CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND PERIOD ENDED 31 MARCH 2020 (UNAUDITED)

In thousands of RM	Current Quarter 31 March		Current Period 31 March	
	2020	**2019**	**2020**	**2019**
Revenue	96,630	96,975	96,630	96,975
Cost of goods sold	(80,652)	(78,529)	(80,652)	(78,529)
Gross profit	15,978	18,446	15,978	18,446
Other income	1,689	1,937	1,689	1,937
Distribution expenses	(2,260)	(633)	(2,260)	(633)
Administrative expenses	(8,274)	(7,025)	(8,274)	(7,025)
Other expenses	(1,247)	(1,665)	(1,247)	(1,665)
Results from operating activities	5,886	11,060	5,886	11,060
Share of (loss)/profit of equity accounted investee, net of tax	(1,058)	139	(1,058)	139
Finance income	559	891	559	891
Finance costs	(1,657)	(2,562)	(1,657)	(2,562)
Profit before tax	3,730	9,528	3,730	9,528
Income tax expense	(1,555)	(3,216)	(1,555)	(3,216)
Profit for the period	2,175	6,312	2,175	6,312
Other comprehensive income				
Fair value of equity investments designated at FVOCI	-	-	-	-
Foreign currency translation differences for foreign operations	(4,496)	1,424	(4,496)	1,424
Total comprehensive income for the period	(2,321)	7,736	(2,321)	7,736
Profit attributable to :				
Owners of the Company	2,175	6,245	2,175	6,245
Non-controlling interests	-	67	-	67
	2,175	6,312	2,175	6,312
Total comprehensive income attributable to :				
Owners of the Company	(2,321)	7,669	(2,321)	7,669
Non-controlling interests	-	67	-	67
	(2,321)	7,736	(2,321)	7,736
Basic earnings per share (Sen)	1.30	3.72	1.30	3.72
Diluted earnings per share (Sen)	1.30	3.72	1.30	3.72

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 MARCH 2020 (UNAUDITED)

In thousands of RM	As at 30 March 2020	As at 31 December 2019
ASSETS		
Property, plant and equipment	239,418	232,941
Right-of-use assets	34,752	32,115
Investment properties	7,170	7,170
Intangible assets	94,107	94,107
Investment in associates	15,201	15,369
Other investments	280	280
Total non-current assets	390,928	381,982
Inventories	37,635	24,713
Current tax assets	13,701	11,250
Trade and other receivables	82,364	76,690
Cash and cash equivalents	96,806	111,776
Total current assets	230,506	224,429
TOTAL ASSETS	621,434	606,411
EQUITY AND LIABILITIES		
Share capital	81,920	81,920
Reserves	24,315	28,811
Retained earnings	214,211	212,036
Total equity attributable to equity holders of the Company	320,446	322,767
Non-controlling interests	3,287	3,287
Total equity	323,733	326,054
Loans and borrowings	155,030	155,550
Lease liabilities	3,557	125
Deferred tax liabilities	17,880	16,949
Total non-current liabilities	176,467	172,624
Loans and borrowings	52,030	39,530
Lease liabilities	289	949
Trade and other payables	68,157	66,857
Current tax liabilities	758	397
Total current liabilities	121,234	107,733
Total liabilities	297,701	280,357
TOTAL EQUITY AND LIABILITIES	621,434	606,411
Net assets per share attributable to ordinary equity holders of the parent (sen)	**191**	**192**

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 MARCH 2020 (UNAUDITED)

In thousands of RM	Attributable to shareholders of the Company								
	Non-distributable					Distributable			
	Share capital	Translation reserve	Fair value reserve	Revaluation reserve	Other capital reserve	Retained earnings	Total	Non-controlling interest	Total equity
At 1 January 2020	81,920	21,661	-	4,168	2,982	212,036	322,767	3,287	326,054
Foreign currency translation differences of foreign operations	-	(4,496)	-	-	-	-	(4,496)	-	(4,496)
Total other comprehensive income for the period	-	(4,496)	-	-	-	-	(4,496)	-	(4,496)
Profit for the period	-	-	-	-	-	2,175	2,175	-	2,175
Total comprehensive income for the period	-	(4,496)	-	-	-	2,175	(2,321)	-	(2,321)
As at end of period	81,920	17,165	-	4,168	2,982	214,211	320,446	3,287	323,733

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 2019

In thousands of RM	Attributable to shareholders of the Company								
	Non-distributable					Distributable			
	Share capital	Translation reserve	Fair value reserve	Revaluation reserve	Other capital reserve	Retained earnings	Total	Non-controlling interest	Total equity
At 1 January 2019	81,920	19,718	69	-	2,982	211,684	316,373	2,601	318,974
Revaluation of property, plant and equipment before transfer of properties to investment properties	-	-	-	4,168	-	-	4,168	-	4,168
Net change in fair value of equity investment designated at FVOCI	-	-	(5)	-	-	-	(5)	(5)	(10)
Foreign currency translation differences of foreign operations	-	1,943	-	-	-	-	1,943	-	1,943
Total other comprehensive income for the period	-	1,943	(5)	4,168	-	-	6,106	(5)	6,101
Profit for the period	-	-	-	-	-	15,381	15,381	691	16,072
Total comprehensive income for the period	-	1,943	(5)	4,168	-	15,381	21,487	686	22,173
Dividends to owners of the Company	-	-	-	-	-	(15,093)	(15,093)	-	(15,093)
Transfer upon the disposal of equity investment designated at FVOCI	-	-	(64)	-	-	64	-	-	-
As at 31 December 2019	81,920	21,661	-	4,168	2,982	212,036	322,767	3,287	326,054

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2020 (UNAUDITED)

	3 Months Ended 31 March	
In thousands of RM	**2020**	**2019**
Cash flows from operating activities		
Profit before taxation	3,730	9,528
Adjustments for:		
Depreciation of property, plant and equipment	7,075	6,090
Net gain on disposal of asset held for sale	-	(1,094)
Finance costs	1,657	2,562
Interest income	(559)	(891)
Provision/(write-back) for receivables	408	(603)
Provision for inventories	-	914
Share of loss/(profit) of equity accounted associates	1,058	(139)
Inventories written down / written off	-	854
Unrealised foreign exchange loss	645	645
Operating profit before changes in working capital	14,014	17,866
Change in inventories	(12,921)	712
Change in payables and accruals	(3,550)	4,253
Change in receivables, deposits and prepayments	(6,654)	(6,490)
Cash (used in)/generated from operations	(9,111)	16,341
Finance costs paid	(1,657)	(2,562)
Interest income	559	891
Income tax paid, net of refund	(3,180)	(3,506)
Net cash (used in)/generated from operating activities	(13,389)	11,164
Cash flows from investing activities		
Acquisition of property, plant and equipment	(12,769)	(24,988)
Proceeds from disposal of asset held for sale	-	21,500
Net cash used in from investing activities	(12,769)	(3,488)
Cash flows from financing activities		
Dividends paid to owners of the Company	-	(6,708)
Net drawdown of loans and borrowings	11,245	34,577
Net cash used in financing activities	11,245	27,869
Exchange difference on translation of the financial statements of foreign operations	(57)	61
Net decrease in cash and cash equivalents	(14,970)	35,606
Cash and cash equivalents at 1 January	111,776	136,297
Cash and cash equivalents as at end of period	96,806	171,903

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

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 2019.

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 2019 except for those standards, amendments and interpretations which are effective from the annual period beginning on or after 1 January 2020.

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020;

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

The Group adopted the above amendments to MFRSs. The initial application of the amendments do not have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

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 1 January 2022;

- Amendments to MFRS 101, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*

A2) Changes in Accounting Policies (continued)

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, *Insurance Contracts* as it is not applicable for the Group. The initial applications of the above standards are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

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 2019 was not subject to any qualification.

A4) Explanatory comments about the seasonality or cyclicality 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

No dividend was paid in the current quarter under review.

A9) Segment reporting

In thousands of RM	Segment Revenue			
	Individual 1st Quarter		Cumulative 1st Quarter	
	2020	2019	2020	2019
Chemicals	70,719	74,353	70,719	74,353
Polymers	27,362	23,807	27,362	23,807
Others*	(1,451)	(1,185)	(1,451)	(1,185)
Group result	96,630	96,975	96,630	96,975

In thousands of RM	Segment Profit/(Loss) Before Tax			
	Individual 1st Quarter		Cumulative 1st Quarter	
	2020	2019	2020	2019
Chemicals	(227)	7,784	(227)	7,784
Polymers	6,108	5,085	6,108	5,085
Others*	(2,151)	(3,341)	(2,151)	(3,341)
Group result	3,730	9,528	3,730	9,528

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

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 March 2020	31 December 2019
	RM'000	RM'000
Contracted but not provided for	28,570	54,700

CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)
(Incorporated in Malaysia)
For the Period Ended 31 March 2020

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

B1) Review of Performance

Commentary for Individual and Cumulative Quarter ended 31 March 2020

In thousands of RM	Current Year Quarter	Preceding Year Corresponding Quarter	Changes (Amount)	Changes (%)
Segment Revenue				
Chemicals	70,719	74,353	(3,634)	(4.9)
Polymers	27,362	23,807	3,555	14.9
Others*	(1,451)	(1,185)	(266)	(22.4)
Group result	96,630	96,975	(345)	(0.4)
Segment profit/(loss) before tax				
Chemicals	(227)	7,784	(8,011)	(102.9)
Polymers	6,108	5,085	1,023	20.1
Others*	(2,151)	(3,341)	1,190	35.6
Group result	3,730	9,528	(5,798)	(60.9)

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

The Group revenue of RM96.6 million was 0.4% lower than the corresponding quarter last year due to lower revenue from the Chemicals Division of 4.9%, cushioned by the increase in revenue from Polymers Division by 14.9%. The Group recorded a lower profit before tax (PBT) in the current quarter of RM3.7 million, a decrease of RM5.8 million from RM9.5 million recorded in the same quarter last year. Included in Q1 2019's PBT was a one-off non-recurring gain on disposal of land totalling RM1.1 million.

The Group's result for the quarter under review was affected by the following factors:

a) Share of loss from its associate company, Orica-CCM Energy Sdn.Bhd.("Orica") of RM1.1 million. Orica's result was affected by the closure of its manufacturing business since end of 2019, compressed margin in its trading business and was also impacted by the Movement Control Order (MCO) being a non-essential services;

b) Continued margin squeeze arising from lower average selling price of its chlor-alkali products;

c) Lower volume sold during the period from Chemicals business as some of its customers were affected by the MCO effective 18 March 2020, as they were deemed as non-essential services, offset by;

d) Improved performance from its Polymers business arising from the surge in demand for gloves.

B1) Review of Performance (continued)

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

Chemicals

Chemicals Division recorded lower revenue by 4.9% to RM70.7million from RM74.3million in the same period last year. The Division incurred a loss before tax of RM227 thousands from a PBT of RM7.8 million in the same period last year. The loss recorded during the quarter was due to the following:

a) Share of loss from its associate company, Orica-CCM Energy Sdn.Bhd.("Orica") of RM1.1 million (Q1 2019 – profit of RM139k). Orica's result was affected by the closure of its manufacturing business since end of 2019, compressed margin in its trading business and was also impacted by the MCO being a non-essential services;

b) Continued margin squeeze arising from lower average selling price of its chlor-alkali products;

c) Lower volume sold during the period as some of its customers were affected by the MCO effective 18 March 2020, as they were deemed as non- essential services;

d) Depreciation incurred on its newly reactivated plant in Pasir Gudang (PGW1) and provision for doubtful trade receivables, all totalling to RM1.2 million.

Polymers

Revenue increased by 14.9% to RM27.4million from RM23.8million for the current quarter as compared to same quarter last year, primarily due to the surge in demand from the glove industry amidst concerns over Covid-19 outbreak. Accordingly, the Division's profit before tax, increased from RM5.1 million to RM6.1 million as a result of the higher revenue from both its polymer coatings and cleaner products.

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

In thousands of RM	Current Quarter	Preceding Quarter	Changes (Amount)	Changes (%)
Segment Revenue				
Chemicals	70,719	74,722	(4,003)	(5.4)
Polymers	27,362	25,507	1,855	7.3
Others*	(1,451)	(936)	(515)	(55.0)
Group result	96,630	99,293	(2,663)	(2.7)
Segment profit/(loss) before tax				
Chemicals	(227)	7,385	(7,612)	(103.1)
Polymers	6,108	4,458	1,650	37.0
Others*	(2,151)	(6,763)	4,612	(68.2)
Group result	3,730	5,080	(1,350)	(26.6)

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

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

The Group's revenue for the current quarter of RM96.6 million was lower by 2.7% as compared to the preceding quarter's revenue of RM99.3 million primarily due to lower volume and average selling prices of its chlor-alkali products during the current quarter, impacting the chemicals business. The lower revenue in Chemicals business is mitigated by the improved performance in Polymers business.

Group's profit before tax for the current quarter decreased to RM3.7 million compared to the preceding quarter of RM5.1 million mainly attributable to lower results from chemicals business, softened by the improved performance from polymers business. The Group's result for the quarter under review also includes RM1.1 million share of losses from Orica's result, while the preceding quarter includes RM1.8 million impairment of underutilised asset.

B3) Prospects

As the global economy is preparing for economic slowdown or even recession for the year as result of the Covid-19 pandemic, Bank Negara Malaysia had forecasted Malaysia's GDP to be between -2.0% to +0.5% for 2020. The overall situation is expected to remain unpredictable for now as nations worldwide are putting in place respective responses to contain the Covid-19 pandemic and introducing both monetary and fiscal stimulus packages to support the economy and prevent from catastrophic recession.

Chemicals

The Group remain cautious of the expected softer regional caustic soda prices amidst the slowdown in global economy, which will unfavourably impact the overall performance of the chemical business.

Nevertheless, CCM's chemicals products are used in the production of personal hygiene and disinfectants, key chemicals for the water treatment sector, and also used in the manufacturing of gloves. These industries are highly essential in helping to contain the spread of Covid-19. The demand for our key products is expected to increase with the easing of the MCO as most of our key customers will be in full operation. The increase in demand is anticipated to mitigate the impact of the softer caustic soda prices for the year.

Polymers

Polymers Business' financial performance is expected to continue to improve for the year as demand from the glove manufacturers is projected to surge as a result of Covid-19 pandemic. Polymers Business will continue to ensure its margin remains stable, amidst the fluctuation in foreign currencies, by embarking on various cost efficiency initiatives.

The Group is closely monitoring the market situation and will optimise its operations to adapt to the fast-changing and volatile business environment.

B4) Variance of Actual Profit from Forecast Profit

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

B5) Taxation

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

	Current Quarter	Current Period
Taxation	RM'000	RM'000
In respect of profit for the period	624	624
Transfer from deferred tax	931	931
	1,555	1,555

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

Operating profit is arrived at after charging / (crediting):	Current Quarter RM'000	Current Period RM'000
Depreciation and amortization	7,075	7,075
(Write-back)/Provision for receivables	408	408
Net foreign exchange gain	(450)	(450)
Interest expense	1,657	1,657
Interest income	(559)	(559)

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

Ringgit Malaysia denominated	31 March 2020 RM'000	31 December 2020 RM'000
Short term borrowings		
Unsecured	52,030	39,530
	52,030	39,530
Long term borrowings		
Unsecured	155,030	155,550
	207,060	195,080

B9) Material Litigation

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

B10) Dividend

No dividend is proposed for the current quarter under review.

B11) Earnings per Share

	Individual Quarter		Cumulative Quarter	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	RM'000	RM'000	RM'000	RM'000
Basic Earnings Per Share:-				
Profit after tax and minority shareholders' interests (RM'000)	2,175	6,245	2,175	6,245
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)	1.30	3.72	1.30	3.72

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 May 2020.

By Order of the Board

NOOR AZWAH SAMSUDIN (LS0006071)
Company Secretary
20 May 2020