,370	**-**	-
Change in fair value of investment properties		**(2,300)**	(5,559)	**(2,300)**	(3,917)
Depreciation of property, plant and equipment	3	**40,719**	35,655	**1,312**	1,210
Dividend income		**-**	-	**(24,785)**	(53,681)
Gain on disposal of property, plant and equipment		**(799)**	-	**-**	-
Gain on revaluation reserve		**(56)**	-	**-**	-
Finance costs		**33,890**	25,658	**26,288**	14,775
Interest income		**(2,444)**	(2,740)	**(14,777)**	(11,313)
Loss on disposal of property, plant and equipment		**-**	1	**-**	-
Share of profit of equity accounted associate		**(1,165)**	(1,966)	**-**	-
Write-off of property, plant and equipment		**52**	11,883	**280**	-
Operating profit/(loss) before working capital		**103,403**	185,570	**(8,554)**	(3,881)
Changes in working capital:					
Inventories		**146,565**	(275,398)	**-**	-
Payables and accruals		**(103,925)**	136,154	**46,748**	13,187
Receivables, deposits and prepayments		**215,594**	(232,454)	**87,669**	(303,445)
Cash generated from/(used in) operations		**361,637**	(186,128)	**125,863**	(294,139)
Finance costs paid		**(33,890)**	(25,658)	**(26,288)**	(14,775)
Interest received		**2,444**	2,740	**14,777**	11,313
Income taxes paid		**(29,262)**	(47,405)	**(772)**	(3,588)
Net cash from/(used in) operating activities		**300,929**	(256,451)	**113,580**	(301,189)
Cash flows from investing activities					
Acquisition of prepaid lease payments		**(411)**	(8,699)	**-**	-
Acquisition of investment properties		**-**	(368)	**(411)**	(183)
Acquisition of property, plant and equipment	3	**(105,128)**	(128,860)	**(1,001)**	(2,513)
Acquisition of subsidiaries, net of cash and cash equivalent acquired	30	**(119,285)**	(33,734)	**(119,285)**	(43,033)
Dividends received from subsidiaries		**-**	-	**20,185**	53,681
Increase in investment in subsidiaries		**-**	-	**(850)**	-
Proceeds from disposal of property, plant and equipment		**4,016**	233	**-**	-
Proceeds from disposal of asset held for sale		**8,131**	-	**-**	-
Proceeds from disposal of commercial papers		**-**	92	**-**	92
Net cash (used in)/from investing activities		**(212,677)**	(171,336)	**(101,362)**	8,044

Cash Flow Statements (cont.)
for the year ended 31 December 2009

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Cash flows from financing activities					
Dividends paid to minority shareholders		**(7,914)**	(10,009)	**-**	-
Dividends paid to shareholders of the Company	25	**(24,791)**	(53,254)	**(24,791)**	(53,254)
Proceeds from loans and borrowings		**450,000**	643,015	**50,000**	335,000
Proceeds from exercise of warrants		**135**	389	**135**	389
Repayment of loans and borrowings		**(436,434)**	(190,361)	**-**	(20,000)
Deposits pledged with banks		**(522)**	-	**-**	-
Net cash (used in)/from financing activities		**(19,526)**	389,780	**25,344**	262,135
Exchange difference on translation of the financial statements of foreign operations		**2,611**	-	**-**	-
Net increase/(decrease) in cash and cash equivalents		**71,337**	(38,007)	**37,562**	(31,010)
Cash and cash equivalents at 1 January	(i)	**155,483**	193,490	**85,846**	116,856
Cash and cash equivalents at 31 December	(i)	**226,820**	155,483	**123,408**	85,846

Cash and cash equivalents

(i) Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Cash and bank balances	**69,527**	49,604	**1,987**	2,366
Deposits with licensed banks (excluding deposits pledged)	**157,293**	105,879	**121,421**	83,480
	226,820	155,483	**123,408**	85,846

The notes on pages 83 to 138 are an integral part of these financial statements.

Notes to the Financial Statements

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 are 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 2009 comprise the Company and its subsidiaries and the Group's interest in an associate. The financial statements of the Company as at and for the year ended 31 December 2009 do not include other entities.

Chemical Company of Malaysia Berhad is an investment holding and management company with subsidiaries and an associate company engaged in the manufacturing, marketing and supply 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 31st March 2010.

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 (FRS), accounting principles generally accepted and the Companies Act, 1965 in Malaysia.

The Group has 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:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2009
- FRS 8, *Operating Segments*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010
- FRS 4, *Insurance Contracts*
- FRS 7, *Financial Instruments: Disclosures*
- FRS 101, *Presentation of Financial Statements* (revised)
- FRS 123, *Borrowing Costs* (revised)
- FRS 139, *Financial Instruments: Recognition and Measurement*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards* and FRS 127, *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 2, *Share-based Payment: Vesting Conditions and Cancellations*
- Amendments to FRS 132, *Financial Instruments: Presentation and* FRS 101, *Presentation of Financial Statements*
  - *Puttable Financial Instruments and Obligation Arising on Liquidation*
  - *Separation of Compound Instruments*

1. BASIS OF PREPARATION (CONT.)

(a) Statement of compliance (cont.)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010 (cont.)

- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement,* FRS 7, Financial *Instruments: Disclosures and* IC Interpretation 9, *Reassessment of Embedded Derivatives*
- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement*
- Improvements to FRSs (2009)
- IC Interpretation 9, *Reassessment of Embedded Derivatives*
- IC Interpretation 10, *Interim Financial Reporting and Impairment*
- IC Interpretation 11, FRS 2 - *Group and Treasury Share Transactions*
- IC Interpretation 13, *Customer Loyalty Programmes*
- IC Interpretation 14, FRS 119 - *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*

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 15, *Agreements for the Construction of Real Estate*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distribution of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
- Amendments to FRS 7, *Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments*

The Group and the Company plans to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning 1 January 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, except for FRS 4, Amendments to FRS 2, IC Interpretation 10, IC Interpretation 13 and IC Interpretation 14 which are not applicable to the Company; and
- from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011, except for Amendments to FRS 2, IC Interpretation 12, IC Interpretation 15, IC Interpretation 16 and IC Interpretation 17 which are not applicable to the Company.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

1. BASIS OF PREPARATION (CONT.)

(a) Statement of compliance (cont.)

The impacts and disclosures as required by FRS 108.30(b), *Accounting Policies, Changes in Accounting Estimates and Errors,* in respect of applying FRS 7 and FRS 139 are not disclosed by virtue of the exemptions given in these respective FRSs.

Material impact of initial application of a standard, an amendment or an interpretation, which will be applied retrospectively, is disclosed below:

FRS 117, *Leases*

The amendments clarify the classification of lease of land and require entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease. Leasehold land which in substance is a finance lease will be reclassified to property, plant and equipment.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following assets and liabilities as explained in their respective accounting policy notes:

- Property, plant and equipment
- Investment properties
- Non-current assets held for sale

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 4 - measurement of the recoverable amounts of cash-generating units
- Note 2(f)(iii) and Note 6 - valuation of investment properties

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting. Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale.

(ii) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or included in a disposal group that is classified as held for sale. The consolidated financial statements include the Group's share of the profit or loss of the equity accounted associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest including any long-term investments is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investments in associates are stated in the Company's balance sheet at cost less impairment losses unless it is classified as held for sale.

(iii) Changes in Group composition

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statements.

When the group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(a) Basis of consolidation (cont.)

(iv) Minority interest

Minority interest at the balance sheet date, being the portion of the net identifiable assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group is presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and the equity holders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investments to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the dates of the transactions except for those that are measured at fair value, which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statement.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments, are translated to RM at exchange rates at the balance sheet date. The income and expenses of operations in functional currencies other than RM, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in translation reserve. On disposal, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(b) Foreign currency (cont.)

(iii) Net investment in foreign operations

Exchange differences arising from monetary items that in substance form part of the Company's net investment in foreign operations, are recognised in the Company's income statement. Such exchange differences are reclassified to equity in the consolidated financial statements. Deferred exchange differences are recognised in the consolidated income statement upon disposal of the investment.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost/valuation less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment under the revaluation model

The Group revalues its property comprising land and building every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to the income statement.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour and, for qualifying assets, borrowing costs are capitalised in accordance with the Group's accounting policy. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" respectively in the income statements. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(c) Property, plant and equipment (cont.)

(ii) Reclassification to investment property

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is remeasured to fair value and reclassified as investment property. Any gain or loss arising on remeasurement is recognised in the income statement.

(iii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

(iv) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leasehold assets were depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• Freehold building	50 years
• Long term leasehold building	10 years to 50 years
• Short term leasehold building	10 years to 50 years
• Plant, machinery and equipment	4 years to 13 years

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

(d) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assume substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between a finance expense and a reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(d) Leased assets (cont.)

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the Group's balance sheet. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments, except for leasehold land classified as investment property.

Certain leasehold land were revalued on 24 November 2005 and the Group has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provision in FRS 117.67A when it first adopted FRS 117, Leases in 2007.

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(e) Intangible assets

(i) Goodwill

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

For business acquisitions beginning from 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statement.

(ii) Marketing rights

Marketing rights acquired via a purchase consideration are carried at the original cost of purchase and amortised over the period that the rights subsist. Where such rights are continuing over an indefinite period, they are carried at cost and tested for impairment annually and whenever there is an indication that they may be impaired.

(iii) Brand names

Brand name is stated at cost less accumulated impairment losses, if any. Brand name has an indefinite uselife as it is maintained through continuous marketing and upgrading.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(e) Intangible assets (cont.)

(iv) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statements as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statements as an expense as incurred. Capitalised development expenditure is stated at cost less any accumulated amortisation and any impairment losses.

Capitalised development expenditure is amortised and recognised as an expense on a systematic basis so as to reflect the pattern in which the related economic benefits are recognised over years.

(v) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(vi) Amortisation

Goodwill and intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that they may be impaired.

(f) Investment property

(i) Investment property carried at fair value

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both. These include land held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are measured initially and subsequently at fair value with any change therein recognised in the income statement.

(ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statements. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through the income statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(f) Investment property (cont.)

(iii) Determination of fair value

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio every year, and at shorter intervals whenever the fair value of the properties is expected to differ materially.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, where appropriate: the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Group and the lessee; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.

Significant assumptions in arriving at the fair value of investment properties are disclosed in note 6.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on a weighted average cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In case of finished goods, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(h) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(i) Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less cost to sell.

Any impairment loss on a disposal group first is allocated to goodwill, and then to the remaining assets and liabilities on pro rata basis, except that no loss is allocated to assets which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statements. Gains are not recognised in excess of any cumulative impairment loss.

(j) Construction work in progress

Construction work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billing and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction work in progress is presented as part of receivables, deposits and prepayments in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as deferred income in the balance sheet.

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of pledged deposits.

(l) Impairment of assets

The carrying amount of assets, except for financial assets, inventories, deferred tax assets, assets arising from construction contracts and investment property that is measured at fair value and non-current assets classified as held for sale, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, their recoverable amount is estimated usually at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). Goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(l) Impairment of assets (cont.)

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment loss is also recognised in the income statement.

(m) Equity instruments

All equity instruments are stated at cost on initial recognition and are not re-measured subsequently.

(i) Issue expenses

Incremental costs directly attributable to the issue of equity instruments are recognised as a deduction from equity.

(ii) Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity and is not re-valued for subsequent changes in the fair value or market price of shares. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

Where treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

Where treasury shares are reissued by re-sale in the open market, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(n) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the loans and borrowings using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(o) Employee benefits

Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contribution to statutory pension funds are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligation.

(p) Provision

A provision is recognised if, as a result of past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(ii) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where the Group enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Group considers these to be insurance arrangements, and accounts for them as such. In this respect, the Group treats the guarantee contract as a contingent liability until such time as it becomes probable that the Group will be required to make a payment under the guarantee.

(q) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(r) Revenue recognition

(i) Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Services

Revenue from services rendered is recognised in the income statements in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed.

(iii) Construction contracts

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the income statements in proportion to the stage of completion of the contact. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the income statements.

(iv) Rental income

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(v) Dividend income

Dividend income is recognised when the right to receive payment is established.

(s) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statement using the effective interest method, in the period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(t) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(u) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(v) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3. PROPERTY, PLANT AND EQUIPMENT

Group Cost/Valuation	Freehold land RM'000	Freehold buildings RM'000	Long term leasehold buildings RM'000	Short term leasehold buildings RM'000	Plant, machinery and equipment RM'000	Under construction RM'000	Total RM'000
At 1 January 2008	32,985	37,060	53,371	367	479,517	58,684	661,984
Additions	480	4,929	174	-	102,466	20,811	128,860
Acquisition through business combination	-	-	4,902	-	2,357	-	7,259
Reclassification	-	464	54,765	-	10,404	(65,633)	-
Disposals	-	-	-	-	(1,460)	-	(1,460)
Write-off	-	-	-	-	(58,768)	-	(58,768)
At 31 December 2008/ 1 January 2009	33,465	42,453	113,212	367	534,516	13,862	737,875
Additions	1	3,699	1,358	619	62,208	37,243	105,128
Acquisition through business combination	-	-	-	-	4,557	-	4,557
Reclassification	-	2,388	-	-	31,088	(33,476)	-
Transfer to assets held for sale	(1,001)	-	(350)	-	(1,850)	-	(3,201)
Disposals	-	-	-	-	(19,337)	-	(19,337)
Write-off	-	-	-	-	(75)	-	(75)
At 31 December 2009	32,465	48,540	114,220	986	611,107	17,629	824,947
Depreciation							
At 1 January 2008	-	1,310	3,160	249	357,072	-	361,791
Depreciation for the year	-	1,186	2,563	26	31,880	-	35,655
Disposals	-	-	-	-	(1,226)	-	(1,226)
Write-off	-	-	-	-	(46,885)	-	(46,885)
At 31 December 2008/ 1 January 2009	-	2,496	5,723	275	340,841	-	349,335
Depreciation for the year	-	1,911	3,951	43	34,814	-	40,719
Transfer to assets held for sale	-	-	(26)	-	-	-	(26)
Disposals	-	-	-	-	(16,120)	-	(16,120)
Write-off	-	-	-	-	(23)	-	(23)
At 31 December 2009	-	4,407	9,648	318	359,512	-	373,885

3. PROPERTY, PLANT AND EQUIPMENT (CONT.)

Group	Freehold land RM'000	Freehold buildings RM'000	Long term leasehold buildings RM'000	Short term leasehold buildings RM'000	Plant, machinery and equipment RM'000	Under construction RM'000	Total RM'000
Carrying amounts							
At 1 January 2008	32,985	35,750	50,211	118	122,445	58,684	300,193
At 31 December 2008/ 1 January 2009	33,465	39,957	107,489	92	193,675	13,862	388,540
At 31 December 2009	32,465	44,133	104,572	668	251,595	17,629	451,062

Company	Freehold land RM'000	Freehold buildings RM'000	Plant, machinery and equipment RM'000	Total RM'000
Cost/Valuation				
At 1 January 2008	15,400	623	6,861	22,884
Additions	-	-	2,513	2,513
Disposals	-	-	(2)	(2)
At 31 December 2008/1 January 2009	15,400	623	9,372	25,395
Additions	-	-	1,001	1,001
Write-off	-	-	(600)	(600)
At 31 December 2009	15,400	623	9,773	25,796
Depreciation				
At 1 January 2008	-	24	3,771	3,795
Depreciation for the year	-	12	1,198	1,210
Disposals	-	-	(2)	(2)
At 31 December 2008/1 January 2009	-	36	4,967	5,003
Depreciation for the year	-	12	1,300	1,312
Write-off	-	-	(320)	(320)
At 31 December 2009	-	48	5,947	5,995

3. PROPERTY, PLANT AND EQUIPMENT (CONT.)

Company	Freehold land RM'000	Freehold buildings RM'000	Plant, machinery and equipment RM'000	Total RM'000
Carrying amounts				
At 1 January 2008	15,400	599	3,090	19,089
At 31 December 2008/1 January 2009	15,400	587	4,405	20,392
At 31 December 2009	15,400	575	3,826	19,801

Property, plant and equipment under construction

During the year ended 31 December 2009, the Group incurred the following:

(i) construction of a new building and installation of new plants and machinery for manufacturing of a wide range of fertilizers; costs incurred up to the balance sheet date totalled Nil (2008 - RM8,679,000).

(ii) installation of new plant and machinery for manufacturing of a wide range of pharmaceutical products; costs incurred up to the balance sheet date totalled RM17,629,000 (2008 - RM5,183,000).

Property, plant and equipment under the revaluation model

The Group's freehold land and buildings were revalued in November 2005 by independent professional qualified valuers using an open market value method.

Had the land and buildings been carried under the cost model, their carrying amounts would be as follow:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Freehold land and buildings	**74,639**	75,853	**2,928**	2,887

4. INTANGIBLE ASSETS

Group	Goodwill RM'000	Marketing rights RM'000	Trademark RM'000	Brands RM'000	Total RM'000
Cost					
At 1 January 2008	191,158	16,971	63	4,000	212,192
Acquisition through business combinations	21,480	-	-	-	21,480
Effect of movement in exchange rates	-	382	-	-	382
At 31 December 2008/1 January 2009	212,638	17,353	63	4,000	234,054
Acquisition through business combinations	98,292	-	-	-	98,292
Effect of movement in exchange rates	-	(230)	-	-	(230)
At 31 December 2009	310,930	17,123	63	4,000	332,116
Amortisation and impairment loss					
At 1 January 2008/ At 31 December 2008/1 January 2009	-	-	-	-	-
Allowance for impairment loss	(17,480)	-	-	-	(17,480)
At 31 December 2009	(17,480)	-	-	-	(17,480)
Carrying amounts					
At 1 January 2008	191,158	16,971	63	4,000	212,192
At 31 December 2008/1 January 2009	212,638	17,353	63	4,000	234,054
At 31 December 2009	293,450	17,123	63	4,000	314,636

Company	Trademark RM'000
Cost	
At 1 January 2008/ At 31 December 2008/1 January 2009/ At 31 December 2009	63
Amortisation and impairment losses	
At 1 January 2008/ At 31 December 2008/1 January 2009/ At 31 December 2009	-
Carrying amount	
At 1 January 2008/ At 31 December 2008/1 January 2009/ At 31 December 2009	63

4. INTANGIBLE ASSETS (CONT.)

4.1 Material intangible assets

Goodwill

The carrying amount of the goodwill of subsidiaries in the pharmaceutical and chemical segments, arising from acquisition through business combination, were assessed for impairment during the year.

Marketing rights

The carrying amount of marketing rights represents the sole and exclusive right to market and sell to the region of Asia, excluding Japan, all products developed by Synergy America, Inc., a company incorporated in the United States of America, in which the Group has interests. The products have yet to be fully commercialised at year-end, as such the Group has not amortised the products. The Group will amortise once the products are fully commercialised. The management made an assumption the marketing rights will be recovered through future commercial activity when the products are fully commercialised in the future.

Brands

The carrying amount of brands represents the acquisition of the brand name of the over-the-counter products. The Group has not amortised the brand as the Group is of the opinion that the brands are able to generate income in the near future based on the Group's projected cash flows. The Group has assessed the carrying amount for impairment during the year. It is reasonably anticipated that the brands will be recovered through future commercial activity.

4.2 Amortisation and impairment charge

Amortisation and impairment is allocated and recognised in the income statement as amortisation cost and impairment loss.

4.3 Impairment testing for cash-generating units containing goodwill and marketing rights

The recoverable amount of the goodwill arising from consolidations and marketing rights were based on value in use of the investment in the respective subsidiaries ("the subsidiaries") and the operations of the products related to the marketing rights, respectively. These calculations use pre-tax cash flow projections based on financial budgets approved by management.

The value in use was determined by discounting the future cash flows based on the following key assumptions:

a) Cash flows were projected based on past experience, actual operating results and 10 years projection. Management believes that these 10 years forecast period was justified due to the long term nature of the business.
b) Revenue was projected in accordance with the Group budget. The anticipated annual revenue growth included in the cash flow projection was 5 to 10 percent per annum.
c) The gross profit estimate for the marketing rights was based on statistical analysis on the Asian population.
d) A pre-tax discount rate of 5.5 percent was applied in determining the recoverable amount. The discount was estimated based on the Group weighted average cost of capital ("WACC").

The key assumptions represent the Group and the Company's assessment of future trends in the pharmaceutical and chemical industry and are based on both external and internal sources of historical data.

5. PREPAID LEASE PAYMENTS

Group	Unexpired period less than 50 years RM'000	Unexpired period more than 50 years RM'000	Total RM'000
Cost/Valuation			
At 1 January 2008	32,978	86,083	119,061
Additions	-	8,699	8,699
Acquisition through business combination	-	7,585	7,585
Effect of movements in exchange rates	(893)	-	(893)
At 31 December 2008/1 January 2009	32,085	102,367	134,452
Additions	-	411	411
Acquisition through business combination	-	2,075	2,075
Transfer to assets held for sale	-	(8,000)	(8,000)
Effect of movements in exchange rates	1,199	-	1,199
At 31 December 2009	33,284	96,853	130,137
Amortisation			
At 1 January 2008	1,392	1,382	2,774
Amortisation for the year	851	1,519	2,370
At 31 December 2008/1 January 2009	2,243	2,901	5,144
Transfer to assets held for sale	-	(415)	(415)
Amortisation for the year	911	1,536	2,447
At 31 December 2009	3,154	4,022	7,176
Carrying amounts			
At 1 January 2008	31,586	84,701	116,287
At 31 December 2008/1 January 2009	29,842	99,466	129,308
At 31 December 2009	30,130	92,831	122,961

6. INVESTMENT PROPERTIES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At 1 January	**72,724**	74,928	**160,313**	156,213
Additions	**-**	368	**411**	183
Transfer to assets held for sale	**(27,357)**	(8,131)	**(27,357)**	-
Change in fair value	**2,300**	5,559	**2,300**	3,917
At 31 December	**47,667**	72,724	**135,667**	160,313
Included in the above are:				
Freehold land	**24,963**	22,846	**27,432**	25,132
Leasehold land with unexpired lease period of less than 50 years	**3,200**	3,200	**-**	-
Leasehold land with unexpired lease period of more than 50 years	**17,845**	45,102	**93,702**	121,059
Buildings	**1,659**	1,576	**14,533**	14,122
At 31 December	**47,667**	72,724	**135,667**	160,313

All the investment properties are determined based on market values.

The fair value of the investment properties are determined by an external independent valuation company by reference to market indication of recent price of similar property within the adjacent location.

Investment properties of the Group and of the Company comprise a number of commercial properties that are leased to third party and subsidiaries.

The range of yields applied to the net annual rentals to determine fair value of property for which current prices in an active market are unavailable is as follows:

Malaysia	Yields
Office buildings, warehouses and factory	4.15% - 4.94%
Residential house	0.8%

7. INVESTMENT IN SUBSIDIARIES

	Company 2009 RM'000	Company 2008 RM'000
At cost:		
Unquoted shares	**329,601**	209,608
Less: Impairment loss	**(4,200)**	(4,200)
	325,401	205,408

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest 2009 %	Effective ownership interest 2008 %
CCM Fertilizers Sdn. Bhd. and its subsidiaries:	Malaysia	Manufacture and marketing of fertilizers	**50.1**	50.1
Max Agriculture Sdn. Bhd.	Malaysia	Dormant	**50.1**	50.1
CCMF Agronomic and Technical Services Sdn. Bhd.*	Malaysia	Dormant	**50.1**	50.1
CCM Chemicals Sdn. Bhd. and its subsidiaries:	Malaysia	Manufacture and marketing of chlor-alkali products and coagulant products and marketing of industrial and specialty chemicals	**80.0**	80.0
CCM Watercare Sdn. Bhd.	Malaysia	Marketing of water treatment products	**80.0**	80.0
CCM Singapore Pte. Ltd.*	Singapore	Marketing of chlor-alkali products and chemicals	**80.0**	80.0
CCM Chemtrans Sdn. Bhd.	Malaysia	Dormant	**80.0**	80.0
CCM Chemtrade Sdn. Bhd.	Malaysia	Dormant	**80.0**	80.0
PT CCM Indonesia*	Indonesia	Marketing of chemicals	**80.0**	80.0

7. INVESTMENT IN SUBSIDIARIES (CONT.)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest 2009 %	2008 %
CCM Pharma Sdn. Bhd.	Malaysia	Dormant	**100.0**	100.0
Innovax Sdn. Bhd.	Malaysia	Research and development of pharmaceutical products	**100.0**	100.0
Usaha Pharma (M) Sdn. Bhd.	Malaysia	Dormant	**100.0**	100.0
CCM Agriculture (Sabah) Sdn. Bhd.	Malaysia	Investment holding	**100.0**	100.0
CCM Agriculture Sdn. Bhd.	Malaysia	Manufacturing and marketing of fertilizers	**100.0**	100.0
CCM International Sdn. Bhd. and its subsidiaries:	Malaysia	Investment holding	**100.0**	100.0
CCM Pharmaceuticals (S) Pte. Ltd.*	Singapore	Distribution, wholesaler of medicinal and pharmaceutical products	**100.0**	100.0
P.T. CCM AgriPharma*	Indonesia	Importing and trading of fertilizers and pharmaceutical products	**100.0**	100.0
CCM Siam Ltd*	Thailand	Engage in the business of fertilizers, chemicals and pharmaceuticals	**100.0**	100.0
CCM Marketing Sdn. Bhd. and its subsidiaries:	Malaysia	Investment holding and trading and marketing of pharmaceutical products	**100.0**	100.0
CCM Duopharma Biotech Berhad and its subsidiary:	Malaysia	Investment holding	**73.7**	73.7
Duopharma (M) Sendirian Berhad	Malaysia	Manufacturing, distributing, importing and exporting of pharmaceutical products and medicines	**73.7**	73.7
Euphorex Corporation Sdn. Bhd.	Malaysia	Dormant	**100.0**	100.0

7. INVESTMENT IN SUBSIDIARIES (CONT.)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest 2009 %	2008 %
Liberal Wira Sdn. Bhd.	Malaysia	Dormant	**100.0**	100.0
Usaha Progresif Sdn. Bhd.	Malaysia	Dormant	**100.0**	100.0
Upha Pharmaceutical Manufacturing (M) Sdn. Bhd.	Malaysia	Manufacturing of pharmaceutical products and sales of medicines	**100.0**	100.0
CCM Pharmaceuticals Sdn. Bhd. and its subsidiaries:	Malaysia	Marketing of pharmaceutical and healthcare products	**100.0**	100.0
Ho Han Medical Company Sdn. Bhd.	Malaysia	Manufacture and marketing of pharmaceutical and healthcare products	**100.0**	100.0
Sentosa Pharmacy Sdn. Bhd.	Malaysia	Marketing of pharmaceutical and healthcare products	**100.0**	100.0
Unique Pharmacy (Ipoh) Sdn. Bhd.	Malaysia	Marketing of pharmaceutical and healthcare products	**100.0**	100.0
Unique Pharmacy (Penang) Sdn. Bhd.	Malaysia	Marketing of pharmaceutical and healthcare products	**100.0**	100.0
Negeri Pharmacy Sdn. Bhd.	Malaysia	Dormant	**100.0**	100.0
CCM Agri-Max Sdn. Bhd.	Malaysia	Marketing of wide range of fertilizers	**100.0**	100.0
CCM Usaha Kimia (M) Sdn. Bhd. and its subsidiary:	Malaysia	Marketing of chlor-alkali and chemical products	**100.0**	100.0
CCM Water Systems Sdn. Bhd.*	Malaysia	Designing, manufacturing, installing, commissioning and providing maintenance services for water purification and waste water treatment plant systems and sale of its related products.	**98.4**	95.7
CCM Investments Limited** and its subsidiary:	British Virgin Islands	Investment holding	**100.0**	100.0

7. INVESTMENT IN SUBSIDIARIES (CONT.)

Details of the subsidiaries are as follows: (cont.)

Name of subsidiaries	Note	Country of incorporation	Principal activities	Effective ownership interest 2009 %	Effective ownership interest 2008 %
CCM International (Philippines), Inc.*		Republic of Philippines	Distribution, importing and exporting of pharmaceutical, chemical and fertilizer products	**99.9**	99.9
Yayasan CCM (Limited by Guarantee)		Malaysia	To receive and administer funds for education and charitable purposes, all for the public welfare.	**100.0**	100.0
Innovative Polymer Systems Sdn. Bhd.	30	Malaysia	Manufacturing of hydrogel coating products.	**93.06**	-
Innovative Resins Sdn. Bhd.	30	Malaysia	Investment holding	**93.06**	-
Delta Polymer Systems Sdn. Bhd.	30	Malaysia	Manufacturing and trading of coating products.	**93.05**	-

* Not audited by KPMG

** Not required to be audited and consolidated based on unaudited financial statements

Pursuant to the Shareholders' Agreement between CCM, CCM Usaha Kimia (M) Sdn. Bhd., Mr Lai Wai Kun and Mr Aloysius Lai Min Yun dated 17 April 2008, the Company on 20 July 2009 had acquired 281,250 ordinary shares of RM1.00 each in CCM Water Systems Sdn. Bhd. from Mr Lai Wai Kun for RM1,125,294.00 satisfied in cash.

8. INVESTMENT IN ASSOCIATE

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
At cost:				
Unquoted shares	**1,408**	1,408	**-**	-
Share of post acquisition reserves	**6,953**	5,788	**-**	-
	8,361	7,196	**-**	-

8. INVESTMENT IN ASSOCIATE (CONT.)

Group	Country of incorporation	Effective ownership interest	Revenue (100%) RM'000	Profit/ (Loss) (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
2009						
Orica-CCM Energy Systems Sdn. Bhd.	Malaysia	45.0%	31,642	2,588	23,209	4,911
2008						
Orica-CCM Energy Systems Sdn. Bhd.	Malaysia	45.0%	29,968	5,905	23,370	7,537

9. OTHER INVESTMENTS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Non-current				
At cost:				
Quoted shares - outside Malaysia	**6,978**	7,073	**-**	-
Market value:				
Quoted shares - outside Malaysia	**33,101**	25,894	**-**	-

Details of disposed investments stated at cost are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Proceeds from disposal	**-**	92	**-**	92
Carrying amount of investments disposed	**-**	(92)	**-**	(92)
Gain on disposal of investments	**-**	-	**-**	-

10. DEVELOPMENT EXPENDITURE

	Group and Company	
	2009 RM'000	2008 RM'000
Cost		
At 1 January/31 December	**5,239**	5,239
Accumulated amortisation		
At 1 January/31 December	**5,239**	5,239
Carrying amount		
At 31 December	**-**	-

11. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Group						
Property, plant and equipment	**-**	-	**24,264**	27,700	**24,264**	27,700
Provisions	**(5,347)**	(3,123)	**11**	9,571	**(5,336)**	6,448
Other temporary difference	**(3,825)**	(2,533)	**463**	1,311	**(3,362)**	(1,222)
Tax loss carried forward	**(1,831)**	(1,206)	**-**	(2,576)	**(1,831)**	(3,782)
Tax (assets)/liabilities	**(11,003)**	(6,862)	**24,738**	36,006	**13,735**	29,144
Set off	**9,297**	2,538	**(9,297)**	(2,538)	**-**	-
Net tax (assets)/liabilities	**(1,706)**	(4,324)	**15,441**	33,468	**13,735**	29,144
Company						
Property, plant and equipment	**2,807**	-	**-**	3,109	**2,807**	3,109
Provisions	**-**	(392)	**-**	-	**-**	(392)
Other temporary difference	**-**	-	**-**	15,392	**-**	15,392
Net tax (assets)/liabilities	**2,807**	(392)	**-**	18,501	**2,807**	18,109

11. DEFERRED TAX ASSETS AND LIABILITIES (CONT.)

Unrecognised deferred tax assets

Deferred tax assets and liabilities have not been recognised in respect of the following items:

	Group 2009 RM'000	Group 2008 RM'000
Tax losses carried forward	**(16,276)**	(15,068)
Other deductible temporary differences	**3,895**	4,145
	(12,381)	(10,923)

The deductible temporary differences do not expire under current tax legislation unless there is a substantial change in shareholders (more than 50% - applicable for dormant subsidiaries only). If there is substantial change in shareholders (more than 50% - applicable for dormant subsidiaries only), unutilised tax losses carried forward and unutilised capital allowances carried forward amounting to RM16,276,000 and RM300,000 will not be available to the Group. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

Movement in temporary differences during the year

	At 1.1.2008 RM'000	Recognised in income statement (Note 23) RM'000	At 31.12.2008 RM'000	Recognised in income statement (Note 23) RM'000	At 31.12.2009 RM'000
Group					
Property, plant and equipment	39,220	(11,520)	27,700	(3,436)	24,264
Provisions	(2,662)	9,110	6,448	(11,784)	(5,336)
Other items	868	(2,090)	(1,222)	(2,140)	(3,362)
Tax loss carried-forward	(1,087)	(2,695)	(3,782)	1,951	(1,831)
	36,339	(7,195)	29,144	(15,409)	13,735
Company					
Property, plant and equipment	17,261	(14,152)	3,109	(302)	2,807
Provisions	(577)	185	(392)	392	-
Other items	1,425	13,967	15,392	(15,392)	-
	18,109	-	18,109	(15,302)	2,807

11. DEFERRED TAX ASSETS AND LIABILITIES (CONT.)

Movements in unrecognised deferred tax assets during the year

Group	At 1.1.2008 RM'000	Additions RM'000	At 31.12.2008 RM'000	Additions RM'000	At 31.12.2009 RM'000
Tax losses carried forward	(24,060)	8,992	(15,068)	(1,208)	(16,276)
Other deductible temporary differences	(4,770)	8,915	4,145	(250)	3,895
	(28,830)	17,907	(10,923)	(1,458)	(12,381)

12. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000 Restated
Current					
Trade					
Trade receivables	a	**353,641**	417,296	**-**	-
Less: Allowance for doubtful debts	b	**(23,909)**	(8,950)	**-**	-
		329,732	408,346	**-**	-
Progress billings receivables	c	**3,344**	7,717	**-**	-
Amount due from associate	d	**-**	36	**-**	36
		333,076	416,099	**-**	36
Non-trade					
Amount due from subsidiaries	e	**-**	-	**21,850**	79,543
Amount due from associate	e	**136**	114	**17**	-
Deposits		**2,881**	2,250	**234**	123,328
Other receivables		**18,318**	146,331	**340**	72
Prepayments		**15,720**	5,107	**1,580**	80
		37,055	153,802	**24,021**	203,023
Total current		**370,131**	569,901	**24,021**	203,059
Non-current					
Non-trade					
Amount due from subsidiaries	e	**-**	-	**760,436**	668,925
Total non-current		**-**	-	**760,436**	668,925

12. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT.)

Note a

Analysis of foreign currency exposure for significant receivables

Significant receivables outstanding at year end that are not in the functional currencies of the Group entities are as follows:

Functional currency	Foreign currency	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
RM	USD	**31,402**	45,199	**-**	-
RM	SGD	**5,224**	13,079	**-**	-
RM	HKD	**600**	389	**-**	-
RM	INR	**119**	260	**-**	-
RM	BHT	**-**	1,449	**-**	-
BHT	USD	**552**	2,015	**-**	-
BHT	RM	**4,219**	1,452	**-**	-

Note b

The Group's bad debts amounting to RM673,000 (2008 : RM3,928,000) were written off against allowance for doubtful debts.

Note c

Construction work in progress

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Aggregate costs incurred to date		**67,997**	83,883	**-**	-
Add: Attributable profits less foreseeable loss		**2,399**	7,365	**-**	-
		70,396	91,248	**-**	-
Less: Progress billings		**(69,482)**	(84,301)	**-**	-
		914	6,947	**-**	-
Amount due from contract customers		**3,344**	7,717	**-**	-
Amount due to contract customers	19	**(2,430)**	(770)	**-**	-
		914	6,947	**-**	-

Note d

The trade receivables due from associate is subject to normal trade terms.

12. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT.)

Note e

The non-trade receivables due from subsidiaries and associate are unsecured and interest bearing ranging from 4.19% to 4.30% (2008: 4.08% to 4.77%) and repayable on demand.

13. INVENTORIES

	Group	
	2009 RM'000	2008 RM'000
Raw materials	**79,878**	73,147
Work-in-progress	**8,799**	5,505
Finished goods	**250,922**	420,044
Spares and consumables	**37,843**	15,759
	377,442	514,455

In 2009, the write-down of inventories to net realisable value amounted to RM9,584,000 (2008 : RM57,655,000) and write-off of inventories amounted to RM2,620,000 (2008 : RM8,473,000). The write-down and write-off are included in cost of sales.

14. ASSETS CLASSIFIED AS HELD FOR SALE

	Group	
	2009 RM'000	2008 RM'000
Reclassified from property, plant and equipment, prepaid lease payment and investment properties	**38,117**	8,131

	Company	
	2009 RM'000	2008 RM'000
Reclassified from investment properties	**27,357**	-

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash and bank balances	**69,527**	49,604	**1,987**	2,366
Deposits are placed with licensed banks	**157,815**	105,879	**121,421**	83,480
	227,342	155,483	**123,408**	85,846

Included in deposits placed with licensed banks is RM522,000 (2008: Nil) pledged for a bank facility granted to a subsidiary.

16. CAPITAL AND RESERVES

Share capital

	Group and Company			
	Amount 2009	Number of shares 2009 '000	Amount 2008	Number of shares 2008 '000
Authorised:				
Ordinary shares of RM1 each	**800,000**	**800,000**	800,000	800,000
Issued and fully paid:				
Ordinary shares of RM1 each				
On issue at 1 January	**402,849**	**402,849**	402,563	402,563
Conversion of warrants	**97**	**97**	286	286
On issue at 31 December	**402,946**	**402,946**	402,849	402,849

Capital reserve

The capital reserve comprises the equity portion of financial instruments issued.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Revaluation reserve

The revaluation reserve relates to the revaluation of property prior to its classification as investment property.

16. CAPITAL AND RESERVES (CONT.)

Treasury shares

The shareholders of the Company, by a special resolution passed in a general meeting held on 23 April 1998, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

There were no repurchase of its issued and paid up shares since 2003. At 31 December 2009, the Group held 2,998,000 (2008 - 2,998,000) of the Company's shares.

Section 108 tax credit of the Company

The Finance Act 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 December 2007 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

Subject to agreement by the Inland Revenue Board, the Company has moved into the single tier dividend system as all its Section 108 tax credit has been fully utilised. As such, all its distributable reserves at 31 December 2009 are available to be paid out as dividends.

17. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's and the Company's interest-bearing loans and borrowings. For more information about the Group's and the Company's exposure to interest rate and foreign currency risk, see Note 27.

		Group		Company	
		2009	2008	2009	2008
	Note	RM'000	RM'000	RM'000	RM'000
Non-current					
Unsecured term loan		**-**	35,000	**-**	35,000
Secured term loan		**1,715**	2,120	**-**	-
Unsecured musyarakah medium term notes	b	**150,000**	150,000	**150,000**	150,000
Unsecured 3-years term loan	c	**300,000**	-	**300,000**	-
Unsecured non-revolving credit	e	**9,175**	-	**-**	-
		460,890	187,120	**450,000**	185,000
Current					
Unsecured bank overdrafts		**12,062**	10,302	**-**	-
Unsecured bankers' acceptances		**140,337**	202,939	**-**	-
Unsecured revolving credits	d	**266,558**	205,000	**170,000**	185,000
Unsecured term loan		**42,461**	107,654	**35,000**	35,000
Unsecured bond issues	a	**-**	200,000	**-**	200,000
Unsecured non-revolving credit	e	**6,251**	-	**-**	-
		467,669	725,895	**205,000**	420,000

17. LOANS AND BORROWINGS (CONT.)

Note a - RM200 Million Nominal Amount 7 Year 3% Fixed Rate Bonds

On 24 December 2009, the Company has settled the final interest payment and has fully redeemed its RM200 million 7 year bonds in accordance with the terms of the Bond's Trust Deed dated 21 November 2002.

Note b - Unsecured Musyarakah Medium Term Notes

On 28 November 2008, the Company issued RM150,000,000 nominal amount of 3 year fixed rate Musyarakah Medium Term Notes (MMTN) at 5.95%. Some of the significant covenants of the MMTN:-

<u>Financial Covenants</u>
The Company shall maintain the following ratios throughout the tenure of the MMTN.

i) The Finance to Equity Ratio of not more than 1.5 times.
ii) The Profit/Interest Cover Ratio of at least 2 times.

<u>Negative Covenants</u>
The Company will not without written consent from of the Trustee first had and obtained for the followings:-

i) Create or permit to subsist any Security Interest over any of its present of future assets, other than those permitted by the financing document and trust deed.

ii) Reduce its authorized and/or issued shares save and except for any decrease in its issued capital resulting from purchase or cancellation of its own shares pursuant to Section 67A of the Companies Act 1965.

iii) Add, delete, vary or amend its Memorandum or Articles of Association in a manner inconsistent of the Financing Document other than those permitted by the financing document and trust deed.

iv) Dispose any assets in excess of 5% of the Group's net assets (as reflected in the latest consolidated annual audited financial statements) in any financial year other than those permitted by the financing document and trust deed.

v) Not to manage and conduct business affairs of the Group in a manner consistent with the provisions and conditions of the financing document and trust deed.

Note c – Unsecured 3-years term loan

On 19 August 2009, the Company has entered into a RM300 million, 3 years unsecured term loan with Bank of Tokyo-Mitsubishi USJ (Malaysia) Berhad at the rate of 3.92% (for first RM100million) and 3.95% (for balance RM200million).

<u>Significant covenant</u>
The Term Loan is subject to fulfilment of the following covenants:

i) the consolidated Total Indebtedness to Consolidated Networth Ratio shall not be exceeding 1.5 times.
ii) the consolidated Networth shall not be less than RM750 million.
iii) the interest Coverage Ratio of not less than 2 times.

17. LOANS AND BORROWINGS (CONT.)

Note d - Unsecured Revolving Credit Facility with AmBank (M) Berhad

On 22 July 2009, the Company has issued an unsecured RM80 million 1 year Revolving Credit (RC) Facility with AmBank (M) Berhad at the rate of 3.32%.

Significant conditions
The RC is subject to fulfilment of the following covenants:

i) the borrower shall maintain a gearing ratio of not more than 1.5 times during the tenure of the facility.

ii) the borrower shall maintain at least 2.0 times Earning Before Interest Income Tax and Depreciation during the tenure of the facility.

Note e - Unsecured non-revolving loan

On 10 July 2009, a subsidiary has received an unsecured non-revolving loan facility of RM25 million from The Bank of Nova Scotia Berhad. During the year, the subsidiary has utilised RM15,426,000 (2008:Nil) of the said loan.

Significant covenants
The unsecured non-revolving loan is subject to fulfilment of the following significant covenants:

i) not to pledge any of its assets, present and future, without the prior written consent of the Bank;

ii) remain a subsidiary of Chemical Company of Malaysia Berhad;

iii cross default to other indebtness of the Company and its subsidiaries;

iv) the total liabilities to tangible net worth ratio does not exceed 1.75; and

v) the debt service cover ratio is at least 2.0 times.

17. LOANS AND BORROWINGS (CONT.)

Terms and debt repayment schedule

Group 2009	Year of maturity	Carrying amount RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Unsecured 3-years term loan	2012	300,000	-	-	300,000	-
Unsecured Musyarakah medium term note	2011	150,000	-	150,000	-	-
Secured term loan	2013	1,715	-	-	1,715	-
Unsecured term loan	2010	42,461	42,461	-	-	-
Unsecured bank overdrafts	2010	12,062	12,062	-	-	-
Unsecured bankers' acceptance	2010	140,337	140,337	-	-	-
Unsecured revolving credits	2010	266,558	266,558	-	-	-
Unsecured non-revolving loan	2013	15,426	6,251	8,334	841	-
		928,559	467,669	158,334	302,556	-

2008	Year of maturity	Carrying amount RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Unsecured Musyarakah medium term note	2011	150,000	-	-	150,000	-
Unsecured term loan	2010	142,654	107,654	35,000	-	-
Secured term loan	2013	2,120	-	-	2,120	-
Unsecured bond issues	2009	200,000	200,000	-	-	-
Unsecured bank overdrafts	2009	10,302	10,302	-	-	-
Unsecured bankers' acceptance	2009	202,939	202,939	-	-	-
Unsecured revolving credits	2009	205,000	205,000	-	-	-
		913,015	725,895	35,000	152,120	-

17. LOANS AND BORROWINGS (CONT.)

Terms and debt repayment schedule

Company 2009	Year of maturity	Carrying amount RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Unsecured 3-years term loan	2012	300,000	-	-	300,000	-
Unsecured Musyarakah medium term notes	2011	150,000	-	150,000	-	-
Unsecured term loan	2010	35,000	35,000	-	-	-
Unsecured revolving credit	2010	170,000	170,000	-	-	-
		655,000	205,000	150,000	300,000	-
2008						
Unsecured term loan	2010	70,000	35,000	35,000	-	-
Unsecured bond issues	2009	200,000	200,000	-	-	-
Unsecured revolving credit	2009	185,000	185,000	-	-	-
Unsecured Musyarakah medium term notes	2011	150,000	-	-	150,000	-
		605,000	420,000	35,000	150,000	-

18. PROVISIONS

Warranties	Group 2009 RM'000	2008 RM'000
At 1 January 2009	**656**	24
Provision made during the year	**200**	1,226
Provision used during the year	**(189)**	(594)
At 31 December 2009	**667**	656

The provision of warranties relates to pharmaceutical products sold. The provision is based on estimates made from historical warranty data associated with similar products. The Group expects to incur the liability over the next 2 years.

19. PAYABLES AND ACCRUALS

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Trade					
Trade payables	a	**125,035**	231,211	**-**	-
Amount due to contract customers	12(c)	**2,430**	770	**-**	-
		127,465	231,981	**-**	-
Non-trade					
Accrued expenses		**36,801**	28,105	**9,026**	8,393
Amount due to subsidiaries	b	**-**	-	**88,472**	42,281
Other payables		**42,470**	43,160	**-**	76
		79,271	71,265	**97,498**	50,750
		206,736	303,246	**97,498**	50,750

Note a

Analysis of foreign currency exposure for significant payables

Significant payables that are not in the functional currencies of the Group entities are as follows:

Functional currency	Foreign currency	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
RM	USD	**28,946**	81,016	**-**	-
RM	SGD	**777**	98	**-**	-
RM	AUD	**15**	17	**-**	-
RM	INR	**-**	111	**-**	-
RM	Euro	**131**	4,609	**-**	-
RM	GBP	**306**	135	**-**	-
SGD	USD	**-**	929	**-**	-
BHT	USD	**1,939**	857	**-**	-
BHT	RM	**3,888**	2,514	**-**	-

Note b

The non-trade payables due to subsidiaries are unsecured, interest bearing ranging from 1.95% to 2.35% (2008 : 3.1% - 3.47%) and repayable on demand.

20. REVENUE

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000 Restated
Sales	**1,547,521**	2,098,953	**-**	-
Construction contracts	**8,850**	34,690	**-**	-
Services	**10,389**	30,958	**-**	-
Rental income from investment properties	**5,049**	858	**5,049**	4,530
Dividends	**-**	-	**24,785**	53,681
	1,571,809	2,165,459	**29,834**	58,211

21. OPERATING PROFIT

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Operating profit is arrived at after charging:				
Allowance for doubtful debts	**15,835**	1,750	**-**	-
Allowance for impairment loss on goodwill	**17,480**	-	**-**	-
Amortisation of prepaid lease payments	**2,447**	2,370	**-**	-
Auditors' remuneration				
- Statutory Audit				
Auditor of the Company	**430**	352	**50**	50
Other auditors	**34**	39	**-**	-
- Other services by auditor of the Company	**376**	341	**369**	341
Bad debts written off	**216**	248	**-**	-
Depreciation of property, plant and equipment	**40,719**	35,655	**1,312**	1,210
Loss on disposal of property, plant and equipment	**643**	1	**-**	-
Inter-company advances written off	**-**	900	**-**	900
Interest expense:				
- Subsidiaries	**-**	-	**374**	662
- Bank overdraft	**810**	824	**150**	184
- Revolving credits	**7,417**	5,341	**6,748**	4,100
- Bankers' acceptances	**4,269**	6,234	**-**	-
- Bond issues	**5,901**	6,000	**5,901**	6,000
- Term loans	**2,779**	3,660	**2,610**	3,660
- Unsecured 3-years term loan	**10,505**	-	**10,505**	-
- Other borrowings	**2,209**	3,599	**-**	169
Loss on damaged goods	**60**	22	**-**	-
Property, plant and equipment written off	**52**	11,883	**280**	-
Rental expenses on property leases	**8,691**	8,897	**1,035**	1,035
Rental expenses on equipment	**41**	142	**-**	-

21. OPERATING PROFIT (CONT.)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Operating profit is arrived at after charging: (cont.)				
Research and development costs expensed as incurred	**5,012**	4,271	**-**	-
Personnel expenses (including key management personnel)				
- Contribution to Employees Provident Fund	**11,142**	10,805	**1,519**	1,137
- Wages, salaries and others	**83,270**	87,734	**7,950**	7,901
Write-down of inventories	**9,584**	57,655	**-**	-
Write-off of inventories	**2,620**	8,473	**-**	-
Net foreign exchange loss	**749**	5,451	**-**	-
and after crediting:				
Allowance for doubtful debts written back	**203**	884	**-**	-
Change in fair value of investment properties	**2,300**	5,559	**2,300**	3,917
Gain on disposal of property, plant and equipment	**1,442**	58	**-**	-
Interest income:				
- Subsidiaries	**-**	-	**12,982**	9,174
- Associate	**4**	4	**-**	-
- Fixed deposits	**2,300**	2,294	**1,795**	2,139
- Others	**140**	442	**-**	-
Net foreign exchange gain	**8,842**	84	**-**	-
Rental income from property subleases	**555**	-	**-**	-

22. KEY MANAGEMENT PERSONNEL COMPENSATION

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Director				
- Fees	**645**	616	**550**	522
- Remuneration	**1,090**	1,199	**1,090**	1,199
Other short term employee benefits (including estimated monetary value of benefits-in-kind)	**180**	191	**180**	191
	1,915	2,006	**1,820**	1,912
Other key management personnel:				
- Remuneration	**1,277**	809	**1,277**	809
Other short term employee benefits (including estimated monetary value of benefits-in-kind)	**42**	32	**42**	32
	1,319	841	**1,319**	841

22. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT.)

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

Other key management personnel comprises of certain members of senior management of Group entities, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

23. TAX EXPENSE

Recognised in the income statement

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Tax expense		**10,511**	34,767	**(3,337)**	4,638
Share of tax of equity accounted associate		**415**	691	**-**	-
Total tax expense		**10,926**	35,458	**(3,337)**	4,638

Major components of tax expense include:

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Current tax expense					
Malaysian - current year		**18,661**	41,449	**8,995**	4,638
- prior year		**1,529**	513	**2,970**	-
Overseas - current year		**1,772**	-	**-**	-
- prior year		**3,958**	-	**-**	-
Total current tax expense		**25,920**	41,962	**11,965**	4,638
Deferred tax expense					
Origination and reversal of temporary differences		**(2,507)**	(7,103)	**(3,336)**	-
Overprovision in prior years		**(12,902)**	(92)	**(11,966)**	-
Total deferred tax expense	11	**(15,409)**	(7,195)	**(15,302)**	-
Share of tax of equity accounted associate		**415**	691	**-**	-
Total tax expense		**10,926**	35,458	**(3,337)**	4,638

23. TAX EXPENSE (CONT.)

Reconciliation of effective tax rate

	Group		Company	
	2009	**2008**	**2009**	**2008**
	%	**%**	**%**	**%**
Profit before tax	**100**	100	**100**	100
Tax at Malaysian tax rate of 25% (2008 : 26%)	**25**	26	**25**	26
Non-deductible expenses	**113**	3	**81**	-
Non-taxable income	**(2)**	-	**-**	(4)
Tax exempt income	**(23)**	-	**-**	(13)
Overprovision in prior years	**(48)**	-	**(167)**	-
Change in unrecognised temporary differences	**2**	-	**-**	-
	67	29	**(61)**	9

The corporate tax rates are 26% for year of assessment 2008, 25% for year of assessment 2009 and for the subsequent years of assessment. Consequently, deferred tax assets and liabilities are measured using these tax rates.

24. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2009 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2009	**2008**
	RM'000	**RM'000**
(Loss)/Profit for the year attributable to ordinary shareholders	**(5,820)**	65,026

Weighted average number of ordinary shares

	Group	
	2009	**2008**
	RM'000	**RM'000**
Issued ordinary shares at 1 January	**402,849**	402,563
Effect of ordinary shares issued in 2009/2008	**27**	172
Weighted average number of ordinary shares at 31 December	**402,876**	402,735

24. EARNINGS PER ORDINARY SHARE (CONT.)

Basic earnings per ordinary share (cont.)

	Group	
	2009	**2008**
	Sen	**Sen**
Basic earnings per ordinary share	**(1.44)**	16.1

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 December 2009 was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	Group	
	2009	**2008**
	RM'000	**RM'000**
(Loss)/Profit for the year attributable to ordinary shareholders	**(5,820)**	65,026
Interest expense on convertible warrants, net of tax	**1,748**	1,728
(Loss)/Profit attributable to ordinary shareholders (diluted)	**(4,072)**	66,754

Weighted average number of ordinary shares diluted

	Group	
	2009	**2008**
	RM'000	**RM'000**
Weighted average number of ordinary shares at 31 December	**402,876**	402,735
Effect of conversion of warrants	**57,123**	57,220
Weighted average number of ordinary shares (diluted) at 31 December	**459,999**	459,955

24. EARNINGS PER ORDINARY SHARE (CONT.)

Diluted earnings per ordinary share (cont.)

The average market value of the Company's shares for purpose of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

	Group 2009 Sen	Group 2008 Sen
Diluted earnings per ordinary share	**(0.89)**	14.5

25. DIVIDENDS

Dividends recognised in the current year by the Company are:

2009	Sen per share (net of tax)	Total amount	Date of payment
Final 2008 ordinary	6.20	24,791	23 July 2009
2008			
Interim 2008 ordinary	5.9	23,671	5 November 2008
Final 2007 ordinary	7.4	29,583	20 June 2008
Total amount		53,254	

25. DIVIDENDS (CONT.)

After the balance sheet date, the following dividends were proposed by the Directors. These dividends will be recognised in subsequent financial period upon approval by the shareholders.

	Sen per share
Final ordinary (tax exempt)	8.00

26. SEGMENT REPORTING

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments and related revenue, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

Inter-segment pricing is determined on an arm's length basis.

Business segments

The Group comprises the following main business segments:

Fertilizers	Manufacture and marketing of fertilizers
Chemicals	Manufacture and marketing of chlor-alkali and coagulant products, industrial and specialty chemicals and providing maintenance services for water purification and waste water treatment plant systems and sale of its related products.
Pharmaceuticals	Manufacture and marketing of pharmaceutical and healthcare products.
Others	Investment holding

26. SEGMENT REPORTING (CONT.)

Geographical segments

The Fertilizers, Chemicals and Pharmaceuticals business segments are managed on a worldwide basis, but operate in two principal geographical areas, Malaysia and Indonesia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

26. SEGMENT REPORTING (CONT.)

	Fertilizers 2009 RM'000	2008 RM'000	Chemicals 2009 RM'000	2008 RM'000
Business Segments				
Total external revenue	**897,181**	1,405,051	**430,705**	529,180
Inter-segment revenue	**105**	758	**1,314**	77,364
Total segment revenue	**897,286**	1,405,809	**432,019**	606,544
Segment results	**28,580**	94,944	**(12,658)**	14,011
Finance costs				
Interest income				
Share of profit of equity accounted associate				
Tax expense				
Profit for the year				
Segment assets	**649,850**	923,086	**384,090**	423,655
Investment in associate	**-**	-	**8,361**	7,196
Total assets				
Segment liabilities	**308,019**	566,409	**149,596**	166,269
Unallocated liabilities				
Total liabilities				
Capital expenditure	**65,109**	69,879	**16,015**	27,776
Depreciation and amortisation	**8,894**	4,856	**16,835**	17,944

	Malaysia 2009 RM'000	2008 RM'000	Indonesia 2009 RM'000	2008 RM'000
Geographical segments				
Revenue from external customers	**1,213,764**	1,692,846	**284,123**	376,471
Segment assets	**1,700,245**	1,770,479	**240,482**	266,327

	Pharmaceuticals		Others		Eliminations		Consolidated	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
	242,546	229,156	**1,377**	2,072	**-**	-	**1,571,809**	2,165,459
	128	3,544	**28,457**	61,991	**(30,004)**	(143,657)	**-**	-
	242,674	232,700	**29,834**	64,063	**(30,004)**	(143,657)	**1,571,809**	2,165,459
	45,566	59,104	**16,881**	55,039	**(32,509)**	(81,878)	**45,860**	141,220
							(33,890)	(25,658)
							2,444	2,740
							1,165	1,966
							(10,511)	(34,767)
							5,068	85,501
	780,553	707,415	**1,490,202**	1,389,948	**(1,284,466)**	(1,328,246)	**2,020,229**	2,115,858
	-	-	**-**	-	**-**	-	**8,361**	7,196
							2,028,590	2,123,054
	526,185	519,353	**165,701**	99,973	**(885,599)**	(1,000,556)	**263,902**	351,448
							928,559	913,015
							1,192,461	1,264,463
	22,982	79,386	**1,022**	2,872	**-**	-	**105,128**	179,913
	13,460	11,489	**3,977**	3,735	**-**	-	**43,166**	38,025

	Other regions		Unallocated		Consolidated	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
	73,922	96,142	**-**	-	**1,571,809**	2,165,459
	87,865	86,248	**-**	-	**2,028,590**	2,123,054

27. FINANCIAL INSTRUMENTS

Exposure to credit, interest rate and currency risks arises in the normal course of the Group's business.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

Investment of surplus cash is allowed only as deposits with licensed banks approved by the Board.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. As for unrecognised financial assets, the maximum exposure to credit risk is the fair value of the financial assets disclosed below.

Interest rate risk

The Group's investment in fixed-rate debt securities and its fixed-rate and fluctuating rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's investments in variable-rate instruments are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short-term receivables and payables are not exposed to interest rate risk.

The interest rate risk for the Group is managed by a combination of both long term and short term borrowings. The interest rate and tenure of the borrowings are highly depending on the historical, current and forecasted market conditions.

The excess fund placed with licensed banks and other financial institutions and corporations are for certain periods during which the interest rates are fixed. The management reviews the interest rates at regular intervals.

27. FINANCIAL INSTRUMENTS (CONT.)

Interest rate risk (continued)

Effective interest rates and repricing analysis

In respect of interest-bearing financial assets and interest-bearing financial liabilities, the following table indicates their average effective interest rates at the balance sheet date and the periods in which they mature, or if earlier, reprice.

Group	Note	2009 Average effective interest rate %	2009 Total	2009 Less than 1 year	2009 1 - 5 years	2008 Average effective interest rate %	2008 Total	2008 Less than 1 year	2008 1 - 5 years
Floating rate instruments									
Unsecured bank overdraft	17	**6.75**	**(12,062)**	**(12,062)**	**-**	6.50	(10,302)	(10,302)	-
Unsecured bankers' acceptances	17	**2.60**	**(140,337)**	**(140,337)**	**-**	3.86	(202,939)	(202,939)	-
Unsecured revolving credits	17	**2.96**	**(266,558)**	**(266,558)**	**-**	4.14	(205,000)	(205,000)	-
Fixed rate instruments									
Deposits	15	**2.00**	**157,815**	**157,815**	**-**	3.47	105,879	105,879	-
Unsecured bonds	17	**-**	**-**	**-**	**-**	4.48	(200,000)	(200,000)	-
Secured fixed term loan	17	**5.00**	**(1,715)**	**-**	**(1,715)**	5.00	(2,120)	-	(2,120)
Unsecured fixed term loan	17	**4.35**	**(42,461)**	**(42,461)**	**-**	4.28	(142,654)	(107,654)	(35,000)
Unsecured MMTN	17	**5.95**	**(150,000)**	**-**	**(150,000)**	5.95	(150,000)	-	(150,000)
Unsecured 3-years term loan	17	**3.93**	**(300,000)**	**-**	**(300,000)**	-	-	-	-
Unsecured non-revolving loan	17	**3.41**	**(15,426)**	**(6,251)**	**(9,175)**	-	-	-	-
			(770,744)	**(309,854)**	**(460,890)**		(807,136)	(620,016)	(187,120)

27. FINANCIAL INSTRUMENTS (CONT.)

Company	Note	2009 Average effective interest rate %	2009 Total	2009 Less than 1 year	2009 1 - 5 years	2008 Average effective interest rate %	2008 Total	2008 Less than 1 year	2008 1 - 5 years
Fixed rate instruments									
Deposits	15	**2.03**	**121,421**	**121,421**	**-**	3.47	83,480	83,480	-
Unsecured bonds	17	**-**	**-**	**-**	**-**	4.48	(200,000)	(200,000)	-
Unsecured fixed term loan	17	**4.35**	**(35,000)**	**(35,000)**	**-**	4.28	(70,000)	(35,000)	(35,000)
Unsecured revolving credits	17	**3.00**	**(170,000)**	**(170,000)**	**-**	4.14	(185,000)	(185,000)	-
Unsecured MMTN	17	**5.95**	**(150,000)**	**-**	**(150,000)**	5.95	(150,000)	-	(150,000)
Unsecured 3-years term loan	17	**3.93**	**(300,000)**	**-**	**(300,000)**	-	-	-	-
			(533,579)	**(83,579)**	**(450,000)**		(521,520)	(336,520)	(185,000)

Foreign currency risk

The Group and the Company are exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S Dollar, Singapore Dollar, Hong Kong Dollar, Indonesian Rupiah, Euro Dollar, Thai Baht, Australia Dollar and Great Britain Pound Sterling.

In respect of other monetary assets and liabilities held in currencies other than Ringgit Malaysia, the Group and the Company ensure that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. The Group will also enter into foreign currency forward contracts in the normal course of business in order to manage its exposure against foreign currency fluctuations on sales and purchases transactions denominated in foreign currencies.

There are no foreign currency forward contracts outstanding as at 31 December 2009.

Fair values

The carrying amounts of cash and bank balances, receivables, deposits and prepayments, other payables and accruals, and short term borrowings, approximate fair values due to the relatively short term nature of these financial instruments.

The Company provides financial guarantees to banks for credit facilities extended to certain subsidiaries. The fair value of such financial guarantees is not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote.

27. FINANCIAL INSTRUMENTS (CONT.)

Fair values (cont.)

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of similar comparable quoted market prices.

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the balance sheets, are as follow:

Group	2009 Carrying amount RM'000	2009 Fair value RM'000	2008 Carrying amount RM'000	2008 Fair value RM'000
Financial assets				
Investments in quoted shares	**6,978**	**33,101**	7,073	25,894
Financial liabilities				
Bonds	**-**	**-**	200,000	200,000
Unsecured 3-years term loan	**300,000**	**300,000**	-	-
Unsecured fixed rate term loan	**628,559**	**631,108**	713,015	714,428
	928,559	**931,108**	913,015	914,428

Company	2009 Carrying amount RM'000	2009 Fair value RM'000	2008 Carrying amount RM'000	2008 Fair value RM'000
Financial liabilities				
Bonds	**-**	**-**	200,000	200,000
Unsecured 3-years term loan	**300,000**	**300,000**	-	-
Unsecured fixed rate term loan	**355,000**	**357,550**	405,000	406,413
	655,000	**657,550**	605,000	606,413

Estimation of fair values

The following summarises the methods used in determining the fair values of financial instruments.

Fair value of quoted shares is based on quoted market prices at the balance sheet date without any deduction for transaction costs.

For other financial assets and liabilities, fair value is determined using estimated future cash flows discounted using related market rate for a similar instrument at the balance sheet date.

28. CAPITAL AND OTHER COMMITMENTS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Capital expenditure commitments				
Plant and equipment				
Authorised but not contracted for	**24,829**	106,769	**-**	4,747
Contracted but not provided for	**20,705**	1,786	**470**	-
	45,534	108,555	**470**	4,747

29. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has a related party relationship with its subsidiaries (see Note 7) and associate (see Note 8).

The significant related party transactions of the Group and the Company, other than key management personnel compensation (see Note 22) are as follows:

	Transaction value year ended 31 December		Balance outstanding as at 31 December	
Group	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Sales of products to significant investors that has influence over a subsidiary	25,586	26,969	5,385	1,640
Company				
Dividend income from subsidiaries	24,785	375,359	53,681	425,628
Rental income from subsidiaries	4,144	3,677	708	613
Shared cost charged to subsidiaries	10,000	10,000	-	-
Waiver of debts to a subsidiary	-	900	-	-

29. RELATED PARTIES (CONT.)

There is no allowance for doubtful debts made in respect of these balances outstanding at year end.

Sales to significant investors that has influence over the subsidiary in the Group are based on normal trade terms. All the amounts outstanding are unsecured.

Bursa Malaysia Securities Berhad had written a letter dated 11 October 2006 to approve the Company's application for waiver from complying with Paragraph 10.08 or 10.09 of the Listing Requirements in relation to transactions between the CCM Group of Companies and companies in which Permodalan Nasional Berhad ("PNB") and/or the Unit Trusts Funds managed by PNB companies, have interests.

30. ACQUISITIONS OF SUBSIDIARIES AND MINORITY INTEREST

On 20 January 2009, the Company acquired the following companies for an aggregate purchase consideration of RM122,733,000 satisfied by cash:

(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 Systems Sdn. Bhd. ("DPSSB")

The acquisition had the following effect on the Group's assets and liabilities at the acquisition date:

	Pre-acquisition carrying amounts RM'000	Fair value adjustments RM'000	Recognised values on acquisition RM'000
Property, plant and equipment	2,884	1,673	4,557
Prepaid lease payments	2,075	-	2,075
Receivables, deposits and prepayments	15,824	-	15,824
Inventories	9,552	-	9,552
Cash and cash equivalents	4,251	-	4,251
Payables and accruals	(7,426)	-	(7,426)
Loans and borrowings	(1,978)	-	(1,978)
Net identifiable assets and liabilities	25,182	1,673	26,855
Minority shareholders interest			(1,611)
Goodwill on acquisition			98,292
Consideration paid, satisfied in cash*			123,536
Cash acquired			(4,251)
Net cash outflow			119,285

* Inclusive of direct cost attributed to the acquisition amounting to RM803,000.

31. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation:

Company	As restated RM'000	As previously stated RM'000
Income Statement		
Revenue	59,271	4,530
Other income	6,282	61,023
Balance Sheet		
Non-current assets		
Receivables	668,925	-
Current assets		
Receivables, deposits and prepayments	203,059	871,984

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Abd Rahman bin Abdullah Thani, the officer primarily responsible for the financial management of Chemical Company of Malaysia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 73 to 138 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur in the Federal Territory on 31 March 2010.

Abd Rahman bin Abdullah Thani

Before me:

Commission for Oaths
Kuala Lumpur

Analysis of Shareholdings
as at 15 April 2010

Authorised Share Capital	: RM800,000,000
Issued and Paid-up Share Capital	: RM402,947,217
Class of Shares	: Ordinary Shares of RM1.00 each
Voting Rights	: One vote per ordinary share

Distribution of Shareholdings
As At 15 April 2010

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	291	6.94	5,840	0.00
100 - 1,000	753	17.95	585,429	0.15
1,001 – 10,000	2,354	56.11	10,215,866	2.54
10,001 – 100,000	722	17.21	20,127,863	5.00
100,001 to less than 5% of issued shares	72	1.72	93,168,359	23.11
5% and above of issued shares	3	0.07	278,843,860	69.20
	4,195	100.0	402,947,217	100.00

Substantial Shareholders
As At 15 April 2010

	Direct Holdings		Indirect Holdings	
Names	No.	%	No.	%
1. Amanahraya Trustees Berhad				
Skim Amanah Saham Bumiputera	184,985,800	45.91	-	-
2. Permodalan Nasional Berhad	54,989,660	13.65	-	-
3. Yayasan Pelaburan Bumiputra[a]			54,989,660	13.65
4. Employees Provident Fund Board	38,868,400	9.65	-	-

[a] Deemed interest by virtue of its substantial interest in Permodalan Nasional Berhad pursuant to Section 6A of the Companies Act, 1965.

List of Top Thirty (30) Shareholders as at 15 April 2010

No.	Names	Holdings	%
1.	Amanahraya Trustees Berhad -Skim Amanah Saham Bumiputera	184,985,800	45.91
2.	Permodalan Nasional Berhad	54,989,660	13.65
3.	Employees Provident Fund Board	38,868,400	9.65
4.	Public Nominees (Asing) Sdn Bhd -Pledged Securities Account for Billion Victory Sdn Bhd (KLC)	18,000,000	4.47
5.	Amanahraya Trustees Berhad -Amanah Saham Wawasan 2020	17,089,900	4.24
6.	Amanahraya Trustees Berhad -Amanah Saham Malaysia	10,566,000	2.62
7.	Amanahraya Trustees Berhad -Amanah Saham Didik	9,449,900	2.35
8.	Lembaga Tabung Haji	8,686,800	2.16
9.	Chemical Company of Malaysia Berhad -Share Buy Back Account	2,998,000	0.74
10.	Amanahraya Trustees Berhad -Sekim Amanah Saham Nasional	2,523,900	0.63
11.	G.T.Y Holdings Sdn Bhd	2,000,000	0.50
12.	Kumpulan Wang Simpanan Pekerja	1,500,000	0.37
13.	Amanahraya Trustees Berhad -Affin Islamic Equity Fund	1,425,700	0.35
14.	Amanahraya Trustees Berhad -Public Islamic Select Treasures Fund	1,285,400	0.32
15.	Citigroup Nominees (Tempatan) Sdn Bhd -Exempt An for Prudential Fund Management Berhad	871,300	0.22
16.	Affin Nominees (Asing) Sdn Bhd -UOB Kay Hian Pte Ltd for Cheng Good Hiang	848,332	0.21

List of Top Thirty (30) Shareholders as at 15 April 2010 (cont.)

No.	Names	Holdings	%
17.	Amanahraya Trustees Berhad -Public Islamic Dividend Fund	807,300	0.20
18.	HSBC Nominees (Tempatan) Sdn Bhd -HSBC (M) Trustee Bhd for MAAKL Al-Faid (4389)	672,000	0.17
19.	RHB Capital Nominees (Tempatan) Sdn Bhd -Pledged Securities Account for Nor Hayati binti Abd Malik (1181002)	650,000	0.16
20.	Amanahraya Trustees Berhad -Dana Islamiah Affin	636,200	0.16
21.	HSBC Nominees (Asing) Sdn Bhd -Exempt An for Credit Suisse (SG BR-TST-ASING)	633,256	0.16
22.	Amanahraya Trustees Berhad -Amanah Saham Nasional 2	612,300	0.15
23.	HSBC Nominees (Tempatan) Sdn Bhd -HSBC (M) Trustee Bhd for MAAKL Al-Fauzan (5170)	611,000	0.15
24.	Lebar Daun Construction Sdn Bhd	550,000	0.14
25.	Citigroup Nominees (Asing) Sdn Bhd -CBNY for DFA Emerging Markets Small Cap Series	472,600	0.12
26.	Lee Yee Chong	422,000	0.10
27.	Malaysia Nominees (Tempatan) Sendirian Berhad Lee Foundation, States of Malaya (00-00197-000)	420,000	0.10
28.	Equity Heights Sdn Bhd	400,000	0.10
29.	Pee Yu Chi	360,000	0.09
30.	CIMSEC Nominees (Tempatan) Sdn Bhd -Pledged Securities Account for Yeoh Keat Chye (Sec 17 PJ-CL)	346,000	0.09

Analysis of Warrant Holdings
as at 15 April 2010

Exercise Price : RM1.36 per Ordinary Share
Exercise Period : 27 December 2002 up to 26 December 2012
Class of Warrant : Warrant B

Distribution of Warrant Holders As At 15 April 2010

Size of Warrant Holdings	No. of Warrant-B Holders	% of Warrant-B Holders	No. of Warrant-B	% of Total Warrant-B
Less than 100	32	5.86	1,298	0.00
100 - 1,000	204	37.36	169,682	0.30
1,001 – 10,000	269	49.27	1,011,306	1.77
10,001 – 100,000	38	6.96	1,066,016	1.87
100,001 to less than 5% of issued shares	2	0.37	2,053,400	3.59
5% and above of issued shares	1	0.18	52,821,503	92.47
	546	100.00	57,123,205	100.00

Substantial Warrant Holders As At 15 April 2010

Names	Direct No. of Warrant-B held	Direct %	Indirect No.of Warrant-B held	Indirect %
1. Permodalan Nasional Berhad	52,821,503	92.47	-	-
2. Yayasan Pelaburan Bumiputra[a]			52,821,503	92.47

[a] Deemed interest by virtue of its substantial interest in Permodalan Nasional Berhad pursuant to Section 6A of the Companies Act, 1965.

List of Top Thirty (30) Warrant-B Holders as at 15 April 2010

No.	Names	Holdings	%
1.	Permodalan Nasional Berhad	52,821,503	92.47
2.	Mayban Nominees (Tempatan) Sdn Bhd -Mayban Trustees Berhad for Public Ittikal Fund (N14011970240)	1,753,400	3.07
3.	AMSEC Nominees (Tempatan) Sdn Bhd -Pledged Securities Account for Chin Chin Seong	300,000	0.53
4.	Wan Fauziah binti Wan Ja'afar	97,000	0.17
5.	Lim Eik Hoy	85,000	0.15
6.	TA Nominees (Tempatan) Sdn Bhd -Pledged Securities Account for Koay Ean Chim	70,000	0.12
7.	Tan Ah Kee	57,000	0.10
8.	TA Nominees (Tempatan) Sdn Bhd -Pledged Securites Account for Tong Chin Hen	50,500	0.09
9.	N Sadasivan a/l N N Pillay	50,000	0.09
10.	Boo Kwie Liang	50,000	0.09
11.	Mrs Winnie Hamzah Sendut	42,000	0.07
12.	Tan Ah Kee	40,000	0.07
13.	Lim Teh Realty Sdn Berhad	40,000	0.07
14.	Lim Leng Chye	25,000	0.04
15.	Pretam Singh a/l Chanan Singh	25,000	0.04
16.	Citigroup Nominees (Asing) Sdn Bhd -Exempt An for Citibank NA, Singapore (Julius Baer)	25,000	0.04
17.	Tam Ley Chian	25,000	0.04
18.	HDM Nominees (Asing) Sdn Bhd -Phillip Securities Pte Ltd for Ho Poey Wee	22,000	0.04
19.	Lim Yong Keat	20,000	0.04
20.	Soon Khiat Voon	20,000	0.04

List of Top Thirty (30) Warrant-B Holders as at 15 April 2010 (cont.)

No.	Names	Holdings	%
21.	Ke-Zan Nominees (Asing) Sdn Bhd -Kim Eng Securities Pte Ltd for Lee Keow Jit	20,000	0.04
22.	HLG Nominee (Tempatan) Sdn Bhd -Bank of China Nominees (Pte) Ltd for Chow Ai Hwa	20,000	0.04
23.	Ng Su Yee	20,000	0.04
24.	Teoh Ooi King Ong	20,000	0.04
25.	Loh Yew Voon @ Lau Ah Moi	18,832	0.03
26.	Chin Moh Plantations Sdn Berhad	18,000	0.03
27.	RHB Capital Nominees (Tempatan) Sdn Bhd -Pledged Securities Account for Hoe Chien Yuan (MLK/SS)	17,000	0.03
28.	Goh Hua Sia	17,000	0.03
29.	Ang Siew Hoong	17,000	0.03
30.	Koh Pee Leong	16,000	0.03

List of Top Ten (10) Properties
as at 31 December 2009

Location	Tenure	Lease Period	Area (square metre)	Description	Approximate Age of Building	Net Book Value (RM million)	Date of Valuation
Shah Alam Works Padang Jawa, Klang, Selangor Darul Ehsan	Leasehold	99 years (1973 - 2072)	286,992	Industrial land, factory and offices	12 - 41 years	77.61	December 2009
UPHA Factory Lot 11454, 11458, 11459 Mukim of Kajang	Leasehold	99 years (1987 - 2086)	22,099	Industrial land, factory and offices	21 - 62 years	61.68	December 2005
Lot PT 3609 Mukim Teluk Panglima Garang Kuala Langat	Leasehold	99 years (1992 - 2091)	195,509	Industrial land	-	27.36	December 2009
CCM Duopharma GM1391, Lot No. 2599 Mukim and District of Klang Selangor Darul Ehsan	Freehold	-	11,655	Industrial land, factory and offices	15 years	26.73	November 2005
No. 18 & 18A Jalan Tun Ismail Kuala Lumpur	Freehold	-	8,878	Residential land and buildings	42 years	26.10	December 2009
CCM Pharma No. 2, Jalan Saudagar U1/16, Seksyen U1 Hicom Glenmarie Industrial Park 40150 Shah Alam	Freehold	-	5,907	Industrial land, factory and offices	13 years	18.50	December 2009
Nilai Industrial Land P.T. No. 6055 & 6056 Bandar Baru Nilai	Leasehold	99 years (1993 - 2092)	138,236	Industrial land	-	17.86	December 2009
No. 16A, Jalan Tun Ismail Kuala Lumpur	Freehold	-	8,498	Residential land and buildings	42 years	15.97	December 2005
Pasir Gudang Works Pasir Gudang Johor Darul Takzim	Leasehold	60 years (1991 - 2051)	104,599	Industrial land	18 years	15.39	December 2005
Kemena Land Bintulu Lot 3121 & Lot 3122 Block 26 Kemena Land District	Leasehold	60 years (1998-2058)	243,057	Industrial land and factory	1 year	11.50	February 2009

Recurrent Related Party Transactions of a Revenue Nature

As at the Annual General Meeting held on 11 June 2009, the Company had obtained a shareholders mandate to allow the Company to enter into Recurrent Related Party Transactions of a revenue or trading nature.

In accordance to the Bursa Malaysia Securities Berhad Listing Requirements, details of the Recurrent Related Party Transactions audited during the financial year ended 31 December 2009 pursuant to the shareholders mandate are as follows:-

Transaction	Vendor/ Provider	Purchaser/ Recipient	Aggregate Value[1] (RM'000)	Related Parties
Purchase/Sale of chemicals	CCM Chemicals Sdn Bhd ("CCMC")	CCM Singapore Pte Ltd ("CCMSPL")	17,000	*Person Connected:* Yeoh Keat Chye[2]
Purchase/Sale of chemicals	CCMC	P.T. CCM Indonesia ("PTCCMI")	5,000	*Person Connected:* Yeoh Keat Chye[2]
Purchase/Sale of chemicals	CCMC	CCM Usaha Kimia (M) Sdn Bhd ("CCMUK")	25,000	*Person Connected:* Dato' Dr Mohamad Hashim bin Ahmad Tajudin[5]
Sale of fertilizers	P.T. CCM Agripharma ("PTCCMA")	P.T. Multigambut Industri	120,000	*Interested Major Shareholder:* Lembaga Tabung Haji[4] ("LTH")
Tenancy of land[6] at Lot PT 200, Persiaran Selangor, 40000 Shah Alam, Selangor (Total area – 47,210 sq.ft.)	Chemical Company of Malaysia Berhad ("CCM")	CCMC	275	*Persons Connected:* Yeoh Keat Chye[2] Dato' Dr Mohamad Hashim bin Ahmad Tajudin[5]
Tenancy of land[6] at Lot PT 200, Persiaran Selangor, 40000 Shah Alam, Selangor (Total area- 988,743 sq.ft.)	CCM	CCM Fertilizers Sdn Bhd ("CCMF")	3,315	*Interested Major Shareholder:* LTH[4] *Person Connected:* Dato' Dr Mohamad Hashim bin Ahmad Tajudin[5]
Tenancy of land[6] at Lot PT 200, Jalan Assam Jawa, 16/15 Off Persiaran Kemajuan, 40000 Shah Alam, Selangor (Total area – 4,611 sq.ft.)	CCM	CCMC	90	*Persons Connected:* Yeoh Keat Chye[2] Dato' Dr Mohamad Hashim bin Ahmad Tajudin[5]
Purchase/Sale of chemicals	CCMC	Innovative Group[7]	20,000	*Persons Connected:* Yeoh Keat Chye[2] Dato' Dr Mohamad Hashim bin Ahmad Tajudin[5]

Transaction	Vendor/ Provider	Purchaser/ Recipient	Aggregate Value[1] (RM'000)	Related Parties
Purchase/Sale of chemicals[10]	CCMC	Upha Pharmaceutical Manufacturing (M) Sdn Bhd ("UPHA")	700	*Person Connected:* Dr Lee Yee Chong[3]
Purchase/Sale of fertilizers	CCMF	CCM Agri-Max Sdn Bhd ("CCMAM")	200,000	*Interested Major Shareholder:* LTH[4]
Purchase/Sale of fertilizers	CCMF	CCM Agriculture Sdn Bhd ("CCMA")	180,000	*Interested Major Shareholder:* LTH[4]
Sale of fertilizers	CCMF	PTCCMA	100,000	*Interested Major Shareholder:* LTH[4]
Sale of fertilizers	CCMF	TH Plantations Group	400,000	*Interested Major Shareholder:* LTH[4]
Inter-Company borrowings	CCM	Duopharma (M) Sendirian Berhad ("DMSB")	25,000	*Persons Connected:* Dato' Dr Mohamad Hashim bin Ahmad Tajudin[5] Tan Sri Dato' Dr Abu Bakar bin Suleiman[8] Leonard Ariff bin Abdul Shatar[9]
Inter-Company borrowings[11]	CCM	PTCCMI	10,000	*Person Connected:* Yeoh Keat Chye[2]
Inter-Company borrowings	CCM	CCM Water Systems Sdn Bhd ("CCMWS")	15,000	*Person Connected:* Dato' Dr Mohamad Hashim bin Ahmad Tajudin[5]

Notes:-

1. The values are estimates based on the audited financial statements for the financial year ended 31 December 2009. Due to the nature of the transactions, the actual value of transactions may vary from the estimated value disclosed above.

2. Yeoh Keat Chye was Director, Chemicals Division of CCM and Directors of CCMC, CCMSPL, PTCCMI and Innovative Group, prior to cessation of his contract with effect from 30 November 2009. He has indirect interest in CCMC, CCMSPL and PTCCMI, a wholly owned subsidiary of CCMC, by virtue of his shareholding in Lanjut Setia Sdn Bhd ("LSSB"), which holds 10% of the issued share capital of CCMC.

3. Dr Lee Yee Chong is currently Director, Group Information and Technology and Systems of CCM. He is “Person(s) connected” and is deemed interested in the Proposed Shareholders Mandate by virtue of him being a person connected to CCM. In addition, he also has indirect interest in CCMC by virtue of his shareholding in LSSB, which holds 10% of the issued share capital of CCMC. He has direct interest of 422,000 ordinary shares in CCM or equivalent to 0.1% and indirect interest of 200,000 ordinary shares by virtue of Section 122A of the Companies Act, 1965.

4. LTH holds direct interest of 49.9% in the issued share capital of CCMF and 2.16% in the issued share capital of CCM. LTH also has interest in P.T. Multigambut Industri.

5. Dato’ Dr Mohamad Hashim bin Ahmad Tajudin is the Group Managing Director of CCM. He is a Director of CCMC, CCMF and CCM Duopharma Biotech Berhad (CCMD). He has direct interest in CCMD of 15,000 ordinary shares in CCMD. He is also a Director of CCMUK which is the holding company and major shareholder of CCMWS. CCM has direct interest of 376,925 ordinary shares or 3.77% in CCMWS. Dato’ Dr Mohamad Hashim bin Ahmad Tajudin is “Person(s) connected” and is deemed interested in the Proposed Shareholders Mandate by virtue of him being a person connected to CCM.

6. The duration for the tenancy of land is less than 3 years.

7. CCM holds 93% in total of the issued and paid-up ordinary shares in Innovative Group.

8. Tan Sri Dato’ Dr Abu Bakar bin Suleiman is a Non-Independent Non-Executive Director of CCM and Chairman of CCMD. He is “Person(s) connected” and is deemed interested in the Proposed Shareholders Mandate by virtue of him being a person connected to CCM. Tan Sri Dato’ Dr Abu Bakar bin Suleiman also has direct and indirect interest of 286,400 and 13,000 ordinary shares in CCMD respectively.

9. En Leonard Ariff bin Abdul Shatar is the Chief Executive Officer of CCMD cum Director, Pharmaceuticals Division of CCM. He is “Person(s) connected” and is deemed interested in the Proposed Shareholders Mandate by virtue of him being a person connected to CCM.