



**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND PERIOD ENDED 31 DECEMBER 2019 (UNAUDITED)**

<i>In thousands of RM</i>	Current Quarter		Current Period	
	31 December		31 December	
	2019	2018	2019	2018
Revenue	99,293	100,459	386,062	395,939
Cost of goods sold	(81,467)	(76,270)	(314,628)	(292,564)
Gross profit	17,826	24,189	71,434	103,375
Other income	964	4,495	4,272	16,332
Distribution expenses	(2,077)	(4,182)	(6,804)	(11,405)
Administrative expenses	(12,804)	(10,683)	(36,844)	(40,177)
Other expenses	(1,310)	(2,221)	(6,318)	(2,939)
Results from operating activities	2,599	11,598	25,740	65,186
Share of (loss)/profit of equity accounted investee, net of tax	1,340	596	1,716	1,510
Finance income	1,339	2,206	3,991	5,991
Finance costs	(198)	(4,559)	(7,336)	(21,071)
Profit before tax	5,080	9,841	24,111	51,616
Income tax expense	(1,429)	(105)	(7,417)	(20,872)
Profit for the period	3,651	9,736	16,694	30,744
Other comprehensive income				
Fair value of equity investments designated at FVOCI	-	2,314	-	14,053
Foreign currency translation differences for foreign operations	2,129	(3,848)	2,095	1,367
Revaluation of properties upo transfer from property, plant and equipment to investment property	4,168	-	4,168	-
Total comprehensive income for the period	9,948	8,202	22,957	46,164
Profit attributable to :				
Owners of the Company	3,074	8,623	16,020	25,695
Non-controlling interests	577	1,113	674	5,049
	3,651	9,736	16,694	30,744
Total comprehensive income attributable to :				
Owners of the Company	9,371	7,073	22,283	41,099
Non-controlling interests	577	1,129	674	5,065
	9,948	8,202	22,957	46,164
Basic earnings per share (Sen)	1.83	5.14	9.55	15.32
Diluted earnings per share (Sen)	1.83	5.14	9.55	15.32

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Notes to the Interim Financial Report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019 (UNAUDITED)

<i>In thousands of RM</i>	As at 31 December 2019	As at 31 December 2018
ASSETS		
Property, plant and equipment	248,113	175,568
Investment properties	7,170	220
Intangible assets	94,107	94,107
Investment in associates	15,369	13,653
Other investments	280	-
Deferred tax assets	282	1,358
Total non-current assets	365,321	284,906
Inventories	23,934	28,646
Current tax assets	9,860	12,459
Trade and other receivables	77,603	92,961
Cash and cash equivalents	111,764	136,297
	223,161	270,363
Assets classified as held for sale	-	19,986
Total current assets	223,161	290,349
TOTAL ASSETS	588,482	575,255
EQUITY AND LIABILITIES		
Share capital	81,920	81,920
Reserves	28,963	22,769
Retained earnings	212,552	211,684
Total equity attributable to equity holders of the Company	323,435	316,373
Non-controlling interests	3,259	2,601
Total equity	326,694	318,974
Loans and borrowings	163,200	152,107
Lease liabilities	2,271	-
Deferred tax liabilities	13,112	15,216
Total non-current liabilities	178,583	167,323
Loans and borrowings	32,080	41,695
Lease liabilities	1,581	-
Trade and other payables	48,691	46,311
Current tax liabilities	853	952
Total current liabilities	83,205	88,958
Total liabilities	261,788	256,281
TOTAL EQUITY AND LIABILITIES	588,482	575,255
Net assets per share attributable to ordinary equity holders of the parent (sen)	193	189

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Interim Financial Report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2019 (UNAUDITED)

In thousands of RM

	← Attributable to shareholders of the Company →							Distributable Retained earnings	Total	Non-controlling interest	Total equity	
	← Non-distributable →			Share capital	Share premium	Capital redemption reserve	Translation reserve					Fair value reserve
At 1 January 2019	81,920	-	-	19,718	69	-	2,982	-	211,684	316,373	2,601	318,974
Foreign currency translation differences of foreign operations	-	-	-	2,095	-	-	-	-	-	2,095	-	2,095
Revaluation of properties upon transfer from property, plant and equipment to investment property	-	-	-	-	-	-	4,168	-	-	4,168	-	4,168
Total other comprehensive income for the period	-	-	-	2,095	-	-	4,168	-	-	6,263	-	6,263
Profit for the period	-	-	-	-	-	-	-	-	16,020	16,020	674	16,694
Total comprehensive income for the period	-	-	-	2,095	-	-	4,168	-	16,020	22,283	674	22,957
Dividends to owners of the Company	-	-	-	-	-	-	-	-	(15,152)	(15,152)	-	(15,152)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
Transfer upon the disposal of equity investment designated at FVOCI	-	-	-	-	(69)	-	-	-	-	(69)	(16)	(85)
As at end of period	81,920	-	-	21,813	-	-	4,168	2,982	-	212,552	3,259	326,694

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Interim Financial Reports.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2018

In thousands of RM

	←———Attributable to shareholders of the Company———→							Treasury shares	Distributable Retained earnings	Total	Non-controlling interest	Total equity
	Share capital	Share premium	Capital redemption reserve	Translation reserve	Fair value reserve	Revaluation reserve	Other capital reserve					
At 1 January 2018	81,920	-	-	18,351	29,727	112,361	2,982	-	34,964	280,305	(2,464)	277,841
Net change in fair value of equity investment designated at FVOCI	-	-	-	-	14,037	-	-	-	-	14,037	16	14,053
Foreign currency translation differences of foreign operations	-	-	-	1,367	-	-	-	-	-	1,367	-	1,367
Total other comprehensive income for the period	-	-	-	1,367	14,037	-	-	-	-	15,404	16	15,420
Profit for the period	-	-	-	-	-	-	-	-	25,695	25,695	5,049	30,744
Total comprehensive income for the period	-	-	-	1,367	14,037	-	-	-	25,695	41,099	5,065	46,164
Dividends to owners of the Company	-	-	-	-	-	-	-	-	(5,031)	(5,031)	-	(5,031)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
Transfer upon the disposal of equity investment designated at FVOCI	-	-	-	-	(43,695)	-	-	-	43,695	-	-	-
Transfer upon the disposal of property	-	-	-	-	-	(112,361)	-	-	112,361	-	-	-
As at 31 December 2018	81,920	-	-	19,718	69	-	2,982	-	211,684	316,373	2,601	318,974

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2019 (UNAUDITED)**

In thousands of RM	12 Months Ended 31 December	
	2019	2018
Cash flows from operating activities		
Profit before taxation	24,111	51,616
Adjustments for:		
Change in fair value of investment properties	(450)	-
Depreciation of property, plant and equipment	27,353	22,923
Dividend income from other investment	-	(11)
Net gain on disposal of asset held for sale	(1,094)	(4,100)
Net loss on disposal of property, plant and equipment		28
Finance costs	7,336	21,071
Interest income	(3,991)	(5,991)
(Write-back)/Provision for receivables	1,867	(3,429)
Provision for inventories	-	1,012
Share of profit of equity accounted associates	(1,716)	(1,510)
Tax credit utilised	-	1,717
Inventories (write-back)/written down	(659)	1,337
Properties, plant and equipment written off	-	304
Intangibles asset written off	-	63
Unrealised foreign exchange loss	645	353
<i>Operating profit before changes in working capital</i>	55,228	85,383
Change in inventories	5,371	8,282
Change in payables and accruals	1,757	(43,203)
Change in receivables, deposits and prepayments	9,336	48,820
<i>Cash generated from operations</i>	71,692	99,282
Finance costs paid	(7,336)	(21,071)
Interest income	3,991	5,991
Income tax paid, net of refund	(1,305)	(19,631)
Net cash generated from operating activities	67,042	64,571
Cash flows from investing activities		
Acquisition of property, plant and equipment	(97,535)	(55,033)
Dividends received from other investments	-	3,476
Proceeds from disposal of property, plant and equipment	-	20
Proceeds from disposal of other investments	-	59,435
Proceeds from disposal of asset held for sale	21,675	190,000
Tax paid on disposal of asset held for sale	-	(9,617)
Net cash (used in) / generated from investing activities	(75,860)	188,281
Cash flows from financing activities		
Dividends paid to owners of the Company	(15,152)	(5,031)
Net drawdown/(repayment) of loans and borrowings	(721)	(274,336)
Net cash used in financing activities	(15,873)	(279,367)
Exchange difference on translation of the financial statements of foreign operations	158	2,467
Net decrease in cash and cash equivalents	(24,533)	(24,048)
Cash and cash equivalents at 1 January	136,297	160,345
Cash and cash equivalents as at end of period	111,764	136,297

The Condensed Cash Flow Statement should be read in conjunction with the Notes to the Interim Financial Report.



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NOTES TO THE INTERIM FINANCIAL REPORT

A1) Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, *Interim Financial Reporting* in Malaysia. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2018.

A2) Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2018 except for those standards, amendments and interpretations which are effective from the annual period beginning on or after 1 January 2019.

MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2019;

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015–2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments - Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015–2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015–2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits - Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015–2017 Cycle)*
- Amendments to MFRS 128, *Investment in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures*

The Group adopted the above MFRSs and Amendments to MFRSs except for MFRS 11 which are not applicable to the Group. The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.



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A2) Changes in Accounting Policies (continued)

MFRS 16, Leases (continued)

The Group applied MFRS 16 with effect from 1 January 2019 using the modified retrospective approach where comparatives are not restated. The cumulative effect of adopting MFRS 16 are recognised as adjustments to the opening balance on 1 January 2019 as follows:

Statement of Financial Position at 1 January 2019
Impact of change in accounting policies

	Opening Balance as previously reported	MFRS 16 adjustments	After adjustments
	RM'000	RM'000	RM'000
Right-of-use assets	Nil	2,933	2,933
Lease liabilities	Nil	(2,933)	(2,933)

The following revised MFRSs and Amendments to MFRSs have been issued by the MASB and are not yet effective for adoption by the Group:

MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2020;

- Amendment to MFRS 3, *Business Combinations*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material*
- *Interest Rate Benchmark Reform* (Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 7 Financial Instruments: Disclosures)

MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2021;

- MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and Amendments effective for annual periods beginning on or after a date yet to be confirmed;

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*.

The Group does not plan to apply MFRS 17 as it is not applicable for the Group. The initial applications of the above standards are not expected to have any material financial impacts.

A3) Disclosure of audit report qualification

The auditor's report on the financial statements of the Group and the Company for the year ended 31 December 2018 was not subject to any qualification.



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A4) Explanatory comments about the seasonality or cyclicity of operations

The Group's operations were not subjected to any material seasonal or cyclical factor other than market fluctuations in selling prices and costs of raw materials.

A5) Unusual items due to their nature, size or incidence

There was no item affecting assets, liabilities, net income or cash flows that were unusual because of their nature, size or incidence for the current quarter and financial period under review.

A6) Changes in prior estimates of amounts which materially affect the current interim period

There were no material changes in prior year estimates which would materially affect the current interim period.

A7) Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the period under review.

A8) Dividends paid

On 31 January 2019, the Company paid second interim single tier dividend of 4.00 sen per ordinary share totalling RM6.7 million for the financial year ended 31 December 2018.

On 14 June 2019, the Company paid final single tier dividend of 2.00 sen per ordinary share totalling RM3.4 million for the financial year ended 31 December 2018.

On 27 December 2019, the Company paid an interim single tier dividend of 3.00 sen per ordinary share totalling RM5.0 million for the financial year ended 31 December 2019.

A9) Segment reporting

<i>In thousands of RM</i>	Segment Revenue			
	Individual 4th Quarter		Cumulative 4th Quarter	
	2019	2018	2019	2018
Chemicals	74,722	77,769	294,289	305,402
Polymers	25,507	24,367	96,250	94,665
Others*	(936)	(1,677)	(4,477)	(4,128)
Group result	99,293	100,459	386,062	395,939

<i>In thousands of RM</i>	Segment Profit/(Loss) Before Tax			
	Individual 4th Quarter		Cumulative 4th Quarter	
	2019	2018	2019	2018
Chemicals	7,385	12,491	26,062	50,619
Polymers	4,458	3,975	17,690	19,220
Others*	(6,763)	(6,625)	(19,641)	(18,223)
Group result	5,080	9,841	24,111	51,616

* Administrative, non-core activities and inter-segment transactions



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A10) Revaluation of property, plant and equipment

The Group adopts the cost model for its property, land and building.

A11) Post balance sheet events

There are no material events after the period end that had not been reflected in the Interim Financial Reports for the current financial period under review.

A12) Changes in the composition of the Group

There were no material changes in the composition of the Group for the period under review.

A13) Changes in contingent liabilities or contingent assets since the last annual balance sheet date

There are no changes in contingent liabilities or assets as at the end of the current interim financial period.

A14) Capital Commitments

	31	31
	December	December
	2019	2018
	RM'000	RM'000
Contracted but not provided for	<u>8,962</u>	<u>31,726</u>



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

B1) Review of Performance

Commentary for Individual Quarter ended 31 December 2019

<i>In thousands of RM</i>	Current Year Quarter	Preceding Year Corresponding Quarter	Changes (Amount)	Changes (%)
<u>Segment Revenue</u>				
Chemicals	74,722	77,769	(3,047)	(3.9)
Polymers	25,507	24,367	1,140	4.7
Others*	(936)	(1,677)	741	44.2
Group result	<u>99,293</u>	<u>100,459</u>	<u>(1,166)</u>	(1.2)
<u>Segment profit/(loss) before tax</u>				
Chemicals	7,385	12,491	(5,106)	(40.9)
Polymers	4,458	3,975	483	12.2
Others*	(6,763)	(6,625)	(138)	(2.1)
Group result	<u>5,080</u>	<u>9,841</u>	<u>(4,761)</u>	(48.4)

* Administrative, non-core activities and inter-segment transactions

The Group revenue of RM99.3 million was 1.2% lower than the corresponding quarter last year due to lower revenue from the Chemicals Division. The Group recorded a lower profit before tax in the current quarter of RM5.1 million, decreased from RM9.8 million recorded in the same quarter last year mainly due to the following factors:

- a) Margin squeeze resulting from the fall in the average chlor alkali product selling prices, which saw the average selling prices of key products decreased by up to 21% compared to same quarter last year;
- b) Impairment made on under-utilised assets and provision for doubtful trade receivables totalling RM2.9 million during the current quarter;
- c) Non-recurring items totalling RM2.4 million in the fourth quarter 2018 consisting of write-back of over-provision of doubtful trade receivables from fertilizers business (Quarter 4 2019: Nil), and offset by;
- d) Lower finance cost by RM4.4 million as a result of the completion of the Group's de-gearing exercise in end 2018.

Segmental review of performances against the corresponding quarter are as below:

Chemicals

Chemicals Division recorded higher volume sold for its key Chlor-alkali products by approximately 17% during the quarter under review. Despite higher volume sold, revenue decreased by 3.9% due to the impact of the softer prices of its chlor-alkali products. Profit before tax reduced to RM7.4 million in the current quarter compared to RM12.5 million in corresponding quarter last year due to the impact of lower average market prices.



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B1) Review of Performance (continued)

Polymers

Revenue increased by 4.7% for the current quarter as compared to same quarter last year. The Division's profit before tax, increased from RM4.0 million to RM4.5m as a result of higher revenue from both its polymer coatings and cleaner products.

Commentary for Cumulative Quarter ended 31 December 2019

<i>In thousands of RM</i>	Current Year To Date	Preceding Year Corresponding Period	Changes (Amount)	Changes (%)
<u>Segment Revenue</u>				
Chemicals	294,289	305,402	(11,113)	(3.6)
Polymers	96,250	94,665	1,585	1.7
Others*	(4,477)	(4,128)	(349)	(8.5)
Group result	<u>386,062</u>	<u>395,939</u>	<u>(9,877)</u>	(2.5)
<u>Segment profit/(loss) before tax</u>				
Chemicals	26,062	50,619	(24,557)	(48.5)
Polymers	17,690	19,220	(1,530)	(8.0)
Others*	(19,641)	(18,223)	(1,418)	(7.8)
Group result	<u>24,111</u>	<u>51,616</u>	<u>(27,505)</u>	(53.3)

* Administrative, non-core activities and inter-segment transactions

The Group revenue of RM386.1 million was 2.5% lower than the corresponding period last year due to lower revenue from the Chemicals Division. The Group recorded a lower profit before tax in the current period of RM24.1 million, decreased from RM51.6 million recorded in the same period last year.

Included in the above results were non-recurring items which can be summarised as below:

<i>In thousands of RM</i>	Current Year To Date	Preceding Year Corresponding Period	Changes (Amount)
Gain from disposal of land	1,094	4,100	(3,006)
Write-back and recovery from fertilizers business	-	12,035	(12,035)
Total non-recurring items	1,094	16,135	(15,041)
Recurring profit before tax	23,017	35,481	(12,464)
Profit before tax	24,111	51,616	(27,505)

Recurring profit before tax in the current period for the Group was at RM23.0 million (as above) as compared to RM35.5 million in the corresponding period last year. The decrease of RM12.5 million (or 35%), contributed mainly from:

- Margin squeeze resulting from the fall in the average chlor alkali product selling prices, which saw the average selling prices of key products decreased by up to 28% compared to the corresponding period last year. The declined in average selling prices was mainly due to overall trade flow dynamics that occurred in the region as well as the softening of the global economic growth;



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B1) Review of Performance (continued)

- b) The Group had made impairments on certain doubtful trade receivables and under-utilised assets totalling RM4.7 million during the period, and;
- c) Cushioned by lower finance cost by RM13.7 million as a result of the completion of the Group's de-gearing exercise in December 2018.

Segmental review of performances against the corresponding period are as below:

Chemicals

Chemicals Division recorded higher volume sold for its key Chlor-alkali products by between 14% to 31% during the period under review. Despite the higher volume sold, revenue decreased by 3.6% due to lower average selling prices of its chlor-alkali products (by up to 28%) on the back of softer prices of the chemical commodity during the period. Consequently, profit before tax reduced to RM26.1 million compared to RM50.6 million in corresponding period last year.

Polymers

Revenue increased by 1.7% as compared to same period last year. The Division's profit before tax, declined from RM19.2 million to RM17.7m due to additional depreciation pursuant to the commencement of operations from its new building in Bangi, and impairment made on certain receivables identified as doubtful.

B2) Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter

<i>In thousands of RM</i>	Current Quarter	Preceding Quarter	Changes (Amount)	Changes (%)
<u>Segment Revenue</u>				
Chemicals	74,722	74,446	276	0.4
Polymers	25,507	24,000	1,507	6.3
Others*	(936)	(1,497)	561	37.5
Group result	<u>99,293</u>	<u>96,949</u>	<u>2,344</u>	2.4
<u>Segment profit/(loss) before tax</u>				
Chemicals	7,385	5,828	1,557	26.7
Polymers	4,458	3,701	757	20.5
Others*	(6,763)	(4,192)	(2,571)	61.3
Group result	<u>5,080</u>	<u>5,337</u>	<u>(257)</u>	(4.8)

* Administrative, non-core activities and inter-segment transactions

The Group's revenue for the current quarter of RM99.3 million was higher by 2.4% as compared to the preceding quarter's revenue of RM96.9 million due to higher volume sold by both businesses, cushioning the effect of lower average selling prices during the current quarter.

Group's profit before tax for the current quarter decreased to RM5.1 million compared to the preceding quarter of RM5.3 million mainly attributable to impairment made on under-utilised assets of RM1.8 million. Both Chemicals and Polymers Division had performed better in the current quarter on the back of higher sales and improved margin in the quarter.



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B3) Prospects

The global economy is preparing for economic slowdown in year 2020 on the back of trade war between the world's two largest economies, increasing geopolitical turmoil in the Middle East and concerns over the recent Covid-19 outbreak. On the domestic front, Malaysia's real gross domestic product (GDP) growth is forecasted to be at circa 4.3% for 2020. Nevertheless, external uncertainties may pose downside risks to the growth prospects.

The Group will remain focus on pursuing its expansion and growth strategies by concentrating on efforts in expanding its two (2) core businesses, Chemicals and Polymers Divisions.

Chemicals

Reactivation of the Pasir Gudang Plant 1 (PGW1) has been fully completed as at end of 2019. This effort will increase its total chlor-alkali production capacity by 50 per cent annually. This will allow the Division to seize the existing market opportunities for its chlor-alkali products. In addition, Chemicals Division will continue with various improvement programs to gain benefit from operational savings. The Division will also continue to grow its core capabilities both domestically and regionally in order to strengthen its market share.

Based on the Chlor Alkali industry reports, the short-term price of caustic soda will remain stable to soft, as the industry (particularly China and wider Asia) will face volatility in the demand/supply dynamics influenced by the on-going trade disputes and barriers, revitalisation of vinyl market and softening of the global economic conditions.

Polymers

Based on the report by Malaysian Rubber Glove Manufacturers Association (MARGMA), the growth for rubber gloves will continue to be robust in 2020. The global demand for gloves is expected to have annual growth rate of 12%.

Despite the robust growth in the gloves sector, the Division expects the business environment to be challenging in the current year, in view of intense competition and cost increases. In order to stay ahead of the competition, the Division is strengthening its product development capabilities and undertaking capacity expansion. Ongoing efforts are also in place to improve the production process including leveraging on automation with the objective of enhancing cost efficiency and quality improvement.

Both businesses will now continue to pursue new opportunities within their respective markets to increase their market share in order to ensure sustainable growth.

Looking ahead, the Group continues to remain cautious of its financial performance that may invariably be impacted by the fluctuation of the chlor alkali product prices.

B4) Variance of Actual Profit from Forecast Profit

The Group did not make any profit forecast or issue any profit guarantee.



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B5) Taxation

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

	Current Quarter	Current Period
	RM'000	RM'000
Taxation		
In respect of profit for the period	2,911	8,445
Transfer from deferred tax	(1,482)	(1,028)
	<u>1,429</u>	<u>7,417</u>

The Group's effective tax rate was higher than the statutory tax rate mainly due to non-deductibility of certain expenses for tax purposes.

B6) Profit before tax

	Current Quarter	Current Period
	RM'000	RM'000
Operating profit is arrived at after charging / (crediting):		
Depreciation and amortization	7,792	27,353
(Write-back)/Provision for receivables	1,083	1,867
(Write-back)/Provision for inventories	(1,679)	(659)
Impairment of assets	(1,826)	(1,826)
Interest expense	198	7,336
Interest income	(1,339)	(3,991)
	<u> </u>	<u> </u>

Other than the above, there were no impairment of assets and gain or loss on derivatives for the current quarter and the current period under review.

B7) Status of Corporate Proposals

There are no other corporate proposals that have been announced by the Company but not yet completed as at the date of this report.

B8) Group Borrowings and Debt Securities

	31 December	31 December
Ringgit Malaysia denominated	2019	2018
	RM'000	RM'000
Short term borrowings		
Unsecured	32,080	41,695
	<u>32,080</u>	<u>41,695</u>
Long term borrowings		
Unsecured	163,200	152,107
	<u>195,280</u>	<u>193,802</u>



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B9) Material Litigation

There were no material litigations as at the end of the period under review.

B10) Dividend

The Board of Directors proposed a final dividend of 2.00 sen per share in respect of financial year ended 31 December 2019. The final dividend is subject to shareholders' approval at the forthcoming Annual General Meeting (AGM) of the Company. The book closure and payment date in respect of the final dividend will be on 5 June 2020 and 19 June 2020 respectively. Based on issued share capital of 167.7 million shares the total final dividend payable is approximately RM3.4 million.

B11) Earnings per Share

	Individual Quarter		Cumulative Quarter	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	RM'000	RM'000	RM'000	RM'000
Basic Earnings Per Share:-				
Profit after tax and minority shareholders' interests (RM'000)	3,074	8,623	16,020	25,695
Weighted average number of ordinary shares ('000) at ending of the quarter/year	167,696	167,696	167,696	167,696
Basic earnings per share (sen)	1.83	5.14	9.55	15.32

There is no dilution to the earnings per ordinary share as there are no potentially dilutive ordinary shares.

B12) Derivative Financial Instruments

As at the end of the current period, there were no outstanding derivative financial instruments in the Group.

B13) Gains and Losses Arising from Fair Value Changes of Financial Liabilities

There were no material gains or losses from changes on the fair values of financial liabilities for the current period under review.

B14) Authorisation for Issue

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20 February 2020.

By Order of the Board

NOOR AZWAH SAMSUDIN (LS0006071)
Company Secretary
20 February 2020