



Annual Report 2007

On a constant
trail to enhance the
quality of life...



CCM DUOPHARMA
BIOTECH BERHAD
[524271-W]

Financial calendar

Financial year end	31 Dec 2007
Annual general meeting	21 May 2008

Dividend

i. Interim Dividend	
Entitlement date	5 Oct 2007
Payment date	18 Oct 2007
ii. Special Interim Dividend	
Entitlement date	12 Dec 2007
Payment date	24 Dec 2007

Announcement of 2007 trading results

3 months	May 2007
6 months	Aug 2007
9 months	Nov 2007
Full year	Feb 2008

Financial highlights as at 31 December

[in RM'000]

Consolidated balance sheet	2007	2006
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Fixed assets	59,575	55,743
Current assets	67,760	103,265

Total assets	127,335	159,008
Current liabilities	9,376	10,740

Financed by:

Share capital	69,730	69,716
Treasury shares	[1,578]	[1,578]
Non-distributable reserves	14,136	14,084
Retained profits	31,925	63,208

Shareholders' funds	114,213	145,430
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Deferred tax liabilities	3,746	2,838
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Consolidated income statement	2007	2006
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Turnover	115,551	105,100
Profit before taxation	42,541	38,094
Taxation	[10,498]	[9,115]

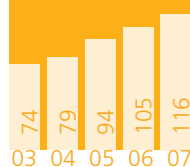
Profit after taxation	32,043	28,979
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Profit attributable to shareholders	32,043	28,979
Dividends	[63,326]	[24,479]

Transfer [from]/to retained profits	[31,283]	4,500
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Turnover

[in RMmillion]



Net assets per share

[in RM]



Profit before tax

[in RMmillion]



Earnings per share

[in Sen]



Shareholders' funds

[in RMmillion]





Chairman's statement

Dear shareholders

CCM Duopharma Biotech Berhad, now in its second year as part of CCM Berhad, has reaped the benefits from its association with Malaysia's key player in the fertilizer, chemical and pharmaceutical industries. We have been able to tap upon the Group synergies to bring us forward to becoming

a leader in the Malaysian pharmaceutical industry and a major player in the regional market.

I am therefore pleased to report, on behalf of CCM Duopharma's Board of Directors, that we have continued to perform to expectations in financial terms as well as business development. As we proceed to build upon our past and present achievements, the way forward promises to offer us more opportunities for growth.

Our business environment

The Malaysian economy, buttressed by its strong fundamentals, registered a GDP growth of 6.3% for 2007. There has been expansion in all sectors of the economy in line with the implementation of the Ninth Malaysia Plan. The services sector was the main driver of growth with lower contribution from the manufacturing sector, which was supported mainly by domestic-oriented industries. Higher input prices in the oleochemical industry had an impact on the output of household and personal care products, including pharmaceuticals.

The world economy proceeded at a moderate pace in 2007, registering growth of 5.2%. Robust growth in China, India and Russia offset dampening trends in the US and Europe. In the ASEAN region, growth ranged between 4.5% and 7%.

02.01.2007

Customer awareness with CAT

Reaching customers through health-related activities

CCM Duopharma Biotech Berhad set up the Customer Awareness Team [CAT] to create customer awareness of its over-the-counter products through health-related activities such as health screenings and product samplings at pharmacies. Such activities also help to strengthen the Company's advertising and promotional campaign as well as complement the work of its sales representatives.

Within four months of its formation, the CAT has visited 29 chain and independent pharmacies around the Klang Valley as well as a number of hospitals in Selangor and Negeri Sembilan.

At the industry level, the healthcare industry was boosted by greater public awareness of healthcare issues and increasing individual attention towards better health. Pharmaceutical companies were able to ride upon this trend, maintaining its projected growth of 8% to 10% annually.

Nonetheless, CCM Duopharma continued to operate in a competitive environment both within and outside Malaysia. A large portion of the domestic pharmaceutical market was met by imports. We have had to counter intense competition from multinational corporations, in addition to the availability of low-priced products from India, China and other Asian countries in the local market. The costs of raw materials and packaging rose during the year under review and we faced constraints in our production and warehousing capacity. At the same time, original manufacturers, i.e. ex-patent holders, adopted a new strategy of offering low prices to prevent the entry of generic manufacturers.

Notwithstanding the above, we have been successful in taking advantage of the CCM Group's capabilities in technology, knowledge, research and development, and distribution network. Together with our three-prong strategy of cost containment, productivity improvement and aggressive marketing, this has helped us to maintain our position in the marketplace.

Another good financial year

CCM Duopharma recorded yet another profitable year, posting a profit after tax of RM32.04 million for the financial year ended 31 December 2007, an increase of 10.6% from RM28.98 million of the previous year.

Revenue achieved for the 2007 financial year was RM115.55 million, a growth of 9.9% from RM105.10 million attained in 2006. The increase in revenue and profit after tax was due to the Company's initiatives in enhancing its product mix, thus resulting in higher sales and returns.

Our performance during the financial year under review resulted in an increase in our earnings per share from 20.89 sen in the previous year to 23.09 sen in 2007.

For our shareholders

Your Board of Directors had declared a first interim dividend of 14 sen [28%] per share less 27% tax based on CCM Duopharma's paid-up capital of approximately 139.5 million shares at par value of RM0.50 each in respect of the Company's financial period ended 30 June 2007. This was followed, during the third quarter, by the declaration of a special interim dividend of 34 sen [68%] per share less 27% income tax.

With the total dividend for the financial year 31 December 2007 already at 48 sen per share, the highest dividend payment to shareholders to-date, your Board will not be recommending a final dividend.

Worth noting

This being the second year as part of the CCM Group, our integration exercise into the organisational culture, philosophy and processes of CCM is well underway. This is seen not only in business and marketing terms but also in areas such as quality improvement, corporate social responsibility, safety, health and the environment, research and development as well as human capital development. We are now poised to grow our business further.

As a start, we will be benefiting from the CCM Group's acquisition of the brands and assets of Malayan Pharmaceutical during the year under review. A number of established over-the-counter [OTC] brands, such as Chewies, Milidon, Cosmos and Cosmoplast, will come under our marketing and distribution ambit.

Your Board is also proud to highlight that, in the annual KPMG/The Edge survey, CCM Duopharma was placed 27th amongst the country's top 100 companies in terms of shareholder value creation. This honour has certainly earned us greater interest from analysts and investors, and we shall strive to continue being on the radar screen of the investing community.

Sustaining future growth

Despite the feelings of uncertainty amidst fears of recessionary trends in the US, the Malaysian economy is expected to grow about 6% in 2008. This outlook is premised on favourable global growth prospects and positive contributions from all economic sectors in the country. Globally, growth is projected at about 5% in 2008, supported by a balanced expansion across the regions.

Thus far, Asian markets have exhibited some degree of resilience and we remain optimistic of our future prospects. The demand for healthcare products will remain robust and we shall maintain our strategy of expanding into selected markets overseas while continuing to build upon our domestic business. We anticipate greater recurring earnings from overseas ventures in the years to come.

With our strong operating cash flow, solid financial base, quality human capital and strategic partnerships, we are therefore set to sustain our growth into the future.

I would like to take this opportunity to welcome our new Chief Executive Officer, Encik Leonard Ariff bin Abdul Shatar, whom the Board has entrusted to spearhead the Company to greater heights in the future.

Appreciation

The success of any corporate endeavour would not be possible without the contributions of various groups of people. At CCM Duopharma, the commitment and dedication of our management and staff towards furthering the Company's objectives need to be commended.

I wish to record my appreciation to our stakeholders – shareholders, suppliers, distributors and customers, amongst others – for their belief in our mission and products. My thanks are also extended to the Malaysian Government, in particular the Ministry of Health, and other related government bodies for their support. I would like to take this opportunity to thank Dato' Haji Mizanur Rahman S M Abdul Ghani for his contributions to the Company when he was Managing Director and to wish him well for the future. Last but not least, my fellow board members deserve mention for giving the Company the benefit of their time and expertise.

Tan Sri Dato' Dr Abu Bakar bin Suleiman
Chairman

29.04.2007



Launch of Legarin

Herbal tablets to promote liver health

Legarin, a herbal remedy that contains *Silybum Marianum* or more commonly known as milk thistle, is now available in tablet form from CCM Duopharma Biotech Berhad. Europeans have been using milk thistle for over 2,000 years as a herbal treatment for liver disorders. Each Legarin tablet contains 70 mg of *Silybum Marianum* extract called silymarin, which is equivalent to 1,400 mg of milk thistle.

Group Managing Director of Chemical Company of Malaysia Berhad, Dato' Dr Mohd Hashim Tajudin, said that Legarin was developed to help patients with liver problems. "The introduction of this new product shows our continued commitment towards

extensive research and development to produce high quality herbal products that promote overall well-being."

"We are pleased to introduce Legarin to the market and are confident that it will receive an overall positive response from consumers who wish to lead a good quality of life," said Dato' Dr Mohd Hashim.

Legarin was launched by the Prime Minister, YAB Dato' Seri Abdullah Hj Ahmad Badawi, at 'Minggu Saham Amanah Malaysia' in Kuantan, Pahang.



Chief executive officer's review

Since assuming our current name in mid-2006 to reflect being part of the CCM Group, the Company has gained greater recognition through the Group identity and has been given an excellent rating from preferred suppliers. The integration of people and systems with those of the Group proceeded smoothly and, for the first time, we adopted CCM's Key Performance Indicators for its pharmaceutical business for the year 2007.

These included:

- Growing our share of the domestic market, especially for over-the-counter [OTC] products
- Increasing our business to the government sector
- Expanding exports
- Launching new innovative products.

For the year under review, we have achieved an increase of about 18% in our production output and approximately 10% in our sales.

We are in line with industry growth of 8% to 10%.

Growing the business

Since 2005, the Malaysian Government has been using methadone in Drug Substitution Therapy [DST] programme as part of its harm reduction therapy for heroin addicts. Methadone has been used globally for 40 years with a high level of efficacy and the Malaysian Government was able to achieve a 90% success rate in its pilot project. Administered orally, it has minimal side effects and reduces withdrawal symptoms. This prompted the Government to place 5,000 more heroin addicts under the Methadone DST programme in 2007.

CCM Duopharma had won the tender to supply methadone to the Ministry of Health [MOH] in 2006. With the Government extending its programme, we will continue to supply to the Government until 2009.

09.05.2007

2007 Year of Innovation

CCM Duopharma participates in Group's innovation programme

Chemical Company of Malaysia Berhad [CCM] launched its Year of Innovation at the office of CCM Duopharma Biotech Berhad. The event was officiated by the Group Managing Director, Dato' Dr Mohd Hashim Tajudin, and was attended by managers from various subsidiaries and regional offices.

The 2007 Year of Innovation is aimed at inculcating a quality-driven and innovative culture and workforce within the Group. This is in line with the aspirations of CCM Duopharma to remain competitive and become a leader in the industry.

Innovation plays an important role in a company's quantum leap in business to gain higher growth. According to Dato' Dr Mohd Hashim, the innovation culture in CCM must be across the board. Innovation must be looked at and addressed from all angles on products, processes as well as services provided to customers internally and externally. The Group also launched an Employee Innovative Suggestion Scheme [EISS] to encourage and promote outside the box and innovative thinking and ideas among all employees.

The DST programme helps heroin addicts to control their addiction and lead a normal life, enabling them to re-enter society in a productive manner. To familiarise medical practitioners with the programme and dispel notions of its efficacy, we sponsored the Methadone Maintenance Therapy Workshops organised by Pusat Perubatan Universiti Malaya. Endorsed by the MOH, the workshops were held on 13 May and 11 November during the year under review. The programme also drew attendees from non-governmental organisations.

The government sector is an important market for us. We were awarded a contract to supply 63 items to the MOH for the period 2007 to 2009. This tender award, worth approximately RM30 million a year, is in addition to one that we had won in 2006 to supply SLN 30 and SLN 40 tablets to the Ministry. We are the only company in Malaysia permitted by the patent holder to produce these 3-in-1 anti-retroviral drugs that are used to treat HIV/AIDS patients.

While the main driver of our business is the small volume injectables, we continue to enhance our range of other products. In 2007, two new ethical products, i.e. Precose and Nordipine, were introduced; these are products that require prescription by medical doctors. Two new OTC products were also launched during the year – Legarin, a herbal remedy that can help improve the liver's ability to detoxify and burn fat in the body, and Donna Forte 500mg, an extension of Donna 250mg that was developed to help reduce discomfort and pain among osteoarthritis patients.

We will also see an addition of about 30 new products to our range as a result of the acquisition of the assets and brands of Malayan Pharmaceutical by the CCM Group. Products such as Chewies, Cosmos and Milidon will be rebranded and relaunched in 2008.

A Customer Awareness Team [CAT] was set up in 2007 to create customer awareness of our OTC products through health-related activities. CAT also served to strengthen our on-going advertising and promotional campaign as well as complement our sales and marketing initiatives. Activities that included health screenings and product samplings were held at more than 29 chain and independent pharmacies around the Klang Valley. Visits were also made to a number of hospitals.

Already exporting our products to about 20 countries, our strong presence in the ASEAN region has helped us to post double-digit growth in export sales for the year under review. We, through the CCM Group, maintain sales offices in Bangkok, Ho Chi Minh City, Jakarta, Manila and Singapore, and have appointed agents in other markets.

About 10% of our business is attributable to exports, a ratio that we plan to increase by penetrating new markets in the Middle East and Africa as well as exploring opportunities in Central Europe, Central Asia and the South Pacific. Towards this end, we participated in trade exhibitions in Kazakhstan, Vietnam and Indonesia. We also took part in a trade show in USA and an international trade show in Malaysia. At the same time, we are also tapping into the CCM Group's distribution network to expand export sales internationally.

We are committed towards expanding our range with new innovative products, as reflected in our target to invest an approximately 3% of revenue annually towards research and development [R&D]. As part of the CCM Group, we are leveraging on the R&D services provided by Innovax Sdn Bhd, a subsidiary of Chemical Company of Malaysia Berhad. Its cutting-edge facilities give us a competitive advantage, providing us with a pipeline of ethical and OTC products that will address new health concerns. We have identified an increasing demand for haemodialysis and irrigation solutions and will expand our resources towards helping those affected in managing these conditions.

Improving quality

Our membership in the CCM Group has brought us under the umbrella of the Group's Total Quality Management programme. Quality Improvement Teams [QITs] were formed during the year under review followed by the launch of the QIT Awareness Campaign on 1 March 2007.

Participating in the CCM Group QIT Convention for the first time on 6 September 2007, our teams succeeded in taking home three of the five Special Category awards – Most Innovative Team, Best Use of QCC Tools and Techniques, and Best Presentation. In addition, we won the Gold in the Services as well as the Marketing and Sales categories, and the Silver in the Manufacturing category.

We have also won recognition from outside the Group for the quality and efficacy of our products. In the Guardian Choice Customer Awards for 2007, we were the winner in the Joint Relief category. Encouraged by all these achievements, we plan to leapfrog our quality drive towards Six Sigma.

Helping the community

Being part of a conglomerate such as CCM has created greater awareness of our responsibilities as a corporate citizen. In December 2006, during the launch of Diamelon, a product that is able to help control blood glucose levels, we had made a pledge to donate 50 sen to the National Diabetes Institute [NADI] from the proceeds of the sale of every bottle of the product. During that launch, we had donated RM5,000 to NADI for the Institute's educational programmes. On 14 November 2007, we carried through with our promise, donating an additional amount of RM7,000 to the Institute at a presentation ceremony held in conjunction with 'World Diabetes Day'.

Our support of NADI represents the first of several initiatives in our Corporate Social Responsibility programme. We are committed towards promoting greater public awareness on diabetes prevention. NADI was selected as the beneficiary of our programme to recognise and appreciate its efforts in educating the public on diabetes. In further support of the Institute's work, we have also provided a link to its website via our own corporate website. This should help to facilitate access to information for people living with diabetes and the general public.

Time and again, we have contributed supplies of our products to help certain sectors of the community. During the year under review, we pledged a year's supply of Donna Forte 500mg, a product to alleviate the symptoms of osteoarthritis, and other related products to the aged residents of Penjagaan Warga Tua Sri Tanjung, Kuang, Selangor. This is not a one-off affair as we are in constant communication with the retirement home to help it in its future activities.

Developing our human capital

Our emphasis on quality goes hand-in-hand with our ongoing commitment to human capital development. This has been further strengthened by the harmonisation of our human resource policies and procedures with the CCM Group. Our compensation and benefits are being aligned with that of the Group, particularly in regard to its performance-oriented philosophy, so that our vision, mission and strategic plans reflect that of the Group's organisational culture.

Performance-based tools, such as the Balanced Score Card and Key Performance Indicators, are being implemented to measure competencies and performance. Succession planning is being introduced at top and middle management levels to ensure continuity and provide a definite career ladder to retain our talents. The effectiveness of such initiatives, which require critical statistics and accurate data relating to human resource, is ensured by further improvements in our human resource information system and processes.

To promote harmonious employer-employee relations and minimise disputes, we organised industrial relations training, provided effective disciplining and counselling processes, and introduced grievance-handling procedures.

The knowledge and skills development of our people remained high on our priority list during the year under review, with staff at all levels undergoing training in both technical areas and soft skills. Developmental activities were undertaken to prepare them for the operational, technical and individual requirements to support our expansion and growth. The Personal Effectiveness Programme was held for management staff to help them in moving towards the Group's organisational culture. While most training and development is now held at the Group level, more specific training in Good Manufacturing Practices as prescribed by the MOH is organised at the manufacturing floor.

16.05.2007



CCM Duopharma in Kazakhstan

At the KIHE 2007 Exhibition

CCM Duopharma Biotech Berhad participated in one of Central Asia's biggest international health exhibition, the Kazakhstan International Healthcare Exhibition [KIHE] 2007, in Almaty to reinforce the Company's presence as an international player.

With exhibitors from more than 25 countries worldwide, exhibition space had to be increased by 30% increase from the previous year.

The exhibition provided CCM Duopharma a platform to establish business contacts into new markets, gather market information and study competitors' activities. More importantly, the exhibition gave the Company an opportunity to showcase its products, which included a wide range of small volume injectables and over-the-counter tablets and capsules.



Looking ahead

We will continue to face challenges brought about by rising raw material costs and competitive imports. Our main challenge will be in developing a strong management team with a strategic outlook, one that is also capable of revamping the organisation in accordance with the Government-linked Companies Transformation Programme, which will bring us on par with the multinationals.

Our immediate focus will be on expanding our facilities, not only with additional manufacturing and warehousing facilities but also with better staff amenities, at our plant in Klang, Selangor. We will be expanding our packing line for small volume injectables to improve output. In terms of our market, we succeeded in obtaining our Halal certification for a range of products in early January 2008, which will pave the way for inroads into the Middle East.

For the medium-term, we will be looking at further incorporating our operations into the Group's divisional strategy by rationalising our product range. Having completed our second year within the CCM Group, the integration work is almost done and the emphasis would now be on gearing up our business. We operate in a resilient industry that caters to the health and well-being of the general public. As such, we expect our future prospects to continue being robust.

Leonard Ariff bin Abdul Shatar
Chief Executive Officer

A photograph of two young men working on the engine of a car with its hood open. The man on the left is wearing a white t-shirt and a white baseball cap with 'Laguna Golf Club' written on it. The man on the right is wearing a blue t-shirt, glasses, and a watch. They are both looking at the engine. A semi-transparent blue rectangle is overlaid on the image, containing the text 'Constructively facing challenges to attain goals'.

Constructively
facing challenges
to attain goals

Corporate information

Board of directors

Tan Sri Dato' Dr Abu Bakar bin Suleiman
[Chairman/Non-Independent Non-Executive Director]

Dato' Dr Mohamad Hashim bin Ahmad Tajudin
[Non-Independent Non-Executive Director]

Datuk Alias bin Ali
[Non-Independent Non-Executive Director]

Datuk Dr Jegathesan a/l N M Vasagam
@Manikavasagam
[Independent Non-Executive Director]

Haji Ghazali bin Awang
[Independent Non-Executive Director]

Dr Mohd Nasir bin Hassan
[Independent Non-Executive Director]

Dato' Haji Mizanur Rahman bin S M Abdul Ghani
[Managing Director]
[Resigned w.e.f. 1 January 2008]

Chief executive officer

Leonard Ariff bin Abdul Shatar

Company secretaries

Noor Azwah Binti Samsudin [LS 0006071]
Rosnah Binti Mahat [LS 0006735]

Registered office

13th Floor, Menara PNB
201-A, Jalan Tun Razak
50400 Kuala Lumpur
Tel 03 2612 3888
Fax 03 2612 3999

Business address

Lot 2599 Jalan Seruling 59
Kawasan 3, Taman Klang Jaya
41200 Klang
Selangor Darul Ehsan
Tel 03 3323 2759
Fax 03 3323 3923
Url www.duopharma.com.my
Email duofarma@tm.net.my

Auditors

KPMG
Chartered Accountants
Wisma KPMG
Jalan Dungun
Damansara Heights
50490 Kuala Lumpur

Principal bankers

OCBC Bank [Malaysia] Berhad
No. 19, Jalan Stesen
41000 Klang
Selangor Darul Ehsan

CIMB Bank Berhad
Menara Acmar [Wing A]
1, Jalan Gelugor
41400 Klang
Selangor Darul Ehsan

Share registrar

Tenaga Koperat Sdn Bhd
Ground Floor, Plaza Permata
Jalan Kampar
Off Jalan Tun Razak
50400 Kuala Lumpur
Tel 03 4047 3883
Fax 03 4042 6352

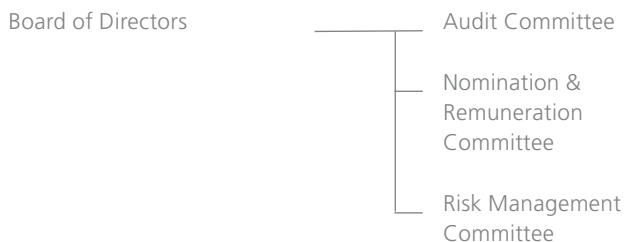
Stock exchange listing

Main Board of Bursa Malaysia Securities Berhad

Corporate structure

CCM Duopharma Biotech Berhad [524271-W] ——— Duopharma [M]
Sdn Bhd 100%
[42491-M]

Board structure







L to R: Tan Sri Dato' Dr Abu Bakar bin Suleiman, Dato' Dr Mohamad Hashim bin Ahmad Tajudin

Board of directors

Tan Sri Dato' Dr Abu Bakar bin Suleiman
64, Malaysian

Qualifications

- Bachelor of Medicine and Bachelor of Surgery, Monash University, Australia
- Master of Medicine, University of Singapore
- Fellow, Royal Australian College of Physicians; Royal College of Physicians, London, Edinburgh, Glasgow, Ireland; Academy of Medicine, Malaysia, Singapore
- Fellow, Academy of Science, Malaysia
- Honorary Fellow, American College of Physicians

Membership of associations

- President, Association of Private Hospitals
- President, Malaysian Health Informatics Association
- President, National Kidney Foundation
- Chairman, Consultative Panel on Healthcare, National Productivity Corporation
- Chairman, Ministry of Health Committee on Living Unrelated Donor Transplantation
- Chairman, Malaysian-Morocco Trade Chamber

Position on the board

- Non-Independent Non-Executive Chairman

Date appointed to the board

- 25 May 2002

Working experience and occupation

- Tan Sri began his career as a Medical Officer with the Ministry of Health [MOH] in 1969. He subsequently completed his training in Internal Medicine and became a Consultant Physician with the Department of Nephrology, Kuala Lumpur Hospital. He has held various top level positions in the medical field, including being Head of the Department of Nephrology, Kuala Lumpur Hospital, where he worked for 11 years. In 1987, he was appointed the MOH's Director of Medical Services and in 1989, the Deputy Director-General of Health. He went on to become the Director-General of Health, a position he held from 1991 to 2001.

He attended the Advanced Management Program at Harvard Business School, USA, in 1991. Upon his official retirement, he was appointed President of the International Medical University.

Membership of board committees

- Chairman, Nomination & Remuneration Committee

Directorships of other public companies

- KPJ Healthcare Berhad
- Medical Defence Malaysia Berhad
- Chemical Company of Malaysia Berhad

Securities holdings in the company and its subsidiaries

- 286,400 ordinary shares directly
- 11,000 ordinary shares indirectly

Family relationship with any director and/or major shareholder

None

Conflict of interest with the company

None

List of convictions for offences within the past 10 years other than traffic offences

None

Dato' Dr Mohamad Hashim bin Ahmad Tajudin
53, Malaysian

Qualifications

- Bachelor of Science in Agriculture, Universiti Putra Malaysia
- Master of Science in Agriculture [Soil Chemistry and Fertility], Universiti Putra Malaysia
- PhD in Soil Fertility [Soil Chemistry and Plant Nutrition] and Management, Universiti Putra Malaysia
- Advanced Management Program, INSEAD, France
- Harvard Premier Business Management Programme

Membership of associations

- Council Member, MARDI Science Council
- Chairman, Planters Editorial Committee for the Incorporated Society of Planters
- Member, R&D Directorate of the National Biotechnology Council

- Council Member, Federation of Malaysian Manufacturers
- Chairman, Branding and Intellectual Property Committee, Federation of Malaysian Manufacturers
- Committee Member, Biotechnology, Pharmaceutical Healthcare Clusters Working Group to Jawatankuasa Penasihat Pensyarikatan, Bumiputera Implementation Coordination Unit, Prime Minister's Department

Position on the board

- Non-Independent Non-Executive Director

Date appointed to the board

- 18 Nov 2005

Working experience and occupation

- Prior to his current appointment in CCM, Dato' Dr Mohamad Hashim was a Senior Director in the Oils & Fats Division of Golden Hope Plantations Berhad. He held various positions during his 26-year career in Golden Hope. These included being a Director in the Research and Development Division from 1998 to 2003 and the Executive Director of Golden Hope Research Sdn Bhd and Golden Hope Agrotech Consultancy Sdn Bhd. He was also the Adjunct Professor of the Agricultural Faculty, Universiti Putra Malaysia.

Membership of board committees

None

Directorships of other public companies

- Chemical Company of Malaysia Berhad

Securities holdings in the company and its subsidiaries

5000 ordinary shares directly

Family relationship with any director and/or major shareholder:

None

Conflict of interest with the company:

None

List of convictions for offences within the past 10 years other than traffic offences:

None



L to R: Datuk Alias bin Ali, Datuk Dr Jegathesan a/l N M Vasagam @ Manikavasagam

Datuk Alias bin Ali
60, Malaysian

Qualifications

- Bachelor of Economic [Hons], University of Malaya
- Master in Business Management [MBM], Asian Institute of Management [Manila]
- Diploma in Islamic Studies, Universiti Kebangsaan Malaysia
- Diploma in Homeopathy Medicine, Homeopathic Medical Association of Malaysia

Membership of associations

- Member, Malaysian Institute of Management

Position on the board

- Non-Independent Non-Executive Director

Date appointed to the board

- 14 March 2006

Working experience and occupation

- Datuk Alias had served in various government departments and ministries since 1970. He was appointed the Industrial Development Director of the Ministry of Trade and Industry in 1987. In 1990, he became the Cabinet Under-Secretary in the Prime Minister's Department, subsequently assuming the position of Deputy Secretary-General [Cabinet] in 1995. He was the Secretary-General of the Ministry of Health from 2000 until 2004.

Membership of board committees

- Member, Audit Committee

Directorships of other public companies

- Air Asia Berhad
- Fima Corporation Berhad
- Melati Ehsan Berhad

Securities holdings in the company and its subsidiaries

None

Family relationship with any director and/or major shareholder

None

Conflict of interest with the company

None

List of convictions for offences within the past 10 years other than traffic offences

None

Datuk Dr Jegathesan a/l N M Vasagam @ Manikavasagam
64, Malaysian

Qualifications

- Bachelor of Medicine and Bachelor of Surgery, University of Singapore
- Diploma in Tropical Medicine and Hygiene, Mahidol University, Thailand
- Diploma in Clinical Pathology, University of London
- Fellow, Royal College of Pathologists, United Kingdom
- Fellow, College of American Pathologists, USA
- Fellow, Royal College of Pathologists, Australia
- Fellow, Academy of Medicine, Malaysia
- Senior Fellow [Academician], Academy of Sciences, Malaysia

Membership of associations

- Founder President, Malaysian Association of Doping Control in Sports
- Honorary Medical Advisor, Commonwealth Games Federation
- Chairman, Medical and Anti-Doping Commission, Olympic Council of Asia
- Chairman, Medical Committee of the Asian Athletic Association
- Chairman, Medical Committee of the Olympic Council of Malaysia
- Deputy President, Olympic Council of Malaysia

Position on the board

- Independent Non-Executive Director

Date appointed to the board

- 30 March 2006

Working experience and occupation

- Datuk Dr Jegathesan began his career serving in numerous departments in the Ministry of Health [MOH], culminating in the position of Deputy Director-General

[Research and Technical Support] from 1994 until 1998. After a full-term career in the MOH, he served as Medical Advisor to the UNDP Affiliated Council for Health Research and Development in Geneva from 1998 to 2000, thereafter as CEO of Sistem Hospital Awasan Taraf until 2003. He currently holds positions as Adjunct Professor, Faculty of Medicine and Health Sciences, Universiti Putra Malaysia; Consultant Microbiologist, Gribbles Pathology Laboratory Services; Consultant Microbiologist, Sunway Hospital and MAHSA College. From time to time, he is invited to be Temporary Advisor to the World Health Organisation [WHO], in addition to serving as Rapporteur to the Scientific and Technical Advisory Committee of WHO, World Bank, and UNDP-sponsored Tropical Diseases Program.

- Datuk Dr Jegathesan's other crowning achievements have been in sports. He participated in the 1962 Asian Games in Jakarta and became the first Malaysian to win a gold medal at an Asian Games. He repeated the feat at the 1966 Asian Games and was dubbed the "fastest man in Asia". He was also Malaysia's first Sportsman of the Year in 1966.

Membership of board committees

- Member, Nomination & Remuneration Committee
- Member, Audit Committee

Directorships of other public companies

None

Securities holdings in the company and its subsidiaries

- 34,120 ordinary shares directly

Family relationship with any director and/or major shareholder

None

Conflict of interest with the company

None

List of convictions for offences within the past 10 years other than traffic offences

None



L to R: Dr Mohd Nasir bin Hassan, Haji Ghazali bin Awang

Dr Mohd Nasir bin Hassan
47, Malaysian

Qualifications

- Bachelor of Medicine and Bachelor of Surgery [MBBS], University of Malaya
- Member, Royal College of Physicians, Edinburgh
- Underwent clinical training in Paediatric Cardiology at the University of Liverpool, England

Membership of associations
None

Position on the board
• Independent Non-Executive Director

Date appointed to the board
• 31 October 2003

Working experience and occupation
• Dr Mohd Nasir began his career as a Medical Officer with the Ministry of Health [MOH] and was appointed Paediatric Specialist in MOH in 1992. He then worked at the National Heart Institute from 1994 to 1996 as Paediatric Cardiology Specialist. Dr Mohd Nasir is currently with Ampang Puteri Specialist Hospital as Resident Consultant Paediatrician.

Membership of board committees
• Member, Audit Committee

Directorships of other public companies
None

Securities holdings in the company and its subsidiaries
None

Family relationship with any director and/or major shareholder
None

Conflict of interest with the company
None

List of convictions for offences within the past 10 years other than traffic offences
None

Haji Ghazali bin Awang
61, Malaysian

Qualifications

- Bachelor of Commerce, University of Newcastle, NSW, Australia
- Chartered Accountant, Institute of Chartered Accountants, Australia
- Chartered Accountant, Malaysian Institute of Accountants
- Diploma in Islamic Studies, International Islamic University, Malaysia

Membership of associations
• Member, Malaysian Institute of Accountants

Position on the board
• Independent Non-Executive Director

Date appointed to the board
• 14 March 2006

Working experience and occupation
• Tuan Haji Ghazali began his career as an accountant in Wilson Bishop Bowes & Craig in Australia in 1972. Upon returning to Malaysia, he joined the government service and later held positions in Permodalan Nasional Berhad and the Shell Companies in Malaysia. In 1994, he assumed the position of Executive Director/Group Director, Finance and Corporate Services, Kumpulan Guthrie Berhad, until he retired in 2003.

Membership of board committees
• Chairman, Audit Committee
• Member, Nomination & Remuneration Committee

Directorships of other public companies
• HeiTech Padu Berhad
• BIMB Unit Trust Management Berhad
• Bank Simpanan Nasional
• Prudential BSN Takaful Berhad

Securities holdings in the company and its subsidiaries
• 45,000 ordinary shares directly

Family relationship with any director and/or major shareholder
None

Conflict of interest with the company
None

List of convictions for offences within the past 10 years other than traffic offences
None



L to R: Chek Wu Kong, Dr Abdul Manaf bin Mohamad Radzi , Leonard Ariff bin Abdul Shatar

Senior management

Leonard Ariff bin Abdul Shatar

43, Malaysian

- Chief Executive Officer

Qualifications

- LLB, Monash University, Melbourne, Australia
- Bachelor of Economics, Monash University, Melbourne, Australia

Membership of associations

- Associate Member, Malaysian Institute of Management

Working experience and occupation

- Encik Leonard Ariff was appointed the Chief Executive Officer of CCM Duopharma Biotech Berhad on 1 January 2008. Since 1988, he has worked in various capacities in the legal profession before joining the CCM Group in 1990 where his main responsibilities were in business development at CCM Chemicals Sdn Bhd. In 2000, he assumed the position as Managing Director of Usaha Pharma [M] Sdn Bhd [formerly known as Prima Health Pharmacy [Retail] Sdn Bhd], CCM's pharmaceutical retail arm. He then became General Manager of ICI Paints Malaysia Sdn Bhd in 2003 and subsequently its Managing Director before taking on his current appointment. Encik Leonard Ariff is also the Director, Pharmaceuticals Division of CCM Group.

Dr Abdul Manaf bin Mohamad Radzi

52, Malaysian

- General Manager

Qualifications

- Doctor of Philosophy in Chemistry [Major in Physical Chemistry and Minor in Inorganic Chemistry], University of Tennessee, Knoxville, USA
- Master in Business Administration, ITM-Ohio University programme

Membership of associations

None

Working experience and occupation

- Dr Abdul Manaf is currently the General Manager of CCM Duopharma Biotech Berhad and also heads CCM Pharmaceutical [S] Pte Ltd. He has worked in various fields, holding positions in academia, research and development, information technology, trading and manufacturing. His experience covers start-ups, public listed companies and multi-national corporations. He also holds directorships in subsidiaries of the CCM Group.

Chek Wu Kong

42, Malaysian

- Financial Controller

Qualifications


- Degree in Accounting [Hons], University of Malaya
- Malaysian Institute of Certified Public Accountants

Membership of associations

- Member, Malaysian Institute of Accountants

Working experience and occupation

- Mr Chek commenced his career in an international firm of public accountants in 1990, gaining experience in taxation, auditing and accounting. In 1994, he joined Komarkcorp Berhad as Accountant and was responsible for corporate restructuring, group accounting and finance. He was promoted to Group Finance Manager in 1995 and thereafter to Group Financial Controller in 1996. He left in January 2000 to venture into business. In August 2000, he joined CCM Duopharma Biotech Berhad in his present capacity.

A photograph of two young children, a girl and a boy, sitting on stone steps. The girl, on the left, has dark hair and is wearing a white short-sleeved shirt and blue jeans with yellow floral embroidery. The boy, on the right, has dark hair and is wearing a green sleeveless shirt and blue jeans with a pink 'Barbie' logo and floral embroidery. They are both looking down at an open book held by the girl. The background consists of a rustic stone wall and some green foliage with pink flowers on the left. A semi-transparent dark rectangle is overlaid on the left side of the image, containing the text.

Continually
reaching out
for open
communication

Statement on corporate governance

The code

The Board of Directors is committed to ensure that good corporate governance is being practised throughout the Group, as it is a fundamental part of discharging its responsibilities to enhance shareholders' value and financial performance of the Group. The following statement sets out how the Company has applied the principles and best practices of corporate governance as contained in the Malaysian Code on Corporate Governance throughout the financial year from 1 January 2007 to 31 December 2007.

The board of directors

At the beginning of the financial year, the company had seven [7] directors on its Board. There were changes to the Board membership whereby one [1] director left the Board and one director was redesignated as Non-Executive Director. To date, there are six [6] directors of whom three [3] are independent. The composition of the Board was maintained so that not less than one-third [1/3] were independent directors at all times. This balance enables the Board to provide clear and effective leadership to the Group and to bring informed and independent judgement to many aspects of the Group's strategies so as to ensure that the highest standards of conduct and integrity are maintained. The Directors, with their different backgrounds and specialisations, collectively bring with them a wide range of experience and expertise to enable the Board to lead and control the Company effectively. A brief description on the background of the Directors is presented in the Board of Directors' profile section of this annual report.

There is a clear division of responsibility between the Chairman and the Chief Executive Officer to ensure a balance of power and authority. The Chairman is primarily responsible for ensuring Board effectiveness and conduct whilst the Chief Executive Officer oversees the day-to-day running of the businesses including implementation of the policies and strategies adopted by the Board and clarifying matters relating to the Group's business to the Board

The Board has met four [4] times during the financial year under review. It is envisaged that the Board will convene additional meetings as necessary. All Board members bring an independent judgement to bear on issues of strategy, performance, resources, and standard of conduct.

The Board reviews and approves the short term budgets and long term strategies, in line with the overall strategy of its major shareholders. In addition, all acquisitions, disposals and major capital expenditure are approved by the Board. At appropriate times, the Board also considers the principal risks affecting the business of the Group and the measures that could be taken to mitigate such risks.

The Board, in discharging its fiduciary duties, is assisted by two [2] Board Committees namely the Audit Committee and the Nomination & Remuneration Committee, each entrusted with specific tasks.

These Committees have the authority to examine particular issues and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

All Committees have written terms of reference, which have been approved by the Board, and the Board receives report of their proceedings and deliberations. The Chairman of the various committees will report to the Board on the outcome of the Committee meetings and such reports will be incorporated in the minutes of the Board Meeting.

21.05.2007



CCM Duopharma AGM

First full year under CCM Group

31 December 2006 marked CCM Duopharma Biotech Berhad's first full year of operations as a subsidiary of Chemical Company of Malaysia Berhad. CCM Duopharma's financial contribution to the Group was reflected in the Group's earnings per share, which rose by 19.1% to 20.89 sen from 17.54 sen.

CCM Duopharma posted a 23.3% increase in profit after tax from RM23.51 million in 2005 to RM28.98 million in 2006. The Company's financial performance was attributed to strong sales to both the private and government sectors as well as the introduction of a wide range of ethical and over-the-counter products. CCM Duopharma Chairman,

Tan Sri Dato' Dr Abu Bakar Suleiman, announced that the Company would continue to improve and expand its product range and plans to invest approximately 3% of its revenue for R&D activities annually.

CCM Duopharma's products already have a strong presence in ASEAN and there are plans to penetrate markets in Africa, Europe and Central Asia. Work has begun to obtain the halal certification to enable entry into more Muslim markets worldwide.

Meetings and supply of information

Board Meetings are scheduled a year ahead in order to enable full attendance at Board meetings. During the financial year under review, the Board deliberated upon and considered a variety of matters including the Group's financial results, strategic plan and business plan of the Group in the meetings held. During the year, four [4] Board meetings were held. Details of the Directors' meeting attendances during the financial year are as follows:

Name of directors	Status	No. of meetings attended
Tan Sri Dato' Dr Abu Bakar bin Suleiman	Chairman, Non-Independent Non-Executive Director	4/4
Dato' Dr Mohamad Hashim bin Ahmad Tajudin [Redesignated as Non-Executive Director w.e.f. 15 February 2008]	Non Independent Non- Executive Director	4/4
Dato' Haji Mizanur Rahman bin S M Abdul Ghani [Resigned w.e.f. 1 January 2008]	Managing Director	4/4
Dr Mohd. Nasir bin Hassan	Independent Non-Executive Director	4/4
Datuk Alias bin Ali	Non-Independent Non-Executive Director	4/4
Haji Ghazali bin Awang	Independent Non-Executive Director	4/4
Datuk Dr Jegathesan a/l N M Vasagam @ Manikavasagam	Independent Non-Executive Director	4/4

Scheduled Board meetings are structured with a pre-set agenda. Prior to the Board meetings, all Directors are provided with the Board papers in a timely fashion with information in a form and of a quality appropriate to enable it to discharge its duties. Minutes of proceedings and resolutions passed at each Board and Board Committees Meetings are kept in the statutory register at the registered office of the Company. All directors, whether as a Board or in their individual capacity have full access to information within the Group and to obtain independent professional advice in furtherance of their duties at the Group's expense, if required. In addition, all Directors have access to the advice and service of the Company Secretary. The Directors are also constantly updated on the latest development in the legislations as well as on statutory and regulatory requirements pertaining to their duties and responsibilities.

Audit committee

Audit Committee reviews issues of accounting policy and presentation of external financial reporting, monitors the work of the internal audit function and ensures that an objective and professional relationship is maintained with the external auditors. The Audit Committee works closely with both the internal and external auditors who, in turn, have access to the Chairman of the Audit Committee.

The composition and terms of reference of the Audit Committee are set out in the Audit Committee Report.

Nomination & remuneration committee

The Nomination Committee and Remuneration Committee, both established on 15 July 2002 were merged as a single committee by the Board on 30 March 2006. The Nomination & Remuneration Committee consists of Non-Executive Directors. The present members of the Nomination & Remuneration Committee comprise:

Name	Status
Tan Sri Dato' Dr Abu Bakar bin Suleiman	Chairman, [Non-Independent Non-Executive Director]
Datuk Dr Jegathesan a/l N M Vasagam @ Manikavasagam	Member [Independent Non-Executive Director]
Haji Ghazali bin Awang	Member [Independent Non-Executive Director]

The duties of the Committee shall be to:

- recommend to the Board, candidates for all directorships. In making the recommendations the Committee should also consider candidates proposed by the Chief Executive Officer/Managing Director, and within the bounds of practicability, by any other senior executive, Director or shareholder;
- recommend to the Board, Directors to fill the seats on Board Committees;
- review annually the required mix of skills and experience of the Board, including the core competencies which Non-Executive Directors should bring to the Board;
- assess annually the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director.

- The duties of the Committee shall be to recommend to the Board the remuneration of the Executive Directors in all its forms.

The objectives of the Nomination & Remuneration Committee are as follows:

- i. to establish a remuneration framework for Directors and make recommendations to the Board of Directors on all elements of remuneration, terms of employment, reward structure and fringe benefits for Directors.
- ii. to review and assess the composition of the Board of Directors to ensure that there is an appropriate balance of skills, experience and expertise among the Board members.
- iii. to make recommendations to the Board with regard to appointment of new Directors. The Nomination & Remuneration Committee had assisted the Board in carrying out an annual review on the balance and size of Non-executive participation in the Board as well as establishing procedures and processes for the annual assessment of the effectiveness of the Board as a whole and the contributions of each Director and Board Committee member.

The Nomination & Remuneration Committee held two [2] meetings in 2007.

Appointment and re-election of directors

Appointment

There is a formal and transparent procedure for the appointment of new member to the Board as well as re-election of Directors to the Board at the Annual General Meeting, with the Board Nomination & Remuneration Committee making recommendations to the Board. Following the appointment of new Directors to the Board, an induction programme including visits to the Group's businesses and meetings with senior management as appropriate will be arranged to familiarise themselves with the operations of the Group.

Re-election

The Company's Articles of Association provide that at least one-third [1/3] of the Board are subject to retirement by rotation at each Annual General Meeting provided always that each Director shall retire at least once in every three years. The Directors to retire in each year are the Directors who have been longest in office since their appointment or re-appointment. Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129 [6] of the Companies Act, 1965. This provides an opportunity for shareholders to renew their mandates. To assist shareholders in their decision, sufficient information such as personal profile, meeting attendance and the shareholdings in the Company of each Director standing for election are furnished in a separate statement accompanying the Notice of Annual General Meeting.

Directors' training

All Directors have attended and successfully completed the Mandatory Accreditation Programme [MAP] conducted by the relevant authorities.

The Directors also continually attend education programmes and seminars to further enhance their skill, and knowledge and to keep abreast with developments in the market place. The Group has initiated its own comprehensive and formal training programmes tailored to the needs of the Board. For the financial year ended 31 December 2007, an in-house training programme entitled An Overview of the Listing Requirements of Bursa Malaysia Securities Berhad & Key Continuing Obligations of Public Listed Companies was conducted and facilitated by industry experts. This programme was accredited under the CEP Programme. In addition to the in-house seminars, Directors are also encouraged to attend talks, training programmes and seminars to update themselves on new developments in the business environment.

The Board has assessed and considered the training programmes attended by them and deemed that the trainings were appropriate and sufficient.

Directors' remuneration

The objective of the Group's policy on Directors' remuneration is to ensure that the Group attracts and retains Directors of the calibre needed to run the Group successfully. In the case of Executive Directors, the component parts of remuneration are structured so as to link rewards to corporate and individual performance. The Nomination & Remuneration Committee will make recommendations to the Board on all elements of the executive directors' remuneration. In the case of Non-Executive Directors, the level of remuneration reflects the level of responsibilities and the market practice to which the remuneration are pegged. The shareholders at the annual general meeting approve the aggregate annual directors' fees for non-executive directors while the Board decides the determination of the fees for each non-executive directors.

Details of Directors' remuneration paid by the Group for the financial year ended 31 December 2007 are as follows:

	Salaries, bonus & other emoluments RM'000	Fees RM'000	Benefits in-kind RM'000	Total RM'000
Executive director	686	-	24	710
Non-executive directors	-	218	-	218

The number of Directors of the Group whose remuneration fall within the respective bands are as follows:

Range of remuneration	Executive	Number of directors non-executive
Below RM50,000	-	5
RM50,001 to RM100,000	-	1
RM700,000 to RM750,000	1	-

Investor relation and shareholders communication

The Board recognises the importance of maintaining effective communication, ensuring timely and accurate disclosure of information to the shareholders and investors of the Group. Besides the information communicated through the annual report, various announcements on significant events are made throughout the year and quarterly financial results are announced via Bursa Malaysia Securities Berhad's website [www.bursamalaysia.com] to ensure shareholders are appraised with up-to-date overview of the Group's performance and operations.

The Annual General Meeting ["AGM"] is the principal forum for dialogue and interaction with shareholders of the Company. Notice of the AGM and annual reports are sent out to the shareholders at least 21 days before the date of the meeting. At each AGM, the Board presents the progress and performance of the business and encourages shareholders to participate in the question and answer session or to seek clarification on the Group's performance and business climate. All members of the Board as well as the external auditors of the Company are available to respond to shareholders' queries raised at the meeting.

Continuous briefing for members of the media, fund managers, institution investors and investment analyst are held to provide updates on key events and latest developments of the Group. The Group's corporate website, www.duopharma.com.my and an Investors' Relation [IR] website, www.wallstraits.com, provide avenues for dissemination of up-to-date information such as corporate information, financial information, press releases, share price history and other relevant news on the Group. Shareholders and all interested parties can subscribe free of charge to the IR e-alert, enabling them to be alerted on latest developments of the Group.

Accountability and audit Financial reporting

The Board is aware of its responsibilities to shareholders and the requirement to present a balanced and comprehensive assessment of the Group's financial position and prospects. In this regard, the Directors are responsible for the preparation of financial statements that give a true and fair view of the state of affairs of the Group at the end of the financial year. The Statement of Directors' responsibility for preparing the financial statements is set out on page 054 of this Annual Report.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group, to enable them to ensure that the financial statements comply with the Companies Act, 1965 and approved Accounting Standards in Malaysia. The Directors are also responsible for safeguarding the assets of the Group and for taking reasonable steps for prevention and detection of fraud and other irregularities.

Internal control

The Statement on Internal Control on page 047 of the Annual report describes the structure and process of risk management in the Group.

Risk management

The report on Risk Management on page 044 to 045 of the Annual Report describes the structure and process of risk management in the Group.

Audit committee

The details are shown in the accompanying report of the Audit Committee on pages 040 to 042.

Internal audit

The Group has established an Internal Audit Department that reports to the Audit Committee.

The Audit Committee reviews and approves the audit plan, which identifies the scope of work for the year.

The Internal Audit Department reports to the Audit Committee.

State of internal control

The Directors are fully aware of the responsibilities to maintain a sound system of internal controls to safeguard shareholders' investment and the Group's assets. The Directors' responsibilities for the Group's system of internal controls cover not only financial aspects of the business but also operational and compliance control as well as risk management matters.

The function of the Internal Audit Department is to assist the Audit Committee and the Board of Directors as follows:

- Perform regular review on compliance of operational procedures using risk based audit approach.
- Conduct investigations on specific areas or issues as directed by Audit Committee and the Management.
- Facilitate and evaluate the risk management processes.

The Statement on Internal Control is presented in this Annual Report to provide an overview of the statement of internal controls within the Group.

Relationship with the auditors

The Company has established and maintained a professional and transparent relationship with the Company's external auditors, Messrs KPMG in seeking professional advice and ensuring compliance with the accounting standards in Malaysia as well as meeting the auditors professional requirements. The external auditors, Messrs KPMG has continued to report to the shareholders of the Company on its opinion which are included as part of the Group's financial reports with respect to their audit on each year's statutory financial statements. The auditors also highlight

to the Audit Committee and the Board on matters that require the Board's attention. Two [2] meetings were also held between the External Auditors and the Board without the presence of the management during the financial year under review.

Directors' responsibilities in relation to the preparation of the audited financial statements

The Directors are required by the Companies Act, 1965 to prepare financial statements which are in accordance with applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and the Company at the end of the financial period and of the results and cash flows of the Group and the Company for the financial period.

In preparing the financial statements, the Directors have:

- Adopted suitable accounting policies and applied them consistently;
- Made judgements and estimates that are prudent and reasonable;
- Ensured that applicable accounting standards have been followed; and
- Prepared the financial statements on going concern basis.

The Directors have prepared the annual financial statements in compliance with the Companies Act, 1965.

Compliance statement

The Company has complied throughout the financial year with all the best practice of corporate governance set out in Part 2 of the Code, except Best Practice AAVVII [Nomination of a Senior Independent Non-Executive Director]. Given the current composition of the Board which reflects a strong independent element and the separation of the roles of the Chairman and the Chief Executive Officer, the Board does not consider it necessary at this juncture to nominate a Senior Independent Non-Executive Director.

11.07.2007



Supplements for our troops in Lebanon

Good health on tour of duty

Chemical Company of Malaysia Berhad [CCM] donated RM170,000 worth of pharmaceutical products to the Malaysian peacekeepers from the army, navy and air force who were part of the United Nations Interim Force in Lebanon.

The pharmaceutical products, which included Flavettes Time Release Vitamin C 1000mg, Natberry Plus and Proviton multivitamins, would help the troops in maintaining their health and well-being during their tour of duty.

The healthcare products were presented to YAB Dato' Seri Najib Tun Abdul Razak, Deputy Prime Minister and Minister of Defence, during a special ceremony. CCM Group Managing Director, Dato' Dr Mohd Hashim Tajudin said, "We hope our contribution will help peacekeepers manage their health effectively while performing their humanitarian duties."

Other information

1. **Non-Audit Fees**
During the financial year ended 31 December 2007, the non-audit fees paid to the external auditors or a firm or a company affiliated to the Auditor's firm amounted to approximately RM13,000.
2. **Material Contracts**
Save as disclosed below, there are no other material contracts entered into by the CCMD Group during the two (2) years preceding the date of this Circular, other than contracts entered into in the ordinary course of business, details as follows:
 - i. The Contract for the Supply of the Methadone Syrup HCl 5MG/ML in 60ml bottle, between the Government of Malaysia and DMSB under the "Harm Reduction Programme" for the Ministry of Health, amounting to RM16,329,600.00 dated 30 November 2006, (KKM Contract No.KKM-RT(9/2006) for a period of 3 years starting from 30 November 2006 until 29 November 2009.
3. **Revaluation policy**
The Group adopted a policy to revalue its landed properties every five years and at shorter intervals whenever the fair value of the re-valued assets is expected to differ materially from their carrying amount.
4. **Share Buy-back**
There was no share buy-back effected during the financial period ended 31 December 2007.
5. **Employees' Share Option Scheme ["ESOS"]**
The ESOS of the Company was approved by the shareholders on 25 June 2004.

On 26 January 2005, the Company granted options to eligible employees of the Group to subscribe for a total of 7,938,000 ordinary shares of RM0.50 each in the Company at an option price of RM2.32 per share. To date, a total of 7,461,500 options have been exercised.

The Audit Committee has verified that the options granted were made in accordance with the By-laws of the ESOS.
6. **Options, Warrants or Convertible Securities**
There were no options, warrants or convertible securities issued by the Company during the financial period ended 31 December 2007.
7. **American Depositary Receipt ["ADR"] or Global Depositary Receipt ["GDR"] Programme**
During the financial period ended 31 December 2007, the Company did not sponsor any ADR or GDR programme.
8. **Imposition of Sanctions/Penalties**
There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management, by the relevant authorities.
9. **Profit Guarantees**
There were no profit guarantees during the financial period ended 31 December 2007 by the Company.
10. **Contract Relating to Loans**
There were no contracts relating to loans by the Company involving Directors' and major shareholders' interests.
11. **Recurrent Related Party Transaction of Revenue or Trading Nature**
At an Annual General Meeting ["AGM"] held on 21 May 2007, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature which are necessary for its day-to-day operations and are in the ordinary course of business with related parties. The said general mandate took effect from 21 May 2007 until the conclusion of the forthcoming Annual General Meeting of the Company. The disclosure of the recurrent related party transactions conducted during the financial period ended 31 December 2007 is set out on page 079 of the Annual Report.

The Company intends to seek a renewal of the said general mandate and a proposed extension of the scope of the shareholders mandate to apply to recurrent related party transactions of a revenue or trading nature with new related parties at the forthcoming Annual General Meeting of the Company. The details of the new mandate to be sought are furnished in the Circular to Shareholders dated 29 April 2008.

26.10.2007



Launch of 500mg Donna Forte

Pain relief for OA patients

Donna Forte 500mg has been developed to help reduce discomfort and pain among osteoarthritis [OA] patients who face difficulties in performing simple daily activities, such as walking, or household chores.

It is a product extension of Donna 250mg to provide convenience for consumers, who only need to take one capsule at a time instead of two previously. The pack size has been reduced to 30 capsules per box so that more people can afford this supplementary therapy.

Group Managing Director of Chemical Company of Malaysia Berhad, Dato' Dr Mohd Hashim Tajudin, presented a donation for a year's supply of Donna Forte 500mg to Penjagaan Warga Tua Sri Tanjung, Kuang, to provide pain relief for residents of the home who were suffering from OA.

Report of the audit committee

Composition of the audit committee and meetings

The Audit Committee comprises of four [4] members, all of whom are Non-Executive Directors.

A total of four [4] meetings were held during the year. The status and attendance record of each of the members during the year are as follows:

Name	Status of directorship	No. of meetings attended
Haji Ghazali bin Awang [Chairman]	Independent Non-Executive	4/4
Dr Mohd Nasir bin Hassan	Independent Non-Executive	4/4
Datuk Alias bin Ali	Non-Independent Non-Executive	3/4
Datuk Dr Jegathesan a/l N.M Vasagam @ Manikavasagam	Independent Non-Executive	4/4

Terms of reference

In fulfilling its duties and objectives, the Audit Committee is guided by the Terms of Reference as follows:

Membership

- The Audit Committee shall be appointed by the Board of Directors and shall consist of all Non-Executive Directors, a majority of whom are independent.
- The Chairman of the Audit Committee shall be approved by the Board and shall be an Independent Non-Executive Director.
- At least one member of the Committee:
 - i. must be a member of the Malaysian Institute of Accountants [MIA]; or
 - ii. if not a member of MIA:
 - he must have at least three years of working experience; and
 - he must have passed the examination specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - he must be a member of one of the Association of Accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - iii. fulfils such other requirements as prescribed or approved by the Exchange

Meetings

- Meetings shall be held no less than four [4] times a year.
- The quorum shall be two [2] members, who must be Independent Directors.
- The Financial Controller and the Chief Internal Auditor and a representative of the external auditors should normally attend meetings,
- Any other Board members, the Chief Executive Officer and any other representatives as deemed necessary shall be invited to attend the meeting.
- The Committee shall meet with the external auditors, the internal auditors or both, in the absence of other directors and employees of the listed issuer at least twice a year or whenever is deemed necessary.
- The Secretary to the Committee shall be the Company Secretary.

Authority

The Audit Committee is authorised by the Board:

- i. to seek any information relevant to its activities from employees of the Company.
- ii. the necessary resources required to carry out its duties and to obtain independent professional advice it considers necessary.
- iii. full and unlimited access to any information and documents pertaining to the Company.

Responsibilities

- i. To consider and recommend to the Board on the nomination, appointment and termination of external auditors, as well as the audit fee;
- ii. To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;

- iii. To review the quarterly and year-end financial statements of the Board, focusing particularly on:
 - any change in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements.
- iv. To discuss problems and reservations arising from the interim and final audits, and any matter the external auditor may wish to discuss [in the absence of management where necessary];
- v. To review the external auditor's management letter and management's response;

- vi. To review the internal audit and risk management reports and where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit and risk management function;

- vii. To do the following, in relation to the internal audit function:
 - a. Review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - b. Review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - c. Review any appraisal or assessment of the performance of members of the internal audit function;

- d. Approve any appointment or termination of senior staff members of the internal audit function;
- e. Take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- viii. To consider any related-party transactions that may arise within the Group;
- ix. To consider the major findings of internal investigations and management's response; and
- x. To consider other topics as defined by the Board.

Activities of the audit committee during the year

- i. Reviewed and approved the Company's internal audit and risk management plan for the year.
- ii. Reviewed the status report of internal audit and risk management activities for the year to ensure that all the planned activities for the Company were properly carried out.
- iii. Reviewed the summary of the internal audit and risk assessment reports prepared by Group Internal Audit and monitor the status of corrective actions taken by the Management to ensure that all audit and risk management issues and concerns are adequately resolved on timely basis.
- iv. Reviewed the Company's Risk Profile and the management process for identifying, evaluating and managing the significant risks faced by the Company.
- v. Reviewed the management letters, reports and fees of the external auditors.
- vi. Evaluated the performance of the external auditors and made recommendations to the Board on their re-appointment and audit fees.
- vii. Reviewed the quarterly and annual reports of the Company prior to the submission to the Board for consideration and approval.
- viii. Reviewed the related party transactions entered into by the Company and the disclosure of such transactions in the annual report and circular on recurrent related party transactions.

Statement on internal audit function

The Company has an in-house internal audit function which is performed at the Group level. The Group Internal Audit has undertaken regular and systematic risk based assessments of the internal control of the Company so as to provide reasonable assurance that such systems are adequate and continues to operate effectively in managing the key risks of the Company. The Company has incurred approximately RM305,313 for the internal audit function in respect of the financial year under review.

The main objectives of the Group Internal Audit are as follows:

- i. Conduct audits on all auditable areas of the Company's operations and providing the Board with an independent evaluation of:
 - the adequacy, effectiveness and applicability of operating and accounting policies, procedures and controls, and the promotion of effective control at a reasonable cost.
 - the extent to which the Company's assets and those in its custody are accounted for and safeguarded from losses of all kinds.
 - the reliability and accuracy of accounting records and internal reports prepared by the Management and subsequently furnished to clients, shareholders and other interested parties.
 - the compliance of the Company's and relevant regulatory rules, guidelines, policies and procedures.
- ii. Provide the Board with recommendations for potential operating improvements identified during the conduct of an audit.
- iii. Advise the Board on the relevant policies and procedures which affect matters of internal control.
- iv. Provide the necessary assistance and manpower for investigations or any other special assignments which the Board of Directors/Audit Committee/ Management may require to be carried out from time to time.

Activities of the group internal audit during the year

The Group Internal Audit had conducted various operational audits as well as follow up audit exercises for the Company in accordance with the Audit Committee approved Audit Plan for 2007. Among the areas covered were the operations of Engineering, Finance, Regulatory Affairs, Quality Control, Sales & Marketing, General Production, Warehouse and Distribution, Procurement and Good Manufacturing Practices.

26.11.2007



CCM Duopharma supports NADI's efforts

Educating the public on diabetes

Tan Sri Dato' Dr Abu Bakar Suleiman, Chairman of CCM Duopharma Biotech Berhad, presented a donation of RM7,000 to the National Diabetes Institute [NADI] in recognition and appreciation of NADI's efforts in educating the public on diabetes. The presentation was made at a ceremony held in conjunction with World Diabetes Day, which fell on 14 November 2007.

The donation arose out of CCM Duopharma's pledge to contribute 50 sen from proceeds of the sale of every bottle of Diamelon since its launch on 8 December 2006.

Diamelon is derived from bitter melon, which has been traditionally used as a natural curative to maintain general health. A 500mg Diamelon capsule contains an extract that is equivalent to 17.5g of bitter melon fruit, which helps to control blood glucose level.

Risk management

Risk is inherent in all businesses and the effective management of risk is a core competence within the Company. CCM Duopharma Biotech Berhad relies on the risk management structure of the Group to proactively and efficiently manage the Company's major and key risks. A formal Enterprise Risk Management [ERM] framework was established and it forms an integral part of the Company's corporate governance structure and a key management tool. The Risk Management Facilitation Team provides the main support to the Risk Management Committee, chaired by the Chief Executive Officer and comprises Senior Management staff of the Company.

The Company adopts a systematic, structured and disciplined approach to risk management through an integrated Enterprise Risk Management. A good ERM framework advocates a holistic, robust, integrated, focused and process-oriented approach is implemented to assist the Company to manage all key businesses and opportunities with the intent of optimizing and creation of stakeholders' values for the Company.

The underlying principal of ERM is for the risk functions to operate as an independent control working in partnership with the business units to provide competitive advantage to the Company. This is also to establish a common risk management language that includes common measures around likelihood, impact and common risk categories.

The risks facing the Company in its businesses and operations can result from internal and external factors, hence the context within which the Company manages the risks and key focus of accountability are as shown in diagram A

The Company recognises the broad spectrum of risks which it faces along with the opportunities which it seeks in its businesses and operations. It is hence the Company's objective to maintain an effective risk management programme to assess and mitigate these risks and thereby facilitate the Company in meeting all its business objectives, most specifically:

- To enhance the Company's high standards of corporate governance;
- To safeguard shareholders' investment;
- To safeguard the Company's assets;
- To develop the Company's employees and promote their well-being; and
- To facilitate the Company's long-term growth under all business conditions.

The Company's Annual Risk Management Programme is approved by the Risk Management Council. The Risk Management Facilitation Team facilitates the conduct of risk management activities outlined in the Programme which include updating of risk profiles; "just-in-case" risk scenario planning; and risk analysis of business or operational initiatives/issues emerging in the Company.

Risk management process

The Company's risk management process involves establishing the context of risk in relation to the Company and thereon risk identification, analysis, evaluation and treatment. Throughout this process, there is continuous monitoring and review; and communication and consultation. The process is illustrated in diagram B.

The Company's risk management process is described further in the "Statement on Internal Control" on page 047 of this Annual Report.

Diagram A

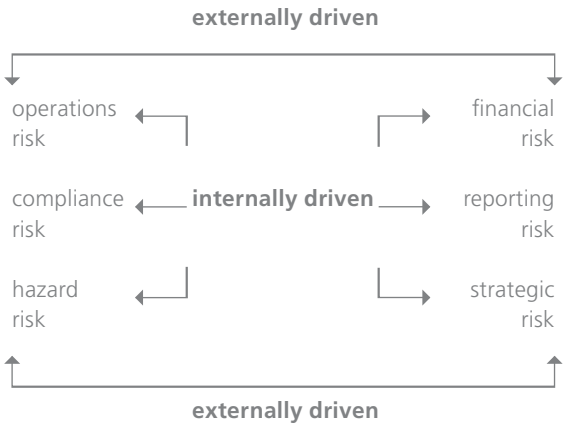


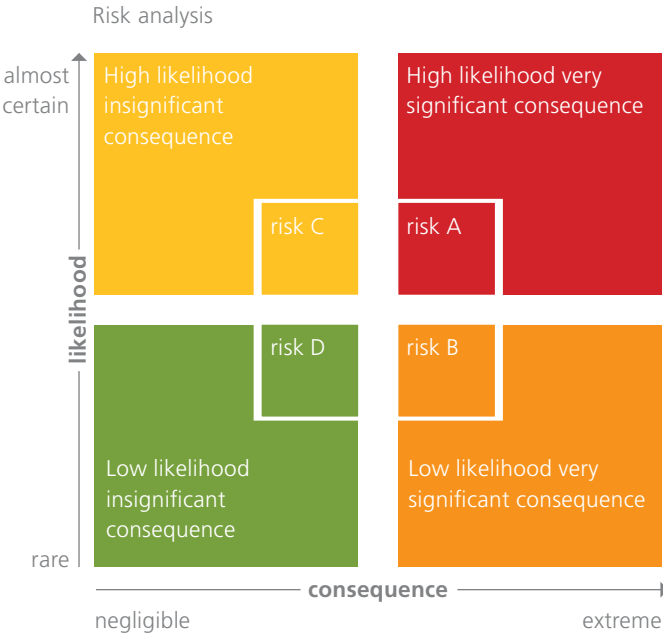
Diagram B



Risk analysis and mitigation

The identified risks are analysed according to their likelihood of occurrence and significance of their consequences. Based on the risk analyses and subsequent evaluation for treatment priority, the appropriate risk mitigation strategies are devised to treat the risks accordingly. The following illustrates risk profiles in general and describes generally the respective risk mitigation strategies of the Group.

- risk A
The risk must be managed by senior management with a detailed action plan or significant senior management attention is required. Extensive management of the risk is essential with focus on both reducing the likelihood of the risk and mitigating its consequence.
- risk B
Considerable management attention is required including specifying management responsibility. Given the significant consequences of the risk, preventive control measures must be maintained effectively with regular assessment thereof in order to maintain the likelihood of the risk occurring at a low level. Ideally, contingency measures should also be maintained to mitigate the consequence of the risk should it eventuate.
- risk C
While the consequence of the risk is insignificant, its high likelihood of occurrence should be reduced. Management should monitor the risk; identify its root causes; and design and implement corrective measures to reduce its likelihood of occurrence.
- risk D
The risk may be managed by routine procedures or may be worth accepting with monitoring by Management. The risk may also not need specific application of resources in which case the risk is accepted by Management.





Statement on internal control

The Board is responsible for the CCM Duopharma Biotech Berhad and its subsidiary's ["the Group"] system of internal control and for reviewing its adequacy and integrity. The system of internal control includes financial, operational and compliance controls and risk management.

The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and accordingly, it can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board confirms that as an integral part of the system of internal control, there is an on-going risk management process for identifying, evaluating and managing the significant risks faced by the Group. The Management operates with this process during the year under review and the process is subjected to regular review by the Board. The Group has a Risk Management Committee which is chaired by the Group Managing Director and comprises Senior Management of the Group, to provide oversight and added impetus to the risk management process.

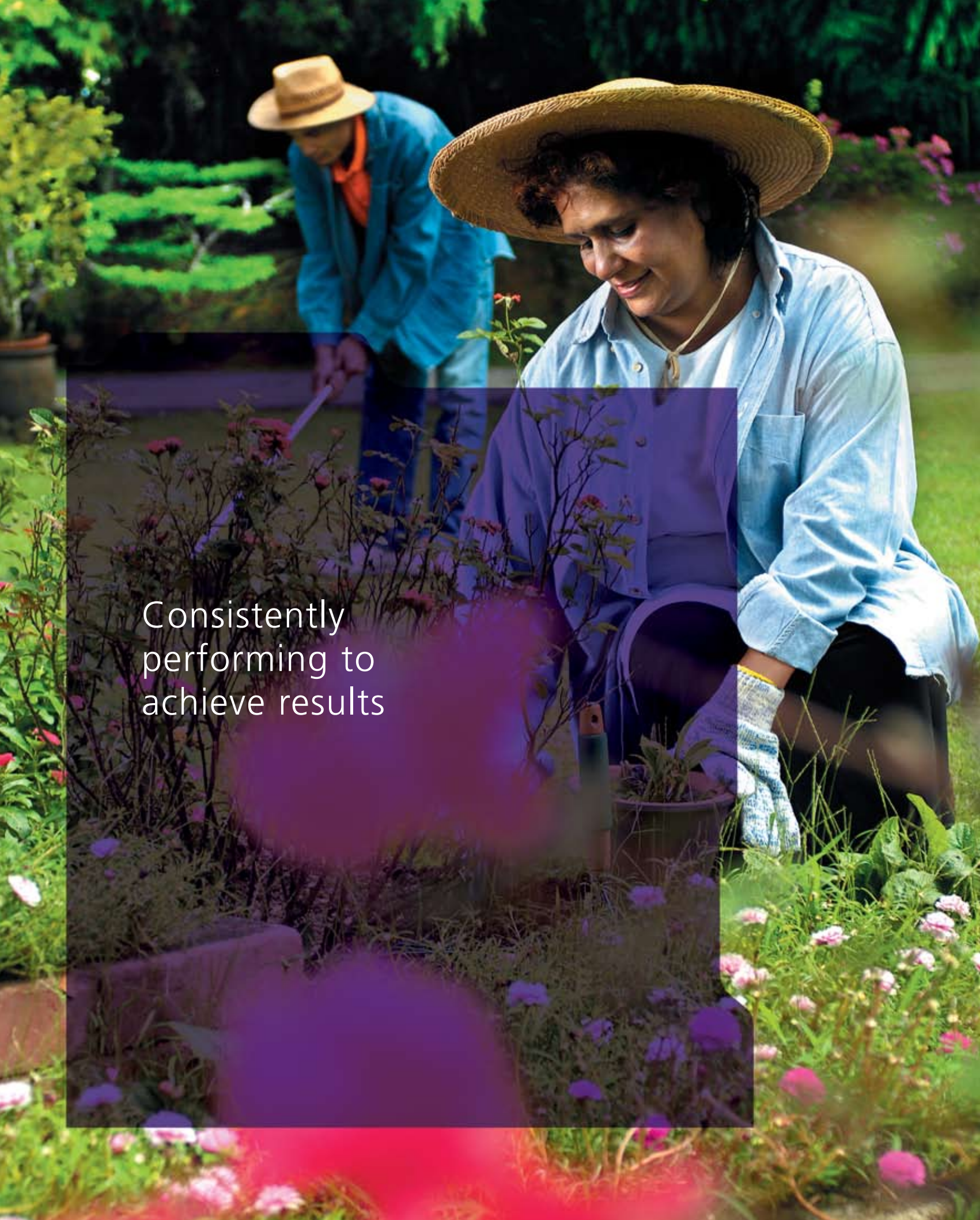
Management from each business or operations area apply a risk/control self-assessment approach to identify the risks relating to their area; the likelihood of these risks occurring; the consequences if they do occur; and the actions being and/or to be taken to manage these risks to the desired level. The risk profiles and risk treatment measures determined from this process are documented in risk registers with each business or operations area having its respective risk register. The overall process is facilitated by the Risk Management facilitation team who is dedicated to the role.

The Risk Management facilitation team maintains regular communication and consultation with management and also facilitates risk analysis of business or operational initiatives/issues emerging in the Group; conducts periodic follow-up of the updating of risk profiles and the implementation of risk treatment measures by management; facilitates analysis of "just-in-case" risk scenarios; and conducts risk management training workshops during the year ended 31 December 2007.

The key risks which are identified through the risk management process are reported to the Risk Management Committee and also Audit Committee of the Board. This enables the Audit Committee to focus on the key risks inherent in the Group's business and operations and the system of internal control necessary to manage such risks.

The Group Internal Audit independently reviews the adequacy and integrity of the system of internal control in managing the key risks and report accordingly to the Audit Committee on a quarterly basis. Where significant weaknesses have been identified as a result of the reviews, improvement measures are recommended to strengthen controls; and follow-up audits are conducted by Internal Audit to assess the status of implementation thereof by management. In carrying out its work, the Internal Audit focuses on areas of priority as determined by risk analysis which are incorporated in the annual audit plan approved each year by the Audit Committee.

There were no material weaknesses in the system of internal control that would require separate disclosure in this Annual Report.

A woman with dark curly hair, wearing a wide-brimmed straw hat, a light blue button-down shirt, and a purple apron, is kneeling in a garden. She is smiling and looking down at a potted plant. She wears white gardening gloves. In the background, a man wearing a straw hat and a blue jacket is working with a tool. The garden is filled with various plants, including pink roses and green foliage. A semi-transparent purple rectangle is overlaid on the image, containing the text.

Consistently
performing to
achieve results

Directors' report

for the year ended 31 December 2007

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2007.

Principal activities

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiary are as stated in note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

[In RM'000]	Group	Company
Profit for the year	32,043	67,959

Reserves and provisions

There were no material transfers to or from reserves and provisions during the year under review.

Dividends

Since the end of the previous financial year, the dividends paid or declared by the Company were as follows:

[In RM'000]	
In respect of the financial year ended 31 December 2006 as reported in the Directors' report of that year:	
· Final dividend of 14.5 sen per ordinary share less tax paid on 8 June 2007	14,689
In respect of the financial year ended 31 December 2007:	
· 1st interim dividend of 14 sen per ordinary share less tax paid on 18 October 2007	14,186
· 2nd interim dividend of 34 sen per ordinary share less tax paid on 24 December 2007	34,451
	63,326

The Directors do not recommend any final dividend to be paid for the year under review.

Directors of the Company

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

- Tan Sri Dato' Dr Abu Bakar bin Suleiman
- Dato' Dr Mohamad Hashim bin Ahmad Tajudin
- Datuk Alias bin Ali
- Datuk Dr Jegathesan a/l N M Vasagam @ Manikavasagam
- Haji Ghazali bin Awang
- Dr Mohd Nasir bin Hassan
- Dato' Haji Mizanur Rahman bin S M Abdul Ghani [resigned on 1 January 2008]

Directors' interests

The interests and deemed interests in the shares and options of the Company and of its related corporations [other than wholly-owned subsidiary] 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 1.1.2007	Bought	Sold	At 31.12.2007
Tan Sri Dato' Dr Abu Bakar bin Suleiman				
Interest in the Company:				
• Own	286,400	-	-	286,400
• Others#	11,000	-	-	11,000
Dato' Dr Mohamad Hashim bin Ahmad Tajudin				
Interest in the Company:				
• Own	-	5,000	-	5,000
Datuk Dr Jegathesan a/l N M Vasagam @ Manikavasagam				
Interest in the Company:				
• Own	34,160	-	[40]	34,120
Haji Ghazali bin Awang				
Interest in the Company:				
• Own	-	45,000	-	45,000

Shares in the intermediate holding company, Chemical Company of Malaysia Berhad

Dato' Haji Mizanur Rahman bin S M Abdul Ghani				
Interest in the Company:				
• Own	242,800	-	-	242,800
• Others*	2,500	-	-	2,500

Zufar Suleiman Abu Bakar is the son of Tan Sri Dato' Dr Abu Bakar bin Suleiman.

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

* Shazli Ghani bin Mizanur Rahman and Shahreza Ghani bin Mizanur Rahman are sons of Dato' Haji Mizanur Rahman bin S M Abdul Ghani. In accordance with Section 134[12][c] of the Companies Act, 1965, the interests and deemed interests of Shazli Ghani bin Mizanur Rahman and Shahreza Ghani bin Mizanur Rahman in the shares of the Company and of its related corporations [other than wholly-owned subsidiaries] shall be treated as the interests of Dato' Haji Mizanur Rahman bin S M Abdul Ghani also.

None of the other Directors holding office at 31 December 2007 had any interest in the ordinary shares of the Company and of its related corporations 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 subsidiary] 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, or with a company in which the Director has a substantial financial interest.

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 28,500 new ordinary shares of RM0.50 each for cash arising from the exercise of employees' share options at an issue price of RM2.32 per ordinary share.

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

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the year apart from the issue of options pursuant to the Employees' Share Option Scheme ["ESOS"] of the Company.

At an extraordinary general meeting held on 25 June 2004, the Company's shareholders approved the establishment of an ESOS for the eligible employees and Directors of the Group to subscribe for new ordinary shares of RM0.50 each in the Company up to 15% of the issued and paid-up share capital of the Company at any point of time during the duration of the ESOS.

The salient features of the ESOS are as follows:

- i. Eligible employees are those who have attained the age of eighteen years and have been confirmed in writing as employees of the Group for at least one year prior to the date of offer.
- ii. The option is personal to the grantee and is non-assignable.
- iii. The option price shall be determined by the weighted average of the market quotation of the Company's ordinary shares as shown in the daily official list issued by the Bursa Malaysia Securities Berhad for the five trading days prior to the date of offer with a discount of not more than 10% or at the par value of the ordinary shares of the Company, whichever is higher.
- iv. The options granted may be exercised at any time within a period of five years from the date of offer of the option or such shorter period as may be specifically stated in the offer upon giving notice in writing.
- v. The options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiple of 100 shares.

The options offered to take up unissued ordinary shares of RM0.50 each and the exercise price is as follows:

Number of options over ordinary shares of RM0.50 each

Date of offer	Exercise price	Balance at 1.1.2007	Exercised	Forfeited	Balance at 31.12.2007
26.1.2005	RM2.32	170,000	[28,500]	[10,500]	131,000

In respect of the offer of ESOS on 26 January 2005, the Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the name of option holders who have been granted options of less than 110,000 options. The name of option holders and the number of options granted which are 110,000 and above are set out below:

Number of options over ordinary shares of RM0.50 each

Name of option holders	Exercise price	Date of expiry	Granted	Balance at 1.1.2007	Exercised	Balance at 31.12.2007
Krisnakumara-Reddi a/l Kesava-Reddi	RM 2.32	25.1.2010	118,500	18,500	[18,500]	-

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 financial statements of the Group and the Company 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.

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.

Other statutory information

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, the results of the operations of the Group and of the Company for the financial year ended 31 December 2007 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.

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:

Dato' Dr Mohamad Hashim
bin Ahmad Tajudin

Haji Ghazali bin Awang

Klang
29 February 2008

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 056 to 079 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2007 and of the results of their operations and cash flows for the year ended on that date.

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

Dato' Dr Mohamad Hashim
bin Ahmad Tajudin

Haji Ghazali bin Awang

Klang
29 February 2008

Statutory declaration

pursuant to Section 169[16] of the Companies Act, 1965

I, Chek Wu Kong, the officer primarily responsible for the financial management of CCM Duopharma Biotech Berhad, do solemnly and sincerely declare that the financial statements set out on pages 056 to 079 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 Klang in the State of Selangor Darul Ehsan on 29 February 2008.

Chek Wu Kong

Before me:
29 February 2008

Report of the auditors

to the members of CCM Duopharma Biotech Berhad

We have audited the financial statements set out on pages 056 to 079. The preparation of the financial statements is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- a. the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of:
 - i. the state of affairs of the Group and of the Company at 31 December 2007 and the results of their operations and cash flows for the year ended on that date; and
 - ii. the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- b. the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiary have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the financial statements of the subsidiary 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 consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit report on the financial statements of the subsidiary was not subject to any qualification and did not include any comment made under subsection [3] of Section 174 of the Act.

KPMG

Firm Number: AF 0758
Chartered Accountants

Hasman Yusri Yusoff

Partner
Approval Number:
2583/08/08[J]

Kuala Lumpur,
29 February 2008

Balance sheets

at 31 December 2007

[In RM'000]	Note	Group 2007	2006	Company 2007	2006
Assets					
Property, plant and equipment	3	53,488	49,656	-	-
Investment properties	4	6,087	6,087	-	-
Investment in a subsidiary	5	-	-	40,187	40,187
Total non-current assets		59,575	55,743	40,187	40,187
Receivables, deposits and prepayments	6	33,827	26,744	59,407	47,838
Inventories	7	24,547	20,771	-	-
Current tax assets		-	1,387	-	-
Cash and cash equivalents	8	9,386	54,363	3,824	10,677
Total current assets		67,760	103,265	63,231	58,515
Total assets		127,335	159,008	103,418	98,702
Equity					
Share capital		69,730	69,716	69,730	69,716
Reserves		12,558	12,506	12,109	12,057
Retained profits		31,925	63,208	21,203	16,570
Total equity attributable to shareholders		114,213	145,430	103,042	98,343
Liabilities					
Deferred tax liabilities	10	3,746	2,838	-	-
Total non-current liabilities		3,746	2,838	-	-
Payables and accruals	11	9,208	10,695	311	314
Current tax liabilities		168	45	65	45
Total current liabilities		9,376	10,740	376	359
Total liabilities		13,122	13,578	376	359
Total equity and liabilities		127,335	159,008	103,418	98,702

The notes on pages 061 to 079 are an integral part of these financial statements.

Income statements

for the year ended 31 December 2007

[In RM'000]	Note	Group		Company	
		2007	2006	2007	2006
Revenue	12	115,551	105,100	93,500	25,500
Cost of sales		[52,200]	[48,150]	-	-
Gross profit		63,351	56,950	93,500	25,500
Other income		526	523	-	325
Distribution and marketing expenses		[9,108]	[9,672]	-	-
Administrative expenses		[11,397]	[9,088]	[416]	[546]
Other expenses		[2,422]	[2,070]	-	-
Results from operating activities		40,950	36,643	93,084	25,279
Interest income		1,591	1,451	170	274
Profit before tax	13	42,541	38,094	93,254	25,553
Tax expense	15	[10,498]	[9,115]	[25,295]	[7,215]
Profit for the year attributable to shareholders		32,043	28,979	67,959	18,338
Basic earnings per ordinary share [sen]	16	23.09	20.89		
Diluted earnings per ordinary share [sen]	16	23.09	20.88		

The notes on pages 061 to 079 are an integral part of these financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2007

		Attributable to shareholders of the Company					
[In RM'000]	Note	Non-distributable			Treasury shares	Distributable	Total
		Share capital	Share premium	Revaluation reserve		Retained profits	
Group							
At 1 January 2006		69,679	13,497	449	[1,578]	58,708	140,755
Total recognised income for the year							
· Profit for the year		-	-	-	-	28,979	28,979
ESOS exercised	9	37	138	-	-	-	175
Dividends to shareholders	17	-	-	-	-	[24,479]	[24,479]
At 31 December 2006/ 1 January 2007		69,716	13,635	449	[1,578]	63,208	145,430
Total recognised income for the year							
· Profit for the year		-	-	-	-	32,043	32,043
ESOS exercised	9	14	52	-	-	-	66
Dividends to shareholders	17	-	-	-	-	[63,326]	[63,326]
At 31 December 2007		69,730	13,687	449	[1,578]	31,925	114,213

Statement of changes in equity

for the year ended 31 December 2007

[In RM'000]	Note	Non-distributable			Distributable	Total
		Share capital	Share premium	Treasury shares	Retained profits	
Company						
At 1 January 2006		69,679	13,497	[1,578]	22,711	104,309
Total recognised income for the year						
· Profit for the year		-	-	-	18,338	18,338
ESOS exercised	9	37	138	-	-	175
Dividends to shareholders	17	-	-	-	[24,479]	[24,479]
At 31 December 2006/ 1 January 2007		69,716	13,635	[1,578]	16,570	98,343
Total recognised income for the year						
· Profit for the year		-	-	-	67,959	67,959
ESOS exercised	9	14	52	-	-	66
Dividends to shareholders	17	-	-	-	[63,326]	[63,326]
At 31 December 2007		69,730	13,687	[1,578]	21,203	103,042

The notes on pages 061 to 079 are an integral part of these financial statements.

Cash flow statements

for the year ended 31 December 2007

[In RM'000]	Note	Group 2007	2006	Company 2007	2006
Cash flows from operating activities					
Profit before tax		42,541	38,094	93,254	25,553
Adjustments for:					
Depreciation of property, plant and equipment		4,600	4,656	-	-
Dividends income		-	-	[93,500]	[25,500]
Gain on disposal of property, plant and equipment		[27]	[48]	-	-
Loss/[Gain] on disposal of an associate		-	17	-	[325]
Interest income		[1,591]	[1,451]	[170]	[274]
Operating profit/[loss] before changes in working capital					
Changes in working capital:					
Inventories		[3,776]	[4,931]	-	-
Payables and accruals		[1,487]	3,984	[3]	222
Receivables, deposits and prepayments		[7,083]	[1,551]	[11,569]	6,069
Cash generated from/[used in] operations					
Tax paid		[8,080]	[11,726]	[30]	[61]
Net cash from/[used in] operating activities					
		25,097	27,044	[12,018]	5,684
Cash flows from investing activities					
Acquisition of property, plant and equipment		[8,504]	[4,601]	-	-
Dividends received		-	-	68,255	18,360
Interest received		1,591	1,451	170	274
Proceeds from disposal of an associate		-	1,325	-	1,325
Proceeds from disposal of plant and equipment		99	1,042	-	-
Net cash [used in]/from investing activities					
		[6,814]	[783]	68,425	19,959
Cash flows from financing activities					
Dividends paid to shareholders of the Company		[63,326]	[24,479]	[63,326]	[24,479]
Proceeds from the exercise of ESOS		66	175	66	175
Net cash used in financing activities					
		[63,260]	[24,304]	[63,260]	[24,304]
Net [decrease]/increase in cash and cash equivalents		[44,977]	1,957	[6,853]	1,339
Cash and cash equivalents at 1 January	[i]	54,363	52,406	10,677	9,338
Cash and cash equivalents at 31 December	[i]	9,386	54,363	3,824	10,677

Cash flow statements [contd.]

for the year ended 31 December 2007

i. Cash and cash equivalents

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

[In RM'000]	Note	Group		Company	
		2007	2006	2007	2006
Cash and bank balances	8	7,975	9,402	3,824	1,005
Deposits with licensed banks	8	1,411	44,961	-	9,672
		9,386	54,363	3,824	10,677

The notes on pages 061 to 079 are an integral part of these financial statements.

Notes to the financial statements

CCM Duopharma Biotech Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of the Bursa Malaysia Securities Berhad. The addresses of its registered office and principal place of business are as follows:

Registered office

9th Floor, Wisma Sime Darby
14, Jalan Raja Laut
50350 Kuala Lumpur.

Principal place of business

Lot 2599, Jalan Seruling 59
Kawasan 3, Taman Klang Jaya
41200 Klang
Selangor Darul Ehsan
Malaysia

The consolidated financial statements as at and for the year ended 31 December 2007 comprise the Company and its subsidiary [together referred to as the Group]. The financial statements of the Company as at and for the year ended 31 December 2007 do not include other entities.

The Company is principally engaged in investment holding while the subsidiary is primarily involved in carrying on business as manufacturer, distributor, importer and exporter of pharmaceutical products and medicines.

The immediate and intermediate holding companies during the financial year were CCM Marketing Sdn Bhd and Chemical Company of Malaysia Berhad respectively. The ultimate holding company was Permodalan Nasional Berhad. All the holding companies were incorporated in Malaysia.

The financial statements were approved by the Board of Directors on 29 February 2008.

1. Basis of preparation

a. Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards [FRSs] issued by the Malaysian Accounting Standards Board [MASB], accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The accounting policies adopted by the Group and the Company are consistent with those adopted in the previous year except for the adoption of the new and revised FRSs issued by MASB that are effective for the financial period beginning on 1 January 2007 as follows:

- FRS 117, Leases
- FRS 124, Related Party Disclosures
- Amendment to FRS 119, Employee Benefits: Actuarial Gains and Losses, Group Plans and Disclosures

Other than the expanded disclosure requirements as shown in Notes 20, the adoption of FRS 117, FRS 124 and Amendment to FRS 119 do not have any significant financial impact on the Group and the Company.

The MASB has also issued the following FRSs and Interpretations that are effective for annual periods beginning after 1 January 2007 and that have not been applied in preparing these financial statements:

Standard/Interpretation	Effective date
FRS 139, Financial Instruments: Recognition and Measurement	To be announced
Amendment to FRS 121, The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation	1 July 2007
IC Interpretation 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2, Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7, Applying the Restatement Approach under FRS 129, Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8, Scope of FRS 2	1 July 2007

Standard/Interpretation	Effective date
FRS 107, Cash Flow Statement	1 July 2007
FRS 111, Construction Contracts	1 July 2007
FRS 112, Income Taxes	1 July 2007
FRS 118, Revenue	1 July 2007
FRS 120, Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 134, Interim Financial Reporting	1 July 2007
FRS 137, Provisions, Contingent Liabilities and Contingent Assets	1 July 2007

The Group and the Company plan to apply the rest of the abovementioned FRSs and Interpretations for the annual period beginning 1 January 2008 except for FRS 111, IC Interpretation 2, IC Interpretation 5, IC Interpretation 6 and IC Interpretation 7 as explained below and FRS 139 which the effective date has yet to be announced.

The impact of applying FRS 139 on the financial statements upon first adoption as required by paragraph 30[b] of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemptions given in FRS 139.103AB.

FRS 111, IC Interpretation 2, IC Interpretation 5, IC Interpretation 6 and IC Interpretation 7 are not applicable to the Group and the Company. Hence, no further disclosure is warranted.

The initial application of the other FRSs and Interpretations are not expected to have any material impact on the financial statements of the Group and the Company.

b. Basis of measurement

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

- Property, plant and equipment
- Investment property

c. Functional and presentation currency

These financial statements are presented in Ringgit Malaysia [RM], which is the Company's functional currency. All financial information presented in RM 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.

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. Subsidiary is consolidated using 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 [or included in a disposal group that is classified as held for sale].

ii. Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

b. 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 transactions.

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 that are measured at fair value 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 statements.

c. Property, plant and equipment

i. Recognition and measurement

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

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 values.

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 statements.

Cost includes expenditure that are directly attributable to the acquisition of the asset, 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. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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.

Gain 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 operating expenses" respectively in the income statements.

ii. 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 those parts that are replaced are derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

iii. Depreciation

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. 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:

· buildings	50 years
· plant and machineries	5 - 10 years
· office equipment, furniture and fittings	5 - 20 years
· motor vehicles	4 - 10 years
· renovations	10 years

The depreciation amount is determined after deducting the residual value. Depreciation methods, useful lives and residual values are reassessed at the reporting date.

d. Intangible assets

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 statement 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.

e. Investment properties

Investment properties are properties which are owned 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 property are measured initially at cost and subsequently at fair value with any change therein recognised in the income statements.

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 statement. Upon disposal of the investment property, any surplus previously recorded in equity is transferred to retained profits; the transfer is not made through the income statements.

The Directors of the Company value the Group's investment property portfolio every year. An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, will be used whenever there is indication of significant changes in fair values of the investment properties. 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.

f. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, 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 selling expenses.

g. 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.

h. 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 bank overdrafts and pledged deposits.

i. Impairment of assets

The carrying amounts of assets except for inventories, investment properties that are measured at fair value and, financial assets [other than investments in subsidiary] 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 intangible assets that have indefinite useful lives or that are not yet available for use, recoverable amount is estimated 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 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 group of assets [the "cash-generating unit"].

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.

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 statements, a reversal of that impairment loss is also recognised in the income statements.

j. Share capital

i. Shares issue expenses

Incremental costs directly attributable to issue of shares and share options classified as equity are recognised as a deduction from equity.

ii. Repurchases 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 revalued 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 resale 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.

k. Employee benefits**i. 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 the 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 obligations.

ii. Share-based payment transactions

The share option programme allows Group employees to acquire shares of the Company. In the previous years, share options granted to employees is not recognised as an employee cost. Following the adoption of FRS 2, Share-based Payment, the grant date fair value of share options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The change in accounting policy is applied retrospectively only for those shares options granted after 31 December 2004 and have not vested as of 1 January 2007 as provided in the transitional provision of FRS 2. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

l. Provisions

A provision is recognised if, as a result of a 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.

m. 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.

n. Revenue**i. Goods sold**

Revenue from the sale of goods is measured at 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. Dividend income

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

o. Interest income

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

p. Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement 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 substantially 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.

Additional taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

q. 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 share options granted to employees.

r. 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.

Segmental information is not provided as the Group is primarily engaged in the pharmaceutical industry and its operations are carried out primarily in Malaysia.

3. Property, plant and equipment

[In RM'000]	Freehold land	Buildings	Plant and machineries	Office equipment, furniture and fittings	Motor vehicles	Renovations	Capital work-in-progress	Total
Group								
Cost /Valuation								
At 1 January 2006	6,787	22,016	37,724	1,779	2,551	258	1,887	73,002
Additions	-	34	1,529	1,130	464	-	1,444	4,601
Transfer	30	273	1,700	-	-	-	[2,003]	-
Disposals	[193]	-	-	-	[1,662]	-	-	[1,855]
At 31 December 2006/ 1 January 2007	6,624	22,323	40,953	2,909	1,353	258	1,328	75,748
Additions	3,702	71	4,416	167	-	-	148	8,504
Transfer	-	-	1,138	-	-	-	[1,138]	-
Disposals	-	-	-	-	[249]	-	-	[249]
At 31 December 2007	10,326	22,394	46,507	3,076	1,104	258	338	84,003
Depreciation								
At 1 January 2006	-	116	19,461	1,142	1,332	246	-	22,297
Depreciation for the year	-	471	3,739	279	161	6	-	4,656
Disposals	-	-	-	-	[861]	-	-	[861]
At 31 December 2006/ 1 January 2007	-	587	23,200	1,421	632	252	-	26,092
Depreciation for the year	-	476	3,590	370	159	5	-	4,600
Disposals	-	-	-	-	[177]	-	-	[177]
At 31 December 2007	-	1,063	26,790	1,791	614	257	-	30,515
Carrying amounts								
At 1 January 2006	6,787	21,900	18,263	637	1,219	12	1,887	50,705
At 31 December 2006/ 1 January 2007	6,624	21,736	17,753	1,488	721	6	1,328	49,656
At 31 December 2007	10,326	21,331	19,717	1,285	490	1	338	53,488

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 freehold land and buildings been carried under the cost model, their carrying amounts would have been RM10,056,000 [2006 - RM 6,354,000] and RM21,278,000 [2006 - RM21,673,000] respectively.

4. Investment properties

[In RM'000]	Group	
	2007	2006
Freehold land		
At 1 January/At 31 December	6,087	6,087

5. Investment in a subsidiary

[In RM'000]	Company	
	2007	2006
Unquoted share, at cost	40,187	40,187

Details of the subsidiary are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest [%]	
			2007	2006
Duopharma [M] Sendirian Berhad	Malaysia	Manufacturing, distributing, importing and exporting of pharmaceutical products and medicines	100	100

6. Receivables, deposits and prepayments

[In RM'000]	Group		Company	
	2007	2006	2007	2006
Trade				
Trade receivables	32,912	26,077	-	-
Less: Allowance for doubtful debts	[631]	[781]	-	-
	32,281	25,296	-	-
Amount due from related corporations	1,057	1,206	-	-
	33,338	26,502	-	-
Non-trade				
Amount due from a subsidiary	-	-	59,407	47,820
Other receivables	420	177	-	18
Deposits	69	65	-	-
	489	242	59,407	47,838
	33,827	26,744	59,407	47,838

The trade receivables due from related corporations are subject to the normal trade terms.

The amount due from a subsidiary is unsecured, interest free and repayable on demand.

7. Inventories

[In RM'000]	Group	
	2007	2006
Raw materials and consumables	9,820	10,082
Work-in-progress	1,575	1,733
Packing materials	2,133	2,003
Finished goods	11,019	6,953
	24,547	20,771

In 2007, inventories recognised as cost of sales [excluding inventories written off] amounted to RM50,021,000 [2006 - RM46,583,000].

In 2007, inventories amounting to RM1,337,700 [2006 - RM1,567,000] were written off. The write-off is included in cost of sales.

8. Cash and cash equivalents

[In RM'000]	Group		Company	
	2007	2006	2007	2006
Deposits with licensed banks	1,411	44,961	-	9,672
Cash and bank balances	7,975	9,402	3,824	1,005
	9,386	54,363	3,824	10,677

9. Capital and reserves

[In RM'000]	Group		Company	
	2007	2006	2007	2006
Share capital	69,730	69,716	69,730	69,716
Non-distributable reserves				
Share premium	13,687	13,635	13,687	13,635
Revaluation reserve	449	449	-	-
Treasury shares	[1,578]	[1,578]	[1,578]	[1,578]
Retained profits [distributable]	31,925	63,208	21,203	16,570
	114,213	145,430	103,042	98,343

Group and Company				
	Amount	Number of shares	Amount	Number of shares
		2007		2006
Share capital	RM'000	'000	RM'000	'000
Ordinary shares of RM0.50 each				
Authorised	200,000	200,000	200,000	200,000
Issued and fully paid:				
On issue at 1 January	69,716	139,432	69,679	139,357
Issue of shares under the Employees' Share Option Scheme	14	29	37	75
On issue at 31 December	69,730	139,461	69,716	139,432

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. In respect of the Company's treasury shares that are held by the Company [on page 072], all rights are suspended until those shares are reissued.

Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment.

Treasury shares

The shareholders of the Company, by a special resolution passed at the extraordinary general meeting held on 25 June 2004, approved the Company's plan to purchase its own shares and the authority was renewed at the Fourth Annual General Meeting of the Company held on 29 June 2005. The renewal of authority for purchase of its own shares lapsed at the conclusion of the Fifth Annual General Meeting held on 18 May 2006 and no further renewal was sought.

There was no purchase of its issued share capital during the year. The number of outstanding shares as at 31 December 2007 after deducting treasury shares held is 138,803,000 [2006: 138,774,000].

Retained profits

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all of its retained profits at 31 December 2007 if paid out as dividends.

The Malaysian Budget 2008 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.

Employees' Share Option Scheme ["ESOS"]

On 25 June 2004, the Group established a share option scheme that entitles eligible employees and Directors of the Group to purchase shares in the Company. On 26 January 2005, the Company granted vested options to eligible employees and Directors at an exercise price of RM2.32 per ordinary share of RM0.50 each.

As allowed by the transitional provisions in FRS 2, the recognition and measurement principles in FRS 2 have not been applied to the options granted since it was granted and vested prior to 1 January 2006.

The terms and conditions of the grants are as follows:

Grant date	Number of options '000	Vesting conditions	Contractual life of options
26 January 2005	7,938	At least 1 year service on the Date of Offer on 26 January 2005	5 years

The number of share options is as follows:
[In '000]

	2007	2006
Outstanding at 1 January	170	254
Forfeited during the year	[10]	[9]
Exercised during the year	[29]	[75]
Outstanding and exercisable at 31 December	131	170

The options outstanding at 31 December 2007 have a remaining contractual life of approximately 2 years.

During the year, 28,500 share options were exercised [2006 - 75,500]. The weighted average share price for the year was RM2.63 [2006 - RM2.61].

10. Deferred tax liabilities

Movement in taxable/[deductible] temporary differences during the year

[In RM'000]	Property, plant and equipment	Allowance for doubtful debts	Others	Total
Group				
At 1 January 2006	3,405	[261]	[306]	2,838
Recognised in income statements	[98]	58	40	-
At 31 December 2006/1 January 2007	3,307	[203]	[266]	2,838
Recognised in income statements	802	45	61	908
At 31 December 2007	4,109	[158]	[205]	3,746

11. Payables and accruals

[In RM'000]	Group		Company	
	2007	2006	2007	2006
Trade				
Trade payables	1,993	4,078	-	-
Amount due to related corporations	2,036	75	-	-
	4,029	4,153	-	-
Non-trade				
Amount due to intermediate holding company	335	206	-	-
Other payables	140	277	125	179
Accrued expenses	4,504	5,035	186	135
Others	200	1,024	-	-
	5,179	6,542	311	314
	9,208	10,695	311	314

The trade payable due to related corporations are subject to normal trade terms.

The amount due to intermediate holding company is unsecured, interest free and repayable on demand.

12. Revenue

[In RM'000]	Group		Company	
	2007	2006	2007	2006
Sale of goods	115,551	105,100	-	-
Dividend income from unquoted subsidiary	-	-	93,500	25,500
	115,551	105,100	93,500	25,500

13. Profit before tax

[In RM'000]	Group		Company	
	2007	2006	2007	2006
Operating profit is arrived at after charging:				
Auditors' remuneration				
· audit	59	59	15	15
· non-audit services	10	46	10	46
Depreciation on property, plant and equipment	4,600	4,656	-	-
Intermediate holding company management fees	2,500	1,500	-	-
Inventories written off	1,338	1,567	-	-
Loss on disposal of an associate	-	17	-	-
Net foreign exchange loss	137	-	-	-
Personnel expenses [including key management personnel]:				
· Contributions to Employees Provident Fund	1,815	1,604	-	-
· Wages, salaries and others	15,868	14,077	-	-
Rental of premises	73	102	-	-
Research and development expensed as incurred	1,318	500	-	-
and after crediting:				
Allowance for doubtful debts written back	150	150	-	-
Gain on disposal of an associate	-	-	-	325
Gain on disposal of property, plant and equipment	27	48	-	-
Net foreign exchange gain	-	9	-	-

14. Key management personnel compensation

The key management personnel compensation is as follows:

[In RM'000]	Group		Company	
	2007	2006	2007	2006
Directors				
· Fees	218	213	218	213
· Gratuity	36	-	-	-
· Remuneration	650	602	-	-
· Other short term employee benefits [including estimated monetary value of benefits-in-kind]	24	23	-	-
Other key management personnel				
· Remuneration	830	522	-	-
Total short-term employee benefits	1,758	1,360	218	213

Other key management personnel comprises persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

15. Tax expense

Recognised in the income statement

[In RM'000]	Group		Company	
	2007	2006	2007	2006
Tax expense	10,498	9,115	25,295	7,215
Major components of tax expense include:				
Current tax expense				
Malaysian- current year	9,590	9,710	25,295	7,215
- prior year	-	[595]	-	-
Total current tax	9,590	9,115	25,295	7,215
Deferred tax expense				
Origination and reversal of temporary differences	717	-	-	-
Under provision in prior year	191	-	-	-
Total deferred tax	908	-	-	-
Total tax expense	10,498	9,115	25,295	7,215
Reconciliation of effective tax expense				
Profit for the year	32,043	28,979	67,959	18,338
Total tax expense	10,498	9,115	25,295	7,215
Profit excluding tax	42,541	38,094	93,254	25,553
Tax at Malaysian tax rate of 27% [2006 -28%]	11,486	10,666	25,179	7,155
Effect of change in tax rate*	[203]	[440]	-	-
Non-deductible expenses	159	236	38	34
Tax incentives	[312]	[163]	-	-
Utilisation of reinvestment allowance	[911]	[598]	-	-
Other items	88	9	78	26
Under/[Over] provided in prior years	191	[595]	-	-
	10,498	9,115	25,295	7,215

* The corporate tax rate are at 27% for year of assessment 2007, 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently, deferred tax assets and liabilities are measured using these tax rates.

16. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2007 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

[In RM'000]	Group	
	2007	2006
Profit for the year attributable to ordinary shareholders	32,043	28,979

Weighted average number of ordinary shares

[In '000]	Group	
	2007	2006
Issued ordinary shares at 1 January	139,432	139,357
Effect of treasury shares held	[658]	[658]
Effect of exercise of share option under ESOS	8	49
Weighted average number of ordinary shares at 31 December	138,782	138,748

[In sen]	Group	
	2007	2006
Basic earnings per ordinary share	23.09	20.89

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 December 2007 was based on profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

[In RM'000]	Group	
	2007	2006
Profit for the year attributable to ordinary shareholders	32,043	28,979

Weighted average number of ordinary shares [diluted]

[In '000]	Group	
	2007	2006
Weighted average number of ordinary shares at 31 December	138,782	138,748
Effect of share options under ESOS on issue	18	22
Weighted average number of ordinary shares [diluted] at 31 December	138,800	138,770

[In sen]	Group	
	2007	2006
Diluted earnings per ordinary share	23.09	20.88

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 that the options were outstanding.

17. Dividends

Dividends recognised in the current year by the Company are:

	Sen per share [Net of tax]	Total amount RM'000	Date of payment
2007			
Interim 2007 ordinary	24.82	34,451	24 December 2007
Interim 2007 ordinary	10.22	14,186	18 October 2007
Final 2006 ordinary	10.58	14,689	8 June 2007
		63,326	
2006			
Interim 2006 ordinary	5.04	6,994	22 September 2006
Final 2005 ordinary	12.60	17,485	8 June 2006
		24,479	

18. Financial instruments

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

Credit risk

The Group has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers who require credit facility. When the credit limit and/or credit period is exceeded, further transaction may not be allowed until the credit limit or credit period is regularised to appropriate levels. The Group does not require collateral.

At balance sheet date of the financial year 2007, a significant concentration of credit risk arises in respect of debts owing from 2 [2006 - 2] major customers amounting to RM11,590,000 [2006 - RM9,124,000]. The management closely monitor the Group's credit risk exposure to these major customers and are confident in recovering these amounts. The maximum exposure to credit risk for the Group is represented by the carrying amounts of the financial assets.

Interest rate risk

The Group places cash balances with reputable banks to generate interest income for the Group. The Group manages its interest risk by placing such balances on varying maturities and interest rate terms.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets, 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.

	Average effective interest rate %	Total RM'000	Less than 1 year RM'000	Average effective interest rate %	Total RM'000	Less than 1 year RM'000
Fixed rate instruments						
			2007			2006
Group						
Deposits with licensed banks	3.00	1,411	1,411	3.40-3.50	44,961	44,961
Company						
Deposits with licensed banks	-	-	-	3.40-3.50	9,672	9,672

Foreign currency risk

The Group is 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 USD and EUR.

Fair values

The carrying amounts of cash and cash equivalents, receivables and payables, approximate fair values due to the relatively short term nature of these financial instruments.

19. Capital and other commitments

	Group 2007	2006
[In RM'000]		
Plant and equipment		
Authorised but not contracted for	47,000	-
Contracted but not provided for	-	2,475

20. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group 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 and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has a related party relationship with its subsidiary [see note 5], holding companies, related corporations, Directors and key management personnel.

Transactions with key management personnel

Key management personnel compensation is disclosed in Note 14.

Other related party transactions

[other than disclosed elsewhere in the financial statements]

	Transaction value year ended 31 December		Balance outstanding as at 31 December	
[In RM'000]	2007	2006	2007	2006
Group				
Sale of goods with immediate holding company				
CCM Marketing Sdn Bhd [formerly known as Tekan Maju Sdn Bhd]	357	-	-	-
Sale of goods with related corporations				
CCM Fertilizers Sdn Bhd	2	2	2	2
CCM Pharmaceuticals [S] Pte. Ltd.	2,150	2,409	1,055	1,181
Prima Health Pharmacy [Retail] Sdn Bhd	-	119	-	23
Purchases with related corporations				
CCM Chemicals Sdn Bhd	[226]	[688]	[9]	-
CCM Pharmaceuticals Sdn Bhd	[2,803]	[148]	[73]	[75]
CCM Pharma Sdn Bhd	[1,643]	-	[1,660]	-
Management fees paid to intermediate holding company				
Chemical Company of Malaysia Berhad	[2,500]	[1,500]	[335]	[206]
Research and development expenditure paid to related corporation				
Innovax Sdn Bhd	[1,313]	[500]	[294]	-

Analysis of shareholdings

as at 31 March 2008

Authorised Share Capital	:RM100,000,000.00
Issued and Fully Paid Share Capital	:RM69,739,750.00
Class of Shares	:Ordinary Shares of RM0.50 each
Voting Rights	:One vote per Ordinary Share

Shareholdings distribution

Size of Holdings	No. of Shareholders/ Depositors	% of Shareholders/ Depositors	No. of Shares Held	% of Issued Capital
1—99	83	4.54	3,357	0.00
100—1,000	427	23.36	373,552	0.27
1,001—10,000	1,046	57.22	4,338,459	3.11
10,001—100,000	233	12.75	7,046,360	5.05
100,001—6,973,974	38	2.08	26,827,180	19.24
6,973,975 and above	1	0.05	100,890,592	72.33
Total	1,828	100.00	139,479,500	100.00

List of top 30 shareholders/depositors

No	Name	Normal Holdings	Holdings %
1.	CCM Marketing Sdn Bhd [formerly known as Tekan Maju Sdn Bhd]	100,890,592	72.33
2.	Employees Provident Fund Board	6,335,800	4.54
3.	Amanah Raya Nominees [Tempatan] Sdn Bhd – <i>Skim Amanah Saham Bumiputera</i>	4,545,300	3.26
4.	TM Asia Life Malaysia Bhd – <i>As Beneficial Owner [PF]</i>	2,000,000	1.43
5.	CCM Marketing Sdn Bhd [formerly known as Tekan Maju Sdn Bhd]	1,442,300	1.03
6.	Alliance Group Nominees [Tempatan] Sdn Bhd – <i>PHEIM Asset Management Sdn Bhd For Employees Provident Fund</i>	1,000,000	0.72
7.	Jerneh Insurance Bhd	870,000	0.62
8.	HSBC Nominees [Tempatan] Sdn Bhd – <i>HSBC [M] Trustee Bhd For MAAKL Al-Faid [4389]</i>	809,200	0.58
9.	Mayban Nominees [Tempatan] Sdn Bhd – <i>Mayban Life Assurance Berhad [Non-par Fund]</i>	734,500	0.53
10.	Mayban Nominees [Tempatan] Sdn Bhd – <i>Mayban Life Assurance Berhad [Par Fund]</i>	730,000	0.52
11.	Bank Kerjasama Rakyat Malaysia Berhad	674,500	0.48
12.	CCM Duopharma Biotech Berhad – <i>Share Buy Back Account</i>	658,000	0.47
13.	HSBC Nominees [Tempatan] Sdn Bhd – <i>HSBC [M] Trustee Bhd For MAAKL Al-Fauzan [5170]</i>	570,000	0.41
14.	Lembaga Tabung Angkatan Tentera	530,000	0.38
15.	Alliance Group Nominees [Tempatan] Sdn Bhd – <i>Alliance Investment Management Berhad For Employees Provident Fund</i>	500,000	0.36
16.	Mayban Nominees [Tempatan] Sdn Bhd – <i>Etiqa Takaful Berhad [Family Fund]</i>	473,500	0.34

Analysis of shareholdings [contd.]

as at 31 March 2008

List of top 30 shareholders/depositors [contd.]

No	Name	Normal Holdings	Holdings %
17.	Jerneh Insurance Bhd – <i>Shareholders' Funds Account</i>	472,000	0.34
18.	Mayban Nominees [Tempatan] Sdn Bhd – <i>Etiqa Takaful Berhad [General Fund]</i>	400,900	0.29
19.	Universal Trustee [Malaysia] Berhad – <i>Alliance Optimal Income Fund</i>	321,200	0.23
20.	MCIS Zurich Insurance Berhad	315,980	0.23
21.	Aun Huat & Brothers Sdn Bhd	305,100	0.22
22.	Abu Bakar Bin Suleiman	286,400	0.21
23.	Public Nominees [Tempatan] Sdn Bhd – <i>Pledged Securities Account For Aun Huat & Brothers Sdn Berhad [E-IMO/BCM]</i>	262,100	0.19
24.	HSBC Nominees [Tempatan] Sdn Bhd – <i>HSBC [M] Trustee Bhd For Maakl Dividend Fund [5311-401]</i>	250,000	0.18
25.	Liew Wai Kiat	237,600	0.17
26.	Ruby Technique Sdn Bhd	226,000	0.16
27.	Gan Tuan Boon	200,000	0.14
28.	Mayban Nominees [Tempatan] Sdn Bhd – <i>Mayban General Assurance Berhad [Insurance Fund]</i>	200,000	0.14
29.	UOBM Nominees [Tempatan] Sdn Bhd – <i>BHLB Trustee Berhad For Prudential Capital Guaranteed Fund II</i>	165,000	0.12
30.	CIMB Trustee Berhad – <i>Amanah Saham Darul Iman</i>	164,600	0.12

Directors' shareholding as per register of directors as at 31 March 2008

Name	Direct	* %	No. of Shares Held Indirect	%
Tan Sri Dato' Dr Abu Bakar bin Suleiman	286,400	0.21	11,000	0.01
Dato' Dr Mohamad Hashim bin Ahmad Tajudin	5,000	0.0036	-	-
Dr Mohamad Nasir bin Hassan	-	-	-	-
Datuk Alias bin Ali	-	-	-	-
Haji Ghazali bin Awang	45,000	0.03	-	-
Datuk Dr Jegathesan a/l N M Vasagam @ Manikavasagam	34,120	0.02	-	-

Substantial shareholders as per register of substantial shareholders as at 31 March 2008

Name	Direct	* %	No. of Shares Held Indirect	%
CCM Marketing Sdn Bhd [formerly known as Tekan Maju Sdn Bhd]	102,332,892	73.73	-	-
Employees Provident Fund Board	7,835,800	5.62	-	-

Note

* Excluding a total of 658,000 shares bought-back by the Company and retained as treasury shares.

List of properties


Postal address/Location of the property	Land area [acre/sq m]	Description/Existing use [Build up area]	Tenure/Approx. age of building	Date of valuation/ Methods of valuation	Net Book Value As at 31.12.2007 [In RM]
GM 1391 Lot No. 2599 Mukim and District of Klang, State of Selangor Darul Ehsan/ Lot No. 2599, Jalan Seruling 59, Kawasan 3, Taman Klang Jaya, Selangor Darul Ehsan	11,655 sq m	a. Industrial land built-upon with a double storey office block cum factory building, a single storey pump house cum boiler house, 3 parking shed, a guardhouse, a refilled chamber and a water tank, [gross built up area: approximately 94,000 sq ft] b. Four storey factory office building [gross built up area: approximately 93,000 sq ft]	Freehold/14 years old Freehold/5 years old	22 Nov 2005/ Comparison Method	23,395,337
H.S. [D] 52204 and 52205 PT Nos. 9570 and 9571, Mukim and District of Klang, State of Selangor Darul Ehsan/Nos. 29 and 27, Jalan Serunai 16, Taman Klang Jaya, 41200 Klang, Selangor Darul Ehsan	476.50 sq m each	Two units of 1½ storey semi-detached factories [Built up : 3,588 sq ft each]	Freehold/22 years old	22 Nov 2005/ Comparison Method	961,808
H.S. [D] 14330 Lot No. 9575 Mukim and District of Klang State of Selangor Darul Ehsan/No. 19 Jalan Serunai 16, Taman Klang Jaya, 41200 Klang, Selangor Darul Ehsan	431.44 sq m	1½ storey semi-detached factory [Built up: 3,120 sq ft]	Freehold/22 years old	22 Nov 2005/ Comparison Method	452,014
H.S. [M] 27455 and 27454 PT Nos. 48576 and 48575, Mukin and District of Klang, State of Selangor Darul Ehsan/No. 51 & 53, Jalan Rebana 3, Off Jalan Seruling 59, Taman Klang Jaya, 41200 Klang Selangor Darul Ehsan	191 sq.m and 260 sq m respectively	Two units double storey terrace light industrial buildings [Built-up: 4,108 sq ft and 5,588 sq ft respectively]	Freehold 10 years old	22 Nov 2005/ Comparison Method	815,576
GM 994 Lot No. 2555, Mukim and District of Klang, State of Selangor Darul Ehsan	2.91 acres	Vacant industrial land	Freehold	22 Nov 2005/ Comparison Method	3,043,782

List of properties [contd.]

Postal address/Location of the property	Land area [acre/sq m]	Description/Existing use [Build up area]	Tenure/Approx. age of building	Date of valuation/ Methods of valuation	Net Book Value As at 31.12.2007 [In RM]
GM 1649 Lot No. 2556, Mukim and District of Klang, State of Selangor Darul Ehsan	2.91 acres	Vacant industrial land	Freehold	22 Nov 2005/ Comparison Method	3,043,007
GM 549 Lot No. 2707, Mukim and District of Klang, State of Selangor Darul Ehsan	4.38 acres	Vacant agricultural land	Freehold	22 Nov 2005/ Comparison Method	2,330,000
GM 2239, Lot No. 2600 Mukim and District of Klang, State of Selangor Darul Ehsan	2.88 acres	Vacant agricultural land	Freehold	Acquired on 2 July 2007	3,702,000

Note

1. DMSB is the registered and beneficial owner of all the above properties. The valuation was carried out on 22 Nov 2005 by an independent firm of professional valuer, M. Nawawi & Co. Sdn Bhd.
2. Part of Lot 2555 and 2556 were acquired by Government on 24 July 2006 for upgrading of road.
3. Lot No. 2600 was purchased on 2 July 2007 for business expansion purposes.



Continuously
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and conviction

Notice of annual general meeting

Notice is hereby given that the Seventh Annual General Meeting of the Company will be held at Crystal Crown Hotel, No. 217, Persiaran Raja Muda Musa, 42000 Pelabuhan Klang, Selangor Darul Ehsan on Wednesday, 21 May 2008 at 2.30 p.m. for the following purposes:

Agenda

As Ordinary Business

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2007 together with the Reports of the Directors and Auditors thereon.
Ordinary resolution 1
2. To re-elect the following Directors retiring under Article 93 of the Articles of Association of the Company:
 - i. Datuk Alias bin Ali
Ordinary resolution 2
 - ii. Haji Ghazali bin Awang
Ordinary resolution 3
3. To approve the directors' fees for the financial year ended 31 December 2007.
Ordinary resolution 4
4. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration.
Ordinary resolution 5
5. To transact any other business of which due notice shall have been received.

As Special Business

To consider and, if thought fit, to pass the following Resolutions:

6. Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature ["Proposed Shareholders' Mandate"]

"That subject to the Listing Requirements of the Bursa Malaysia Securities Berhad ["Bursa Securities"], the Company and/or its subsidiary shall be mandated to enter into the recurrent related party transactions of a revenue or trading nature with the related party as specified in Sections 2.2.1 and 2.2.4 of the Circular to Shareholders dated 29 April 2008 which are necessary for the Company and/or its subsidiary's

day-to-day operations subject further to the following:

- i. the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public, and the transactions are undertaken on arm's length basis and are not to the detriment of the minority shareholders;
- ii. the approval is subject to annual renewal and shall continue to be in force until:
 - a. the conclusion of the next Annual General Meeting ["AGM"] of the Company following the forthcoming AGM at which the Proposal is approved, at which time it will lapse, unless further renewed by a resolution passed at the next AGM;
 - b. the expiration of the period within the next AGM of the Company after the forthcoming AGM is required to be held pursuant to Section 143[1] of the Companies Act, 1965 [but shall not extend to such extension as may be allowed pursuant to Section 143[2] of the Companies Act, 1965]; or
 - c. revoked or varied by resolution passed by the shareholders in a general meeting of the Company,whichever is the earlier; and
- iii. the disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year.

And that the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things [including executing such documents as may be required] to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

Ordinary resolution 6

By order of the Board

Noor Azwah binti Samsudin [LS 0006071]
Rosnah binti Mahat [LS 0006735]
Company Secretaries

Kuala Lumpur
29 April 2008

Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two [2] proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149[1][b] of the Companies Act, 1965 shall not apply to the Company.
2. Where a member of the Company appoints two [2] proxies, the appointments shall be invalid unless the member specifies the proportion of his shareholdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited with the Company's Registrar, Tenaga Koperat Sdn Bhd, Ground Floor, Plaza Permata, Jalan Kampar, Off Jalan Tun Razak, 50400 Kuala Lumpur, not less than forty-eight [48] hours before the time appointed for holding the meeting.

Explanatory notes on special business

- i. Ordinary Resolution 6 – Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.

The explanatory notes on Resolution 6 are set out in the Circular to Shareholders dated 29 April 2008.

Statement accompanying the notice of the seventh annual general meeting of CCM Duopharma Biotech Berhad

[Pursuant to Paragraph 8.28 [2] of the Listing
Requirements of Bursa Malaysia Securities Berhad.]

The details of the two [2] Directors seeking re-election
are set out in their respective profiles which appear in
the Directors' Profiles on pages 023 and 025 of this
Annual Report.

The details of their interest in the securities of the
Company are set out in the Analysis of the Shareholdings
which appear on page 081 of this Annual Report.

Proxy Form

CCM Duopharma Biotech Berhad [524271-W]
[Incorporated in Malaysia]

CDS account no. of authorised nominee

No. of shares held

I/We, [name of shareholder as per NRIC, in capital letters]

IC No./ ID No./ Company No.[new] [old]
of [full address]

being a member/ members of the abovenamed company do hereby appoint [name of proxy as per NRIC, in capital letters]

IC No.[new] [old]
of [full address]

or failing him/her, [name of proxy as per NRIC,in capital letters]

IC No./ ID No./ Company No.[new] [old]
of [full address]

as my/our proxy to vote for me/us on my/our behalf at the 7th Annual General Meeting of the Company to be held at Crystal Crown Hotel, No. 217, Persiaran Raja Muda Musa, 42000 Pelabuhan Klang, Selangor Darul Ehsan on Wednesday, 21 May 2008 at 2.30pm and at any adjournment thereof

My/our proxy is to vote as indicated below:

Ordinary Resolution

	For	Against
1. Adoption of the Audited Financial Statements and Reports for the financial year ended 31 December 2007	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Datuk Alias bin Ali	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-election of Haji Ghazali bin Awang	<input type="checkbox"/>	<input type="checkbox"/>
4. Approval of Directors' Fees for the financial year ended 31 December 2007	<input type="checkbox"/>	<input type="checkbox"/>
5. Re-appointment of Messrs KPMG as Auditors	<input type="checkbox"/>	<input type="checkbox"/>
6. Proposed renewal of existing shareholders' mandate and proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature	<input type="checkbox"/>	<input type="checkbox"/>

[please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/ she thinks fit.]

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of shares	Percentage
Proxy 1	<input type="text"/>	<input type="text"/> %
Proxy 2	<input type="text"/>	<input type="text"/> %
		<input type="text"/> 100%

Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two [2] proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149[1] [b] of the Companies Act, 1965 shall not apply to the Company.
2. Where a member of the Company appoints two [2] proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited with the Company's Registrar, Tenaga Koperat Sdn Bhd, Ground Floor, Plaza Permata, Jalan Kampar, Off Jalan Tun Razak, 50400 Kuala Lumpur, not less than forty-eight[48] hours before the time appointed for holding of the meeting

Signature:
Shareholder or Common Seal

Dated this _____ day of _____ 2008.

Fold here

Affix postage
stamp

The Registrar
CCM Duopharma Biotech Berhad [524271-W]
Ground Floor, Plaza Permata
Jalan Kampar, off Jalan Tun Razak
50400 Kuala Lumpur.

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