



Enhancing Quality Of Life

Vision

A dynamic and responsible company,
committed to enhancing quality of life
by providing innovative science and
technology based solutions

“Enhancing Quality of Life”

Mission

To be a leading company in the region in chosen business sectors.
We will focus our efforts on:

- a. Delivering attractive shareholder value
- b. Achieving growth and market leadership
- c. Providing innovative solutions that will delight customers
- d. Creating a highly satisfied and motivated team of employees
- e. Being a responsible corporate citizen

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Corporate Review



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Corporate Structure



CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)

Pharmaceuticals
Division



Fertilisers
Division



Chemicals
Division



100.0%
UPHA Corporation
(M) Sdn Bhd

50.1%
CCM Fertilizers
Sdn Bhd

80.0%
CCM Chemicals
Sdn Bhd

100.0%
Prima Health Pharmacy
(Retail) Sdn Bhd

100.0%
UPHA Pharmaceutical Mfg
(M) Sdn Bhd

Group Company Secretary

Ms Rama Devi Nair

Registered Office

9th Floor, Wisma Sime Darby,
14 Jalan Raja Laut, 50350 Kuala Lumpur
Tel. : 03-2612 3888
Fax : 03-2691 9901

Works

Shah Alam, Pasir Gudang, Bangi, Petaling Jaya

Registrar

Symphony Share Registrars Sdn. Bhd.
Level 26, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: 03-2721 2222
Fax: 03-2721 2530

Auditors

KPMG, Wisma KPMG, Jalan Dungun,
Damansara Heights, 50490 Kuala Lumpur

Bankers

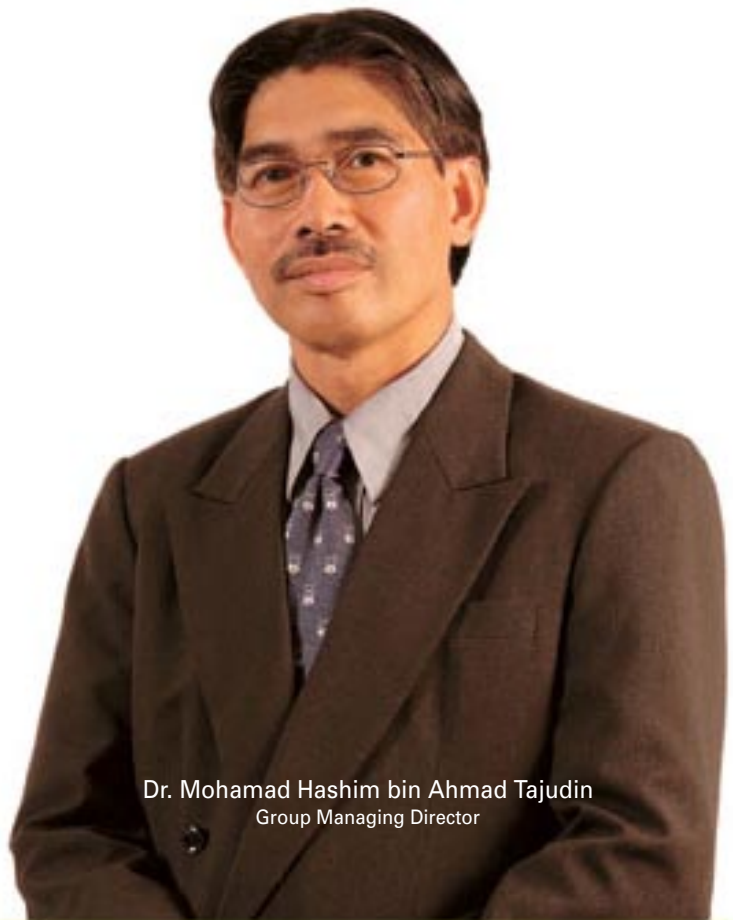
Malayan Banking Berhad
HSBC Bank Malaysia Berhad
OCBC Bank (M) Berhad

Solicitors

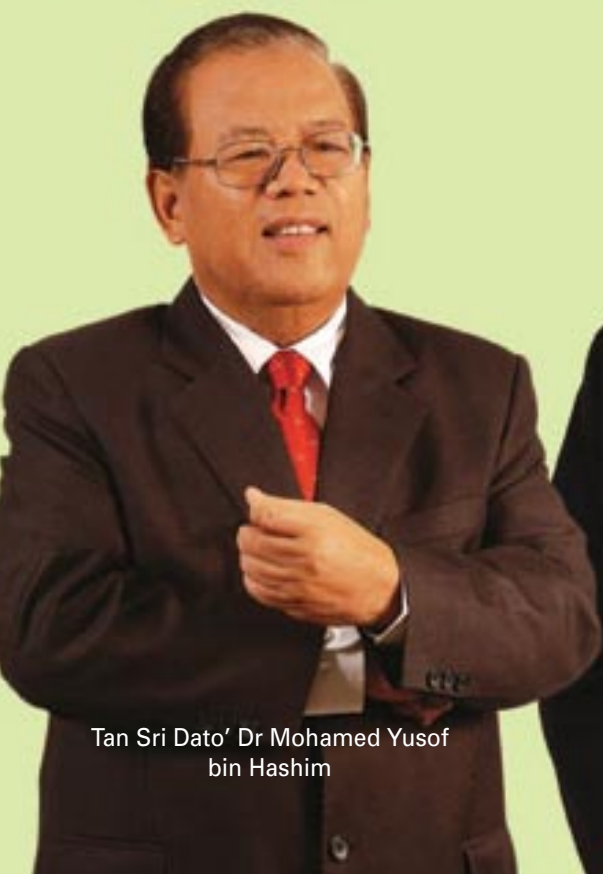
Raja, Darryl & Loh
18th Floor, Wisma Sime Darby,
14 Jalan Raja Laut, 50350 Kuala Lumpur



Tan Sri Ab. Rahman bin Omar
Chairman



Dr. Mohamad Hashim bin Ahmad Tajudin
Group Managing Director



Tan Sri Dato' Dr Mohamed Yusof
bin Hashim



Dato' Seri Mohd Hussaini
bin Haji Abdul Jamil



E Sreesanthan

Board of Directors



Dato' N Sadasivan

Paisol bin Ahmad

Dato' David Chiu



Dato' Kalsom
Abdul Rahman

Tan Peng Hock

Lai Chee Leong

Directors' Profile

Tan Sri Ab. Rahman bin Omar

Age	59
Nationality	Malaysian
Qualification	Bachelor of Economics (Hons.), University of Malaya
Position on the Board	Independant Non-Executive Chairman
Date appointed to the Board	27.05.2004
Working experience and occupation	<p>Tan Sri served in various departments during his stint with the government. He handled the Administration and Diplomatic Services for the Statistic Department, Ministry of Commerce & Industry and the Ministry of Primary Industry from 1970 to 1973. He then joined the Pineapple Cannery of Malaysia Sdn. Bhd (PCM) as the Finance and Admin Manager in 1973 and was promoted as the General Manager, a position he occupied from 1974 till 1980. Between 1980 to 2004, he served on the board of various organizations, including PCM, Perusahaan Sadur Timah Malaysia (Perstima) Berhad, Edaran Otomobil Nasional (EON) Bhd, Perusahaan Otomobil Nasional (Proton) Bhd, Perusahaan Otomobil Nasional Kedua Sdn. Bhd (PERODUA) and Gamuda Berhad. He is presently the Director of Wah Seong Corporation Berhad and the Chairman of Perstima Berhad.</p>
Membership of Board Committees	Nomination and Remuneration Committee
Directorships of other public companies	Wah Seong Corporation Berhad Perusahaan Sadur Timah Malaysia (Perstima) 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

Dr. Mohamad Hashim bin Ahmad Tajudin

Age	51
Nationality	Malaysian
Qualification	Ph.D In Soil Fertility and Management Attended Advanced Management Programme (AMP) at INSEAD, France
Position on the Board	Group Managing Director
Date appointed to the Board	27.05.2004
Working experience and occupation	Dr. Mohamad Hashim was a Senior Director in Oil and Fats Division of Golden Hope Plantations Berhad. He held several other positions during his 26 year career stint in Golden Hope. He was a Director in the Research & Development Division from 1998 to 2003 and Executive Director of Golden Hope Research Sdn Bhd and Golden Hope Agrotech Consultancy Sdn Bhd. He was also a member of the Malaysian Palm Oil Board (MPOB) Programme Advisory Committee (PAC) from 2002 to 2004 and Chairman of Agricultural Research Committee of Malaysian Palm Oil Association (MPOA) from 2002-2004. In addition, he was an Adjunct Professor at the Agricultural Faculty, Universiti Putra Malaysia from 2002-2003. Currently, he is the Chairman of the Planters Editorial Committee, Incorporated Society of Planters and Science Council Member of Malaysian Agricultural Research and Development Institute (MARDI).
Membership of Board Committees	Nil
Directorships of other public companies	Nil
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

Directors' Profile

Dato' N Sadasivan

Age	65
Nationality	Malaysian
Qualification	Bachelor of Arts (Hons) in Economics
Position on the Board	Independent Non-Executive Director
Date appointed to the Board	01.03.1995
Working experience and occupation	Dato' Sadasivan was with the Malaysian Industrial Development Authority ("MIDA") for 27 years where he last served as its Director General from 1984 to 1995. Prior to joining MIDA, he was an Economist/Head of Division with the Economic Development Board of Singapore from 1963 to 1969.
Membership of Board Committees	Audit Committee Nomination & Remuneration Committee
Directorships of other public companies	Petronas Gas Berhad Leader Universal Holdings Berhad APM Automotive Holdings Berhad Malaysian Airline System Berhad Malaysian Industrial Development Finance Berhad Yeo Hiap Seng (Malaysia) Berhad Pengurusan Danaharta Malaysia Berhad Bank Negara Malaysia
Securities holdings in the Company and its subsidiaries	As disclosed on pages 115 and 121 of the Annual Report
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

Paisol bin Ahmad

Age	51
Nationality	Malaysian
Qualification	Fellow of the Association of Chartered Certified Accountants (UK), member of the Malaysian Institute of Accountant and member of the Securities Institute of Australia.
Position on the Board	Non-Executive Director
Date appointed to the Board	30.04.1999
Working experience and occupation	En Paisol is currently the Executive Director Amanah Saham Nasional Berhad, a unit trust management company which is wholly owned by Permodalan Nasional Berhad (PNB). Prior to the current position, he held various senior positions within the PNB group. He was the Senior Accountant with Pernas Charter Management Sdn Bhd before joining PNB in 1993.
Membership of Board Committees	Audit Committee Investment Committee
Directorships of other public companies	Amanah Saham Nasional 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

Directors' Profile

Dato' David Chiu

Age	51
Nationality	British
Qualification	Bachelor of Science in Business Administration and Economics
Position on the Board	Non-Executive Director
Date appointed to the Board	11.05.2000
Working experience and occupation	<p>Dato' David Chiu is the Deputy Chairman & CEO of Far East Consortium International Ltd (FECIL) in Hong Kong and Vice Chairman of Malaysia Land Properties Sdn Bhd. He has more than 20 years of management and entrepreneurial experience in the property and property related industry. In 1976, he joined FECIL as a Project Manager. From 1977 to 1978, he held the positions of Director and General Manager (Property Development) and from 1979 until 1994, he was the Managing Director. He assumed the position of Deputy Chairman from 1994 until now. During the period he was Managing Director of FECIL, its total assets has grown from USD50 million in 1979 to exceeding USD500 million in 2002. FECIL was listed on the Hong Kong Stock Exchange in 1972. Dato' David Chiu also controls Tokai Kanko Company Ltd which is listed on the Tokyo Stock Exchange.</p>
Membership of Board Committees	Investment Committee
Directorships of other public companies	None
Securities holdings in the Company and its subsidiaries	As disclosed on pages 115 and 121 of the Annual Report
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

Tan Sri Dato' Dr Mohamed Yusof bin Hashim, FASc

Age	67
Nationality	Malaysian
Qualification	Ph.D. in Agricultural Science and Fellow of the Academy of Science
Position on the Board	Independent Non-Executive Director
Date appointed to the Board	21.08.2002
Working experience and occupation	Tan Sri lectured at the Faculty of Agriculture, University of Malaya between 1970 to 1973 before joining the Malaysian Agricultural Research and Development Institute (MARDI) as a research officer. He became the Director General of MARDI in 1983. Between 1984 and 2000, he served on the Board of various organizations, including the Australian Council of International Agricultural Research, International Service for National Agricultural Research, Asia-Pacific Association of Agricultural Research Institution, Food and Agricultural Organization of Bangkok, Universiti Putra Malaysia. He also served as CEO of Malaysian Palm Oil Promotion Council from 1994 to 2000. He presently sits on the Board of Abric Berhad and is the Executive Chairman of SAAG Consolidated (M) Bhd and Executive Chairman of SAAG Oil and Gas Sdn Bhd.
Membership of Board Committees	Audit Committee Nomination & Remuneration Committee
Directorships of other public companies	Abric Berhad SAAG Consolidated (M) 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

Directors' Profile

Dato' Seri Mohd Hussaini bin Haji Abdul Jamil

Age	69
Nationality	Malaysian
Qualification	B A (Hons) University of Malaya, Dip. DP (London)
Position on the Board	Non-Executive Director
Date appointed to the Board	29.08.2003
Working experience and occupation	<p>Dato' Seri Mohd Hussaini joined the Malaysian Home and Foreign Administrative Service in 1961. In his 30 years in government service, he had served in the Prime Minister's Department, the Ministry of Home Affairs, Kuala Lumpur City Hall and the Ministry of Finance before finally retiring in September 1991 as Secretary General of the Ministry of Health. Dato' Seri Mohd Hussaini is currently Chairman of Streetspace Asia Pacific Sdn Bhd, Lingkaran Luar Butterworth (Penang) Sdn Bhd, Renown Consult Sdn Bhd, Inter Majestic Sdn Bhd, a Director in a number of companies including ICI Paints (Malaysia) Sdn Bhd, Pelaburan Hartanah Nasional Berhad and Sistem Hospital Awasan Taraf Sdn Bhd.</p>
Membership of Board Committees	Finance & Investment Committee
Directorships of other public companies	Pelaburan Hartanah Nasional Bhd
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

E Sreesanthan

Age	45
Nationality	Malaysian
Qualification	LLB (Hons), University of Malaya B.C.L. University of Oxford, U.K.
Position on the Board	Non-Executive Director
Date appointed to the Board	11.09.2003
Working experience and occupation	Mr Sreesanthan an advocate and solicitor, is partner at Messrs Kadir, Andri and Partners. He was formerly a Legal Assistant and later a partner with the legal firm Messrs Zain & Co. Subsequent to that, he was a Partner in the legal firm Messrs Zul Rafique & Partners. Mr Sreesanthan obtained his undergraduate law degree from University of Malaya and his post graduate degree in law from the University of Oxford, United Kingdom. He is a member of the Investment Committee of the Amanah Saham Wawasan 2020. He is also an accredited mediator of Malaysian Mediation Centre, and a member of the Bursa Malaysia Central Depository Advisory Committee and Investigating Tribunal Panel of the Advocates and Solicitors' Disciplinary Board.
Membership of Board Committees	Finance Investment Committee Investment Committee
Directorships of other public companies	Kumpulan Guthrie 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

Directors' Profile

Dato' Kalsom Abdul Rahman

Age	57
Nationality	Malaysian
Qualification	Master in Business Administration (Finance), University of Eugene, Oregon, USA Bachelor of Economics (Hons.), University of Malaya
Position on the Board	Independent Non-Executive Director
Date appointed to the Board	27.05.2004
Working experience and occupation	Dato' Kalsom worked in the Ministry of International Trade & Industry (MITI) from 1972 till 1996, in various capacities and in different specialised portfolios of the Ministry, namely the Domestic Trade, International Trade, Research and Planning and Industrial Development Divisions, serving both at its overseas offices as well as headquarters. She was the CEO of Small and Medium Industries Development Corporation (SMIDEC) from 1996 to 2000 and was appointed the Deputy Secretary General of MITI from 2000 to 2004. She currently holds directorships in the Malaysian Industrial Development Finance Berhad (MIDF), Lion Forest Industries Berhad, Malaysian International Shipping Corporation (MISC) Berhad, ASEAN Bintulu Fertilisers Sdn. Bhd, Talk Point Innovation Sdn. Bhd, Unique Forging Components Sdn. Bhd, Amanah International Finance Sdn. Bhd and Inokom Corporation Sdn Bhd. Dato' Kalsom is currently the Chairperson for SMIDEC and Invest-in Penang Berhad.
Membership of Board Committees	Finance and Investment Committee Investment Committee
Directorships of other public companies	Malaysian Industrial Development Finance Berhad Lion Forest Industries Berhad Malaysian International Shipping Corporation Berhad Hyundai Berjaya Corporation 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

Tan Peng Hock

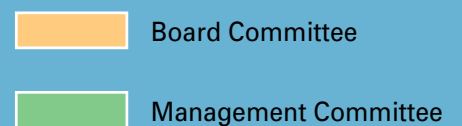
Age	67
Nationality	Malaysian
Qualification	Diploma in Agriculture, Universiti Putra Malaysia
Position on the Board	Non-Executive Director
Date appointed to the Board	09.09.2004
Working experience and occupation	<p>He started his career as an Agricultural Assistant in the Ministry of Agriculture and a Replanting Officer in the then Rubber Industry Replanting Board (RIRB), now known as Rubber Industry Smallholder Development Authority (RISDA). He has held various senior positions in a number of European and American multinational trading firms and subsequently, ran his own business in formulating and manufacturing of pesticides and detergent. Presently, he manages his own business which is involved in the manufacture of latex medical gloves for the export market. He is a Board member of Pan Malaysia Corporation Berhad (PMC) and several subsidiary companies of PMC.</p>
Membership of Board Committees	None
Directorships of other public companies	Pan Malaysia Corporation 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

Directors' Profile

Lai Chee Leong

Age	46
Nationality	Malaysian
Qualification	Fellow of Association of Chartered & Certified Accountants
Position on the Board	Non-Executive Director
Date appointed to the Board	09.09.2004
Working experience and occupation	<p>Mr Lai is currently the Chief Financial Officer and the Company Secretary of Pan Malaysia Corporation (PMC) Berhad. He serves on the Boards of various subsidiary companies of PMC. He is a Fellow member of the Chartered Association of Certified Accountants, United Kingdom and a member of Malaysian Institute of Accountants. He joined the Group in 1990. Prior to joining the Group, he was with a Professional accounting firm for about eight (8) years where he left as a Senior Manager.</p>
Membership of Board Committees	Finance & Investment Committee
Directorships of other public companies	Nil
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

BOARD OF DIRECTORS

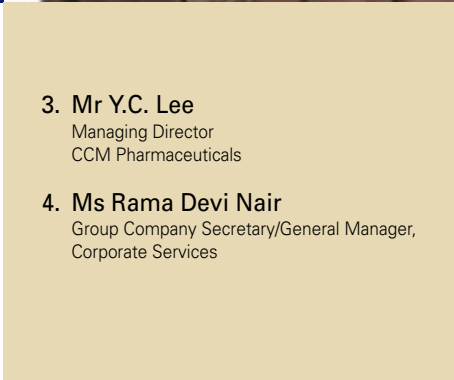


Senior Management



1. Dato' Haji Mizanur Rahman Ghani
Managing Director
CCM Fertilizers Sdn Bhd

2. Mr Yeoh Keat Chye
Managing Director
CCM Chemicals Sdn Bhd



3. Mr Y.C. Lee
Managing Director
CCM Pharmaceuticals

4. Ms Rama Devi Nair
Group Company Secretary/General Manager,
Corporate Services

Dato' Haji Mizanur Rahman Ghani Managing Director of CCM Fertilizers Sdn Bhd

Age 58, Dato' Haji Mizanur has a career that has spanned both the public and private sectors. He joined the Malaysian Industrial Development Authority (MIDA) in 1968 and subsequently was appointed as a Director before leaving in 1976 to join the ICI (Imperial Chemical Industries) / CCM (Chemical Company of Malaysia) Group.

In MIDA, Dato' Haji Mizanur first served in the Tariff Division as the Secretary to the Special Advisory Committee on Tariffs, before being appointed the Director of the Project Implementation Division. Subsequently, he became the Secretary of MIDA.

Dato' Haji Mizanur held several senior positions in Malaysia and overseas in the ICI Group. He joined as Staff Manager (Personnel) (1976 - 1980), was seconded to ICI PLC Headquarters in London (1980 - 1981), became Planning Manager of ICI Agriculture (1982 - 1983), General Manager Corporate Affairs ASEAN (1987 - 1989) and Managing Director of Tioxide (Malaysia) Sdn Bhd (1989 - 1993). Since 1993, he has been the Managing Director of CCM Fertilizers Sdn Bhd and Chairman of Tioxide (Malaysia) Sdn Bhd.

Dato' Haji Mizanur holds a Bachelor of Arts (Honours) degree from University of Malaya and has undertaken post-graduate courses in Business Administration at the University of Leuven in Belgium and Marketing Management at Harvard Business School, USA., and Ashridge Management College in the United Kingdom.

Currently, Dato' Haji Mizanur is an active member of various organisations. He is the Honorary President of the Business Council for Sustainable Development in Malaysia (BCSDM) of which he was the Founder President; Council Member of the International Fertiliser Association (IFA) headquartered in Paris; Chairman of the Fertiliser Industry Association of Malaysia (FIAM) and Council Member of the Federation of Malaysian Manufacturers (FMM), member of the Executive Committee of Chemical Industry Council of Malaysia (CICM), member of the Malaysian International Chamber of Commerce and Industry (MICCI); member of the Malaysian Economic Association (MEA) and member of the Institute of Strategic and International Studies (ISIS).

Mr Yeoh Keat Chye**Managing Director of CCM Chemicals Sdn Bhd**

Age 55, Mr Yeoh has over 30 years of experience working for ICI / CCM Group in both Malaysia and abroad. He began as trainee Plant Manager in October 1974 and has been seconded to both ICI UK in 1979 and ICI Singapore in 1989. He has worked in various capacities in Production, Projects, Human Resources as well as Sales & Marketing before becoming the Managing Director of CCM Chemicals in 1995. Today, the CCM Chemicals Group comprises of CCM Chemicals Sdn Bhd, its subsidiaries, CCM Singapore, PT CCM Indonesia and its associate company, Orica-CCM Energy Systems Sdn Bhd.

He holds a 1st Class Bachelor of Chemical Engineering degree from University of Canterbury, Christchurch, New Zealand. Mr Yeoh is currently a member of the Institution of Chemical Engineers, a Chartered Engineer of the Council of Engineering Institution, Exco Member of the Chemical Industries Council of Malaysia (CICM) and Member of FMM's Energy Management Committee. He has been actively involved in CICM since 1992 and was its Chairman from 1995 to 1997.

Mr Yeoh was also Malaysia's first nominee for the 2nd Intergovernmental Forum on Chemical Safety (IFCS) Award of Merit in 1999 for his contributions to the Responsible Care Programme in Malaysia.

Mr Y.C. Lee**Managing Director of CCM Pharmaceuticals Division**

Age 49, Mr Lee is the Managing Director of CCM Pharmaceuticals Division comprising of UPHA Group of Companies, CCM Pharma Sdn Bhd and Innovax Sdn Bhd. He is also the Acting Managing Director of Prima Health Pharmacy (Retail) Sdn Bhd. He joined ICI PLC (Paints Division) UK in 1979 and held various senior positions within the Group. He holds a Bachelor of Science (Honours) degree in Electrical & Electronic Engineering from University of Manchester Institute of Science and Technology, UK and a Master of Business Administration degree from Cranfield Institute of Technology, UK. He has completed the Advanced Course in Production Methods and Management in the University of Cambridge and has also attended the ICI International Managers Course, UK. He is currently pursuing a Doctorate Degree in Business Administration (DBA) with the University of South Australia (UniSA).

Mr. Lee is a fellow member of the Chartered Institute of Management Accountants, UK and is also a Chartered Accountant of the Malaysian Institute of Accountants and Exco Council Member of Malaysian Institute of Accountants. He is at present the President of Chartered Institute of Management Accountants and Immediate Past President of the Malaysian Organisation of Pharmaceutical Industries.

Ms Rama Devi Nair**Group Company Secretary/General Manager, Corporate Services**

Age 45, Ms. Nair joined the ICI / CCM Group as an Accountant on 1 July 1984. On 1 April 1985, she was redesignated as Works Accountant and on 1 April 1987, she was promoted to Accountant and Administrative Manager. Subsequently in April 1988, she was transferred to ICI Agriculture (M) Sdn Bhd performing the same role in the company. She was appointed Quality Manager of ICI Industrial Chemicals (M) Sdn Bhd / ICI Agrochemicals (M) Sdn Bhd / ICI Holdings Sdn Bhd in April 1991. In addition to her role as Quality Manager, Ms Nair has also assumed the responsibilities of Finance Manager for ICI Industrial Chemicals (M) Sdn Bhd in June 1993. She was later appointed Finance Manager of CCM Berhad in July 1996, whilst maintaining her role as Finance Manager of CCM Chemicals Sdn Bhd. In January 1997, she was transferred to CCM Berhad as Finance Manager and in January 2004, she was appointed General Manager, Corporate Services, a position she currently holds.

Ms. Nair is a fellow member of the Chartered Association of Certified Accountants and a member of MICCI (taxation) and Federation of Public Listed Companies (FPLC) Committees.

Performance Review



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Group turnover and profit before tax at RM696.9 million and RM190.0 million respectively for the financial year ended 31 December 2004 were 21% and over 100% higher than the preceding year.



Dear Shareholders

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of Chemical Company of Malaysia Berhad and its Group of Companies for the financial year ended 31/12/04.

Industry Overview

The growth of the Malaysian economy accelerated in the first half of 2004, after a strong take-off in 2003, is expected to surpass earlier expectations with a higher growth of 7% for the whole year. Growth was broad-based with all sectors registering positive growth.

A favourable external environment with continued strong growth in China, coupled with the recovery in the United States, fuelled higher demand for manufactured goods, particularly in the electronics sector. Growth of the manufacturing sector increased to 10.5% in 2004.

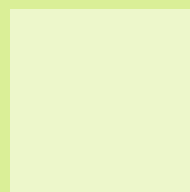
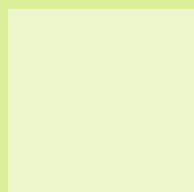
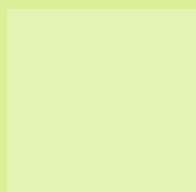
The Government intends to make the agricultural sector a key sector, particularly in food production. The high prices of palm oil and rubber for the year continued to push export volumes and earnings.

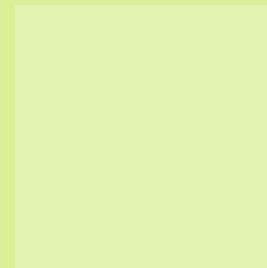
The year 2005 is expected to remain favourable though somewhat moderated by high oil prices, inflationary pressures and concerns of a slowing China economy. Malaysia's GDP growth, forecasted at 6% in 2005, will be supported by strong macro-economic fundamentals backed by steady domestic demand.

Business Overview

The three operating divisions, namely Fertilisers, Chemicals and Pharmaceuticals, have shown a marked improvement in results during the year.

Steady palm oil prices encouraged oil palm growers to apply more fertilisers to sustain higher yields. This has benefited the Fertilisers Division, which recorded an increase in sales of compound fertilisers during the year under review. An increasing trend in raw material prices during the year, arising from higher gas prices and increasing demand requirements from China and India, was prudently managed to ensure an overall improvement in the profitability of the division. The division recorded a turnover of RM343.6 million and profit before tax of RM17.3 million for the year.





With the country's continued efforts to improve palm oil yield and the emphasis on the agricultural sector, fertiliser requirements of the country is expected to grow with the Fertilisers division being a beneficiary of such growth.

The Chemicals Division improved its operating performance by two-fold during the year. The manufacturing unit's improved performance was aided by higher caustic soda prices and the benefits derived from cost containment measures introduced in the last two years. In addition to manufactured products, the Division trades in a large range of chemicals, covering practically all the industry sectors in the country.

Turnover and profit before tax for the year were RM262.3 million and RM15.1 million respectively, an impressive increase of 26% and 113% respectively.

The Pharmaceuticals Division grew by 11%, higher than the average industry growth rate of 8%. The division has launched a range of ethical and Over-the-Counter products during the year and new product development will continue to be a key driver for the division. Exports increased by a hefty 37% and will also accelerate growth for the division.

During the year, the retail arm of the Pharmaceuticals Division was sold subjected to the relevant regulatory approvals, which are still pending.

Turnover and profit before tax for the division were RM88.4 million and RM7 million respectively.

Safety, Health & Environment and Corporate Social Responsibility

The Company recognises its continuing obligations with regard to Safety, Health and Environment. To demonstrate our commitment, all operating companies maintained a credible lost time monitoring process and all accidents/incidents were investigated to prevent recurrences. I am proud to note that in July 2004, CCM Fertilizers Sdn Bhd recorded one million accident-free hours.

The Company also subscribes to the principles of Responsible Care. CCM Chemicals Sdn Bhd in March 2004 won the Gold Award for Pollution Prevention and a Silver Award for Community Awareness's Emergency Response. These were awarded by the Chemical Industries Council Malaysia (CICM).

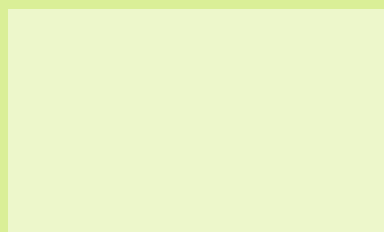
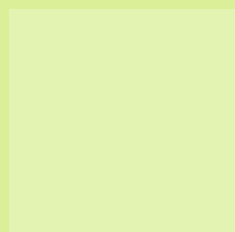
The Company continues to support community activities in the locations where its manufacturing operations are sited by providing monetary and other assistance to schools and villages. In the year under review, the Company worked together with Lembaga Tabung Haji and was proud to sponsor 50,000 medical kits worth RM650,000 for the Haj pilgrims. Each medical kit contained essential over the counter medications such as Uphamol, lozenges and eye moisturiser.

Financial Overview

Group turnover and profit before tax at RM696.9 million and RM190.0 million respectively for the financial year ended 31/12/2004 were 21% and over 100% higher than the preceding year.

The improved profit is mainly attributable to better results achieved by all the operating divisions, with major improvements being recorded in the Chemicals Division.

The Group had also taken the opportunistic step to divest part of its holdings in a research and development company in the USA. This generated a net profit of RM151.1 million.



Dividend

An interim dividend of 7 sen per share (gross) was declared and paid on 24 September 2004. Your directors now recommend a final gross dividend of 6 sen per share and a special gross dividend of 5 sen per share which will result in a total dividend of 18 sen per share for the year ended 31 December 2004.

Prospects

The Group is expected to focus on growing its core business divisions in Malaysia and the region. Setting up and capturing new markets in the Asia Pacific region will be a key growth driver for all the operating divisions.

The operating divisions are expected to benefit favourably from the expected continuing growth of the Malaysian economy as well as steady palm oil prices.

Directorships

During the year, Dato' Tan Kay Hock resigned from the company on 29 March 2004. Mr Khet Kok Yin and Mr Ooi Boon Leong ceased their directorship after the Annual General Meeting held on 26 April 2004, followed by Dato' Mohd Ibrahim Zain and Mr. Hiu Woong Choong on 19 August 2004 and Dato' Lim Say Chong on 30 September 2004. On behalf of the Board of Directors, I wish to record our sincere appreciation to them for their services to the Company.

I was appointed to the Board of Directors on 27 May 2004 and assumed the Chairmanship on 19 August 2004. I would also like to welcome Dr. Mohamad Hashim bin Ahmad Tajudin, Dato' Kalsom Abdul Rahman, Mr Lai Chee Leong and Mr Tan Peng Hock to the Board.

Acknowledgements

On behalf of the Board, I would like to thank the management and staff for the dedication and commitment shown in the performance of their duties during the year. In addition, our sincere gratitude is extended to our customers and suppliers for their continued support and loyalty.

Tan Sri Ab. Rahman bin Omar
Chairman





Our corporate vision at Chemical Company of Malaysia Berhad (CCM) is to be a dynamic and responsible company, committed to enhancing quality of life by providing innovative science and technology based solutions. We realise this vision through our core business activities in the fertiliser, pharmaceutical and chemical industries.

FERTILISERS DIVISION

CCM's involvement in the fertiliser industry is through our 50.1% shareholding in CCM Fertilizers Sdn Bhd (CCMF). We have the distinction of being the pioneer in the manufacturing of compound fertilisers in Malaysia. Our factory, the first one to be set up in the Shah Alam Industrial Estate in 1967, was officially opened by Malaysia's first Prime Minister. This investment placed us at the forefront in implementing the Government's policy of encouraging industrial development and replacing imports with locally manufactured products.

From the beginning, CCMF has embarked on a research and development (R&D) programme aimed at formulating the best fertilisers for both plantation and cash crops. While much of this R&D is undertaken by our own personnel, we also collaborate closely with the Government's agricultural research institutions to produce fertilisers suitable for all crops in Malaysia. With a large dealer network, our fertilisers are easily available to our customers and the agricultural community throughout the country. We also export our fertilisers to other countries in Southeast Asia.

The year 2004 was challenging in terms of costs. The majority of raw materials used in this industry are imported and being minerals or derivatives from natural gas, their supply and therefore prices are affected by international forces beyond our control. Supply and demand pressures on raw materials for fertilisers of the previous year spilled over into 2004.



The price volatility of late-2003 intensified in 2004, exacerbated by increases in natural gas prices that rose in tandem with petroleum prices, which peaked during the year under review. The result was a major price increase in nitrogenous fertilisers. Other major factors affecting cost for fertiliser producers included escalating cost in land and sea freight, as well as surging demand for raw materials by the fast-growing economies of China and India.

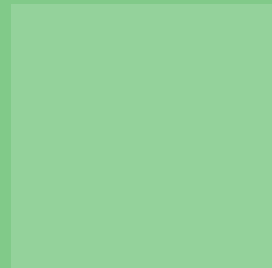
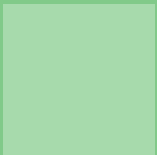
CCMF managed these pressures well and as a result achieved an improved performance in 2004 over the previous year, with a profit before tax of RM17.3 million on a turnover of RM343.6 million. We attained this by enabling our plantation customers to increase their productivity through the electronic ordering system that we introduced in 2002. We have also been assisting smallholders, who together constitute a major portion of the oil palm industry, to increase their yields with our agronomic advice. Our commitment to the customers has helped them improve their production, hence enhancing quality of life. They in turn have maintained and grown their business with us, making it possible for us to hold our premium position in the industry.

The Government's emphasis on agricultural sector development will benefit us and ensure that our business prospects will continue to grow. We expect crude palm oil prices to be generally stable in the coming year.

Nonetheless, we need to be mindful that prices of raw materials may continue to rise. The increase in prices of raw materials may be escalated by an increase in fertiliser demand from fast growing Asian countries. Furthermore, continuous global energy demands will also have an impact on fuel and gas prices.



CCMF's research and development (R&D) programme is aimed at formulating the best fertilisers for both plantation and cash crops.





PHARMACEUTICALS DIVISION

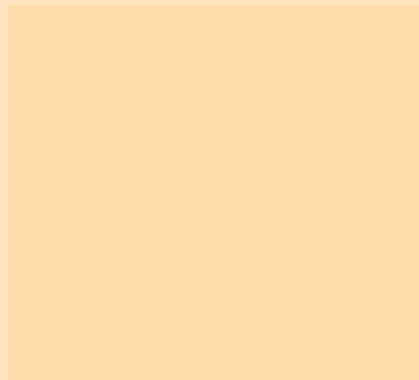
CCM's commitment in the pharmaceutical industry has provided us with a solid business in the industry and we intend to be a dynamic and responsible company, committed to enhancing quality of life by providing innovative science and technology based solutions. We are also aggressively extending our market reach by making available all our successful brand franchises to a wider cross-section of the Malaysian public.

Manufacturing

The division has steadily grown to achieve a sales revenue of RM71.6 million, an increase of 11% and a profit before tax of RM10.6 million in 2004, an increase of 18% over the previous year. This performance was attained against a background of pressure on margins arising from higher raw material costs, brought on by the weakening US dollar and price competition from local as well as multinational pharmaceutical companies.

Our pharmaceutical exports grew by 37% from the previous year, as we continue to make inroads into regional markets. We have been especially successful in Singapore and Cambodia, where sales have doubled. Despite competition from multinational corporations, we were able to increase business with regional governments, a testament to the confidence they have in our products. Export revenue will therefore continue to be one of the key growth drivers in the coming years.

The Group's Research & Development arm, Innovax, also contributes significantly to our overall growth through the development and successful launches of new and innovative products. Ethical products launched in 2004 included *Beten*, a beta-blocker used in the treatment of hypertension; *Carinox*, an anti-histamine drug that alleviates symptoms of nasal congestion; and *Perinace*, an Angiotensin-Converting-Enzyme (ACE) inhibitor prescribed to treat hypertension and symptomatic heart failure.





New products were also launched under the many successful over-the-counter brands in our portfolio. These included *O-Fresh Alcohol Free*, a specially formulated non-alcohol oral mouthwash with added fluoride. We hope to attract more Muslim consumers with this product. In the same year, we have also launched the Champs Emulsion Cod Liver Oil (Orange Flavour), which contains 20 times more cod liver oil compared to similar emulsions in the market. It is a rich source of DHA, EPA, Vitamin A and D, and Calcium.

The growth in our pharmaceutical business has stretched our present manufacturing capacity. The construction of a new manufacturing facility will be commencing in 2005, with beneficial production targeted for end-2006. This new facility will allow us to rationalise and consolidate our manufacturing, marketing and support functions.

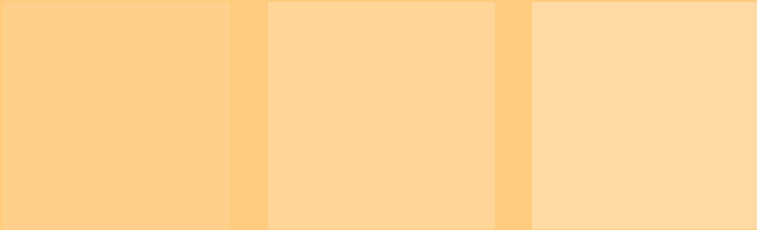
We are also strategising further business growth through other avenues, as we explore acquisition and joint-venture opportunities in the region's pharmaceutical industry.

Retail

The retail division was sold subject to the relevant regulatory approvals which is still pending. The retail division recorded a turnover of RM16.8 million and incurred a loss of RM3.6 million for the year.



The Group's Research & Development arm, Innovax, contributes significantly to our overall growth through the development and successful launches of new and innovative products.







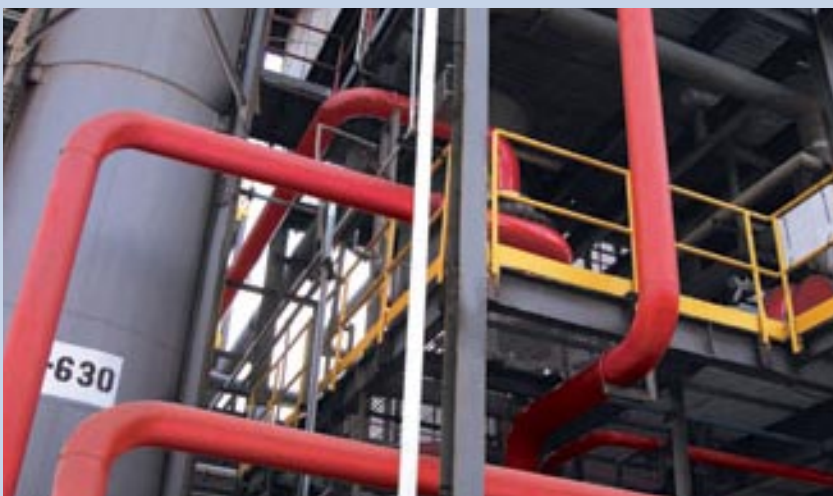
CHEMICALS DIVISION

CCM Chemicals Sdn Bhd (CCMC), in which CCM has an equity interest of 80%, is involved primarily in the manufacturing and marketing of industrial and specialty chemicals. The company deals in an extensive range of chemicals to meet the needs of the manufacturing industry and public services sector. Our chemical trading operations started in 1930s as ICI Malaya and subsequently built the first Chlor-alkali plant in the country in Shah Alam in 1964 to cater for the increased demand for industrial chemicals resulting from the government's industrialisation policy at that time. Today we have 3 manufacturing sites located in the industrial areas of Pasir Gudang, Shah Alam and Port Klang producing various chemical products.

In the trading area, we represent over 50 world renowned principals, marketing a wide range of industrial and specialty chemicals used as raw materials in Malaysia and the region. These principals are mainly global multi national companies with leadership position in their respective product lines.

In terms of geographical coverage, we have a strong business presence in Malaysia, Singapore and Indonesia, with export markets across the ASEAN region. At present, 17% of our sales revenue is derived from outside Malaysia and this percentage is expected to grow further with a regional expansion strategy in place.

CCMC's performance in 2004 was as impressive as the other subsidiaries within the Group. Despite the adverse global impact of record high crude oil and chemical prices, the company doubled its profit before tax to RM15.1 million, on an increase of 26% in turnover. The turnover of RM262.3 million is the highest ever achieved.



Operations Review



The manufacturing units have performed well in maintaining high plant availability, maximising the utilisation of assets and implementing cost containment measures. Favourable market conditions for caustic soda and structural changes adopted by the business have also helped to improve profitability.

Chemtrade, CCMC's trading arm, has been focusing on regional expansion over the last few years and the efforts have started to bear fruit. Both our overseas businesses, CCM Singapore and PT CCM Indonesia, showed significant growth to achieve record sales turnover during the period under review. The company will continue to expand its overseas business aggressively and target to have sales offices in all major ASEAN countries. This is in tandem with its strategic objective to increase revenue from outside Malaysia and take advantage of the larger ASEAN market which has a sizeable population of 500 million people.

Business prospects remain good for the coming fiscal year, with both the local and regional economies forecasting healthy growth. Having put its regionalisation strategy in place, CCMC expects to capitalise on the region's growing markets. Nonetheless, any major movement in crude oil prices and possible increase in energy cost will pose a challenge to our business.




Favourable market conditions for caustic soda, one of CCM Chemicals' main product which is being used in a wide variety of applications, have also helped to improve profitability.



Development Strategies

We are positive about Malaysia's and the region's economic prospects as we move through this decade. There is no doubt that the tsunami catastrophe of 26 December 2004, which killed thousands and caused billions of dollars in damage, will have a great impact on the region. Its overall economic impact, however, will be minimal as Asian economies are in good shape, compared to the late-1990s, and incomes have been rising fast in Asia over the last two years. In Malaysia, a healthy trade surplus is enhancing domestic liquidity and consumption expenditure is sustained by low interest rates, a stable job market and firm commodity prices.

The year ahead will continue to be characterised by the same major uncertainties, such as moderation in the growth of the US economy with mounting inflationary pressures amidst a weaker dollar and high energy costs, and potential supply disruptions in oil-producing regions. We succeeded in weathering such conditions in 2004 and expect to do so in the current year.



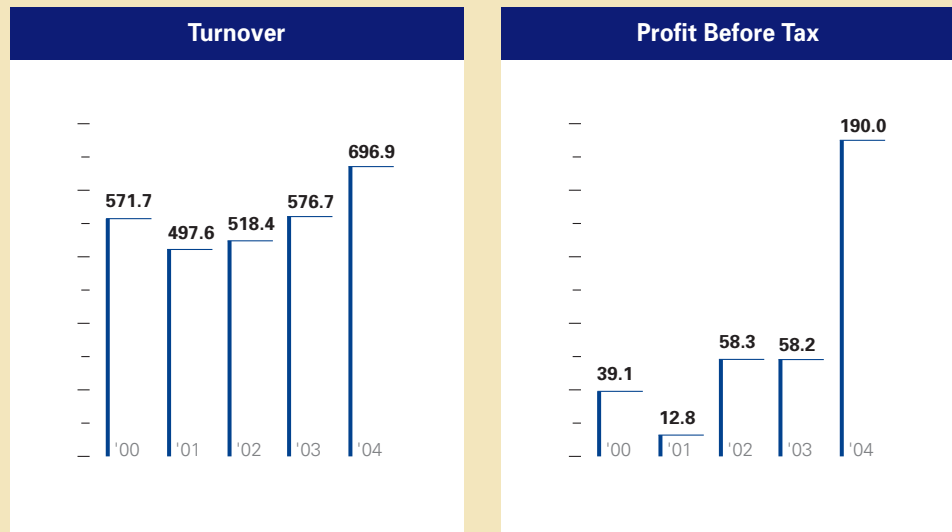
As we move forward, we shall be guided by a number of strategic objectives:

- To maximise potential of our Businesses;
- To accelerate regional expansion of our Businesses;
- To expand earnings base through acquisitions;
- To create a performance driven organisation by transforming business processes and culture;
- To develop capabilities in Human Capital, Science and Technology, Marketing and Customer Management;
- To promote Corporate Social Responsibility; and
- To ensure total commitment to Responsible Care.

Working as a team in an environment that encourages learning and personal development, exercising good corporate governance and business ethics in the way we direct and manage our businesses, delighting our customers with our high standard of excellence and commitment to Total Quality Management, we shall strive to achieve our mission to be a leading company in the region in our chosen business sectors.



Financial Review



Profitability

Turnover for the year increased by 21% in 2004 reflecting the improved performance of all business divisions. Favourable commodity prices, together with regional expansion of the Chemicals and Pharmaceuticals Divisions contributed to the improved performance.

Profit before tax for the year was 2.3 times higher than the preceding year due to improved divisional profits and profits from sale of investments. The profit before tax of the Fertilisers Division increased by 63% as stable palm oil prices motivated plantations to increase usage of fertilisers to improve oil palm yields. This, together with effective management of raw material purchases ensured profits were maximized in the Fertilisers Division. A doubling of profits in the Chemicals Division can be attributable to effective management of plant utilization to take advantage of higher caustic soda prices and the impact of cost containment programs in the last two years. Profits of the manufacturing arm of the Pharmaceuticals Division increased by 18% in tandem with the improved sales. In addition, the group generated profits before tax of RM151.1 million from the divestment of part of its holdings in a company in the USA.

	Turnover		Profit Before Tax	
	04	03	04	03
Fertilisers	343.6	272.0	17.3	10.6
Chemicals	262.3	206.7	15.1	7.1
Pharmaceuticals				
Manufacturing	71.6	64.4	10.6	9.0
Hospitals	–	11.5	–	(2.0)
Retails	16.8	19.7	(3.6)	(4.3)
	88.4	95.6	7.0	2.7
Others	2.6	2.4	150.6	37.8
Group	696.9	576.7	190.0	58.2

Liquidity

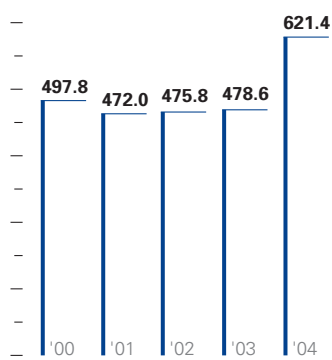
The Group generated an overall increase in cash and cash equivalents of RM128.9 million in the year resulting in a cash reserve of RM359.1 million as at 31 December 2004. The funds are invested in suitable instruments to maximize returns with minimal risks.

Shareholder Value

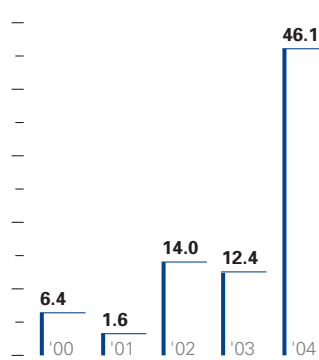
There has been a marked improvement in earnings per share, net tangible asset per share and shareholders' funds.

The group is committed to investing for the long term to ensure growth in earnings and increased productivity within the framework of a balanced social responsibility. Towards this end the Group will seek suitable investment opportunities, locally and regionally within the framework of its core businesses.

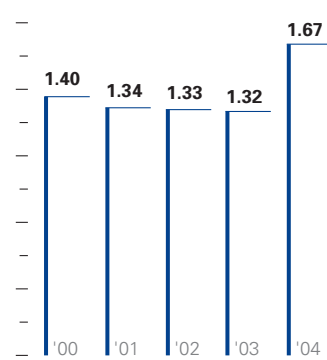
Shareholder Funds



Earning per Share



Net Tangible Assets per Share



Financial Calendar

Financial year end	31 December 2004
Annual General Meeting	12 May 2005
Proposed Final and Special Dividend	
Entitlement date	18 May 2005
Payment date	26 May 2005
Announcement of 2005 Trading Results	
Three months	May 2005
Six months	August 2005
Nine months	November 2005
Full year	February 2006

Financial Highlights

AT AS 31 DECEMBER 2004

Consolidated Balance Sheets	2004	2003	2002
	RM'000	RM'000	RM'000
Fixed Assets	325,601	341,267	417,794
Other Assets	99,881	97,520	114,814
Current Assets	677,162	502,293	444,194
Total Assets	1,102,644	941,080	976,802
Current Liabilities	(202,397)	(183,476)	(205,417)
	900,247	757,604	771,385
Financed by:			
Share Capital	377,895	363,291	356,265
Treasury Shares	(11,443)	(11,443)	(8,788)
Non-Distributable Reserves	50,032	45,123	42,509
Retained Profits	204,943	81,624	85,795
Shareholders' Fund	621,427	478,595	475,781
Minority Interests	47,699	45,969	43,083
Loans	–	–	17,769
Bonds	200,000	200,000	200,000
Deferred Tax Liabilities	31,121	33,040	34,752
	900,247	757,604	771,385
Consolidated Income Statements	2004	2003	2002
	RM'000	RM'000	RM'000
Turnover	696,941	576,713	518,359
Profit Before Taxation	189,966	58,242	58,281
Taxation	(13,959)	(10,332)	(4,282)
Profit After Taxation	176,007	47,910	53,999
Minority Interests	(8,341)	(4,382)	(4,641)
Profit Attributable to Shareholders	167,666	43,528	49,358
Dividends	(44,497)	(47,699)	(23,585)
Realisation of Revaluation Reserve	150	–	–
Transfer (from)/to Retained Profits	123,319	(4,171)	25,773

Financial Ratios

AT AS 31 DECEMBER 2004

	2004	2003	2002
Profitability			
Turnover Growth Rate (%)	20.85	11.26	4.18
Profit Before Taxation as a Percentage of Turnover (%)	27.25	10.10	11.24
Profit Before Taxation as a Percentage of Shareholders' Funds (%)	30.57	12.17	12.25
Liquidity			
Current Ratio	3.35	2.74	2.16
Liquidity Ratio	2.72	2.11	1.67
Market Ratios			
Net Tangible Assets Per Share (RM)	1.67	1.32	1.33
Earnings Per Share (Sen)	46.05	12.36	14.0
Net Dividend Per Share (Sen)	12.96	15.80	7.16
Productivity			
Turnover Per Employee (RM'000)	737	573	401
Assets Per Employee (RM'000)	1,166	935	755
Number of Employees	946	1,006	1,294

Corporate Governance



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60	Statement on Director's Responsibility
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Statement on Corporate Governance

The Malaysian Code on Corporate Governance sets out the principles and best practices on structures and processes used to direct and manage the business and affairs of the Company towards enhancing corporate accountability with the objective of realising long-term shareholder value, whilst taking into account the interests of other stakeholders.

The Board of Directors is committed to ensuring that the highest standards of corporate governance are practised throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the performance of the Group.

The Board is pleased to report on the main corporate governance practices of the Group for the year ended 31 December 2004.

Board of Directors

BOARD

Principal Responsibilities

The Board reviews and approves the short-term budgets and long-term strategies for the Group. In addition, all acquisitions, major capital expenditure and disposal of investments would have to be approved by the Board. The Limits of Authority govern the authority limits established by the Board for management to manage the businesses of the Group.

The Directors, collectively, have a wide range of relevant experience to enable them to discharge their responsibilities effectively.

The Board, together with the Audit Committee, reviews internal control and risk management systems within the organisation in ensuring the custody and effective and efficient utilisation of Group assets.

There is a division of responsibility between the Chairman and Group Managing Director to ensure a balance of power and authority. The Board is chaired by an Independent Non-Executive Chairman and the management of the Group lies with the Group Managing Director.

BOARD BALANCE

The Board, as at 31 December 2004, comprises 11 directors, of whom one is an Executive Director. Of the ten Non-Executive Directors, four are Independent Directors. A brief profile of each Director is presented on page 8 to 18 of the Annual Report.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Appointment

The Board appoints its members through a formal process, which is consistent with the Company's Articles of Association.

New appointments will be evaluated and recommended by the Nomination and Remuneration Committee (NRC) to the Board for approval.

New directors undergo an in-house company training programme to familiarise them with the operations of the Group.

Re-election

In accordance with the Articles of Association of the Company, one-third of the Directors will have to stand for re-election at each Annual General Meeting.

In accordance with the Articles of Association of the Company, all Directors who are appointed by the Board in the course of the year are subject to re-election by shareholders at the next Annual General Meeting after their appointment.

Training

All new Board members have attended the Mandatory Accreditation Programme.

During the year, the Directors have attended the Bursa Malaysia Continuing Education Training Programme to keep abreast of major regulatory changes.

The Directors are regularly informed of industry-specific conventions to enable them to understand the industries within which the Group operates.

STRUCTURE AND PROCESS

Board Meetings

Board meetings are scheduled a year ahead in order to enable full attendance at Board meetings. A minimum of four Board meetings are held during the year. Additional meetings are held as and when required.

There is a formal agenda for all scheduled meetings and Board papers are prepared and submitted in advance to ensure adequate information is available to assist deliberation by Board members.

The attendance record of each member during the year (in the case of a Director appointed after 1 January 2004, since date of appointment) is as follows:

	Number of Board Meetings	
	Entitled	Attended
Dato' Mohd Ibrahim bin Mohd Zain (resigned 19/8/04)	3	3
Tan Sri Ab Rahman bin Omar (appointed 27/5/04)	2	2
Dato' Lim Say Chong (resigned 30/9/04)	3	3
Dr Mohamad Hashim bin Ahmad Tajudin (appointed 27/5/04)	2	2
Dato' N Sadasivan	4	4
Paisol bin Ahmad	4	4
Dato' David Chiu	4	4
Tan Sri Dato' Dr Mohamed Yusof bin Hashim	4	4
Dato' Seri Mohd Hussaini bin Haji Abdul Jamil	4	3
E. Sreesanthan	4	3
Dato' Kalsom Abdul Rahman (appointed 27/5/04)	2	2
Lai Chee Leong (appointed 9/9/04)	1	1
Tan Peng Hock (appointed 9/9/04)	1	1
Dato' Tan Kay Hock (resigned 29/3/04)	1	1
Hui Woong Choong (resigned 19/8/04)	3	1
Khet Kok Yin (ceased directorship on 26/4/04)	1	1
Ooi Boon Leong (ceased directorship on 26/4/04)	1	1

Statement on Corporate Governance

RELATIONSHIP BETWEEN BOARD AND SENIOR MANAGEMENT

The Chairman of the Board is an Independent Non-Executive Director. The Chairman, together with the Board, reviews and approves the strategic objectives and key performance indicators for the Group Managing Director.

The Group Managing Director is responsible for overseeing the businesses as well as coordinating and implementing corporate strategies.

Quality/Supply of Information

Board papers are prepared for all agenda items to ensure relevant information is provided to assist decision making.

The Chairman is primarily responsible for ensuring that sufficient information is provided to the Board members to assist them in their deliberation.

Access to Information/Advice

All Directors, have unrestricted access to any information pertaining to the Company. Formal procedures have been established to ensure that Directors, collectively and in their individual capacity, have the ability to seek independent advice at the Company's expense. All Directors have access to the administration and resources of the Company Secretary in carrying out their duties.

Board Committees

The Board of Directors delegates specific responsibilities to the Board Committees, namely the Nomination & Remuneration Committee, Audit Committee, Finance & Investment Committee and Investment Committee.

All committees have their terms of reference approved by the Board and submit reports of their deliberations and major findings to the Board.

The terms of reference, composition and activities of the respective committees are stated in their respective reports.

DIRECTORS' REMUNERATION

The remuneration of Executive Directors is reviewed by the Nomination & Remuneration Committee and submitted by the Committee to the Board for approval.

All Non-Executive Directors are paid directors' fees for Board and Committee meetings. In addition, they are paid a meeting allowance for attendance at each Board and Committee meeting. The directors' fees are approved by the Company at the Annual General Meeting in accordance with the Articles of the Association.

The aggregate remuneration of Directors categorised into appropriate components for the financial year ended 31 December 2004 is as follows:

Category of Directors	Fees	Salaries	Benefits In Kind	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Executive Directors	75	860	91	1,026
Non-Executive Directors	560			560



Range of Remuneration	Executive	Non-Executive
RM1 - RM50,000	1	9
RM50,001 to RM100,000		5
RM250,000 to RM300,000	1	
RM700,000 to RM750,000	1	

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 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 the prevention and detection of fraud and other irregularities.

Internal Control

The Statement on Internal Control on page 59 of the Annual Report provides an overview on the state of internal control within the Group.

Risk Management

The report on Risk Management on page 57 to 58 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 53 and 54.

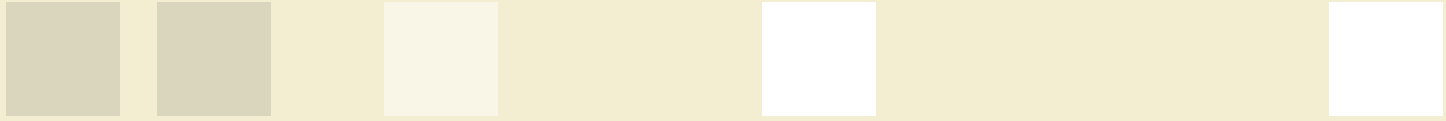
Internal Audit

The Group has established an Internal Audit Division 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 Auditor reports to the Audit Committee.

Statement on Corporate Governance



Whistle-blowing Policy

As part of best practices in good corporate governance, the Group established a “Whistle-blowing” policy during the year.

This policy is to encourage employees to report any major concerns over any wrongdoing within the Group relating to unlawful conduct, financial malpractice or dangers to the public or the environment. In this respect, the policy makes it clear that any such concern can be raised without fear of victimization, recrimination, discrimination or disadvantage to the employee reporting the concern. It provides a formal channel to encourage and enable employees to report serious concerns so that such concerns can be properly addressed.

Shareholders

The Company is committed to providing sufficient information to shareholders to allow them to effectively evaluate the performance of the Company.

The Annual General Meeting (AGM) provides a forum for shareholders to ask the Board of Directors questions about the Company’s affairs.

In addition, a press conference is normally held after the AGM, at which members of the press are encouraged to ask the Chairman and Group Managing Director questions on a range of topics relevant to the Group.

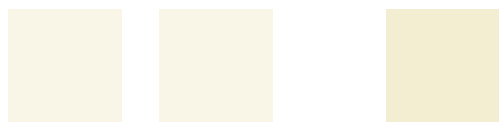
Other avenues whereby shareholders have access to company data are through quarterly filing of financial data and access via the Company’s website at www.ccm.com.my

Investors Relations

The Company also holds regular briefings for institutional investors to explain the Group’s strategy and major developments, all within the legal and regulatory framework in respect of the release of information.

Compliance to Code

The Group has in all material respects complied with the Code of Corporate Governance throughout the financial year ended 31 December 2004.



The Board is pleased to issue the following report on the Audit Committee and its activities during the financial year ended 31 December 2004.

The Audit Committee was established by a resolution of the Board on 25 November 1993.

Terms of Reference

Authority

- a. The authority to seek any information relevant to its activities from employees of the Company and Group.
- b. To obtain the necessary resources required to carry out its duties and is authorised to obtain such independent professional advice it considers necessary.
- c. Full and unlimited access to any information and documents pertaining to the Company and the Group.

Responsibilities

- To review the financial reporting to external parties carried out by the Group.
- To review the accounting policies of the Group.
- To review the scope and audit programmes of the internal and external auditors and any material issues arising from these audits.
- To review the effectiveness of the Group's systems of accounting and internal controls.
- To recommend to the Board the appointment of the external auditors and the level of their fees.
- To consider any related party transactions that may arise within the Group.
- To review the adequacy of the risk management process for identifying, evaluating and managing significant risks faced by the Group.

Composition/Meeting

The Committee should comprise of a minimum three Directors, the majority of whom should be independent. At least one member of the Audit Committee should be a member of the Malaysian Institute of Accountants.

The Chairman of the Audit Committee should be an Independent Director.

The Company Secretary is the Secretary of the Audit Committee.

Members of the Audit Committee are evaluated and recommended for appointment by the Nomination & Remuneration Committee.

The Audit Committee shall meet for a minimum number of four times a year. The Audit Committee shall meet with external auditors, at least once a year, without the presence of any Executive Directors.

The quorum of the meeting should constitute a majority of independent non-executive directors. The Head of Internal Audit, Group Managing Director and members of the senior management team will be invited to attend the meetings as and when necessary.

The Head of Internal Audit should report to the Audit Committee. The Audit Committee shall report to the Board.

Report of the Audit Committee

Members and Meetings

The Audit Committee comprises three members, all of whom are non-executive directors.

A total of 5 meetings were held during the year. The status and attendance record of each of the members during the year, are as follows:

Name	Membership	Number of Meetings	
		Entitled	Attended
Dato' N Sadasivan	Independent Non-Executive Chairman	5	5
Tan Sri Dato' Dr Mohamed Yusof bin Hashim	Independent Non-Executive	5	5
Paisol bin Ahmad	Non-Executive	5	5
Dato' Tan Kay Hock (resigned 29/3/04)	Independent Non-Executive	1	1

Activities during the Year

The following activities were carried out by the Audit Committee during the year:

- i. Reviewed and approved the internal audit plan for the year.
- ii. Reviewed the audit reports of the Group prepared by the internal and external auditors and consideration of the major findings by the auditors and management responses thereon.
- iii. Reviewed the quarterly and annual reports of the Group prior to submission to the Board of Directors for consideration and approval.
- iv. Reviewed the related party transactions entered into by the Group and the disclosure of such transactions in the annual report and circular on recurrent related party transactions.
- v. Reviewed the risk profile register to evaluate the management process for identifying, evaluating and managing the significant risks faced by the Group.

Internal Audit

The Company has an internal audit department whose principal responsibility is to undertake regular and systematic risk-based assessments of the systems of internal control so as to provide reasonable assurance that such systems are adequate and continue to operate effectively in managing the key risks of the Company and Group.

Further details of the activities of the internal audit function are set out in the Statement on Internal Control on page 59.

Relationship with External Auditors

The External Auditors are invited to all the meetings of the Audit Committee and they attended all the meetings of the committee during the year.

Report of the Nomination & Remuneration Committee

The Board is pleased to issue the following report on the Nomination and Remuneration Committee and its activities during the financial year ended 31 December 2004

Terms of Reference

Nomination

- (i) To recommend to the Board of Directors, candidates for all directorships in the Company and Group;
- (ii) To recommend to the Board, directors to fill seats on Board Committees.

Remuneration

- (i) To review and approve policies on the remuneration package of Executive Directors of the Company and Managing Directors of subsidiary companies;
- (ii) To review and approve the annual global increment and bonus package for non-unionised employees in the Group.

Members and Meeting

The Nomination and Remuneration Committee consists of three members, all of whom are Independent Non-Executive Directors.

A total of four meetings were held during the year. The attendance record of each member during the year (in the case of Directors appointed after 1 January 2004, since date of their appointment), is as follows:

Name	Membership	Number of Meetings	
		Entitled	Attended
Tan Sri Ab Rahman Omar (appointed 27/5/04)	Independent Non-Executive Chairman	3	3
Dato' N. Sadasivan	Independent Non-Executive	4	4
Tan Sri Dato' Dr Mohamed Yusof bin Hashim	Independent Non-Executive	4	3
Dato' Tan Kay Hock (resigned 29/3/04)	Independent Non-Executive	1	1

Activities during the Year

During the year, the Committee:

- i. recommended for approval the appointment of new Directors to the Board.
- ii. recommended for approval the remuneration package of the Group Managing Director and Managing Directors of Subsidiary Companies
- iii. recommended to the Board the appointment of Directors to the Board Committees.
- iv. reviewed and approved the annual global increment and bonus package for non-unionised employees of the Group.

Report of the Finance & Investment Committee

The Board is pleased to issue the following report on the Finance and Investment Committee and its activities during the financial year ended 31 December 2004

Terms of Reference

- To review and approve all capital expenditure in excess of RM1 million and up to RM20 million as proposed by companies within the Group.
- To review and recommend for approval to the Board of Directors all capital expenditure in excess of RM20 million as proposed by companies within the Group.
- To review and recommend to the Board of Directors all acquisitions and divestments of companies (excluding dormant companies) and setting up of new businesses.

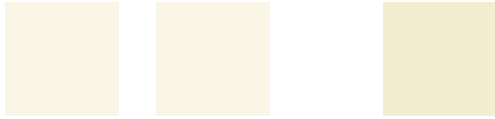
Composition

- Members of the Committee should constitute only Non-Executive Directors.
- The Committee shall have a minimum of three Directors.
- The quorum shall be two members.
- The Company Secretary shall be secretary of the Committee.

Meetings

The Committee met four times in the year. The attendance record of members during the year (in the case of Director appointed after 1 January 2004, since the date of their appointment) is as follows:

Name	Membership	Number of Meetings	
		Entitled	Attended
Dato' Seri Mohd Hussaini bin Haji Abdul Jamil	Independent Non-Executive Chairman	4	4
Dato' Kalsom Abdul Rahman (appointed 27/5/04)	Independent Non-Executive	3	3
E. Sreesanthan	Non-Executive	4	3
Lai Chee Leong (appointed 9/9/04)	Non-Executive	1	1
Khet Kok Yin (ceased directorship 26/4/04)	Non-Executive	1	1



Risk Management

Risk Management is an integral part of the Group's corporate governance structure and a key management tool. A systematic and integrated risk management process has been formally established across the Group since 2001. The process is now overseen by a Risk Management Committee, chaired by the Group Managing Director and comprising Senior Management staff of the Group. The Group's Risk Management Facilitation Team reports to the Committee and also the CCM Board Audit Committee on the Group's risk profile and the state of measures to manage the Group's significant risks.

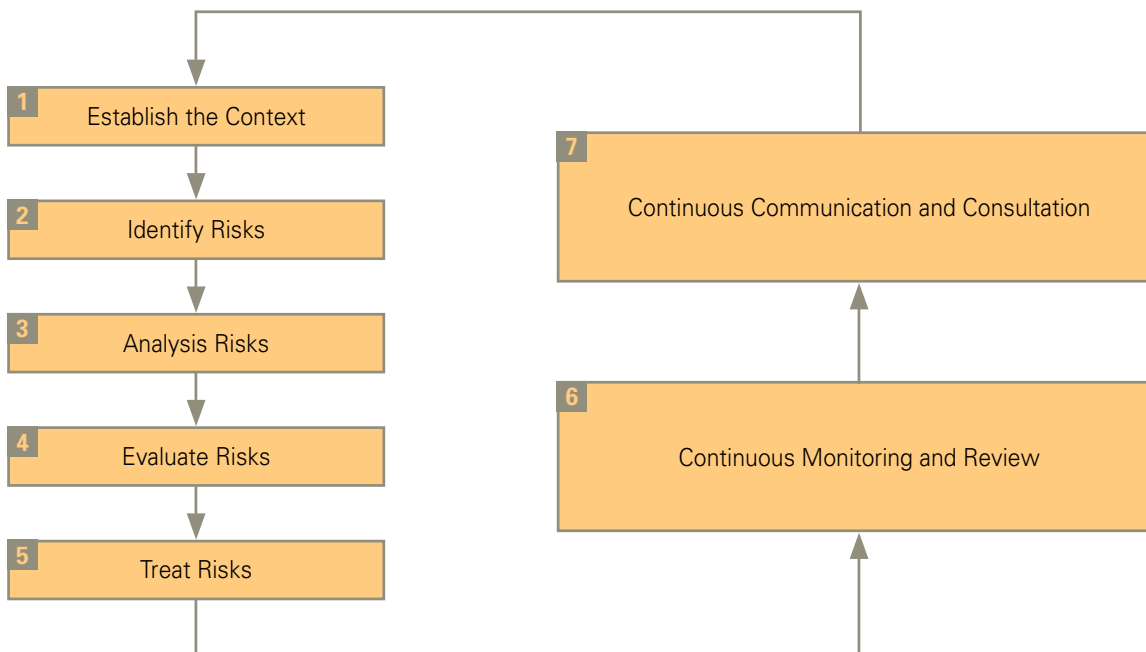
The Group recognises the broad spectrum of risks which it faces along with the opportunities which it seeks in its businesses and operations. It is hence the Group's objective to maintain an effective risk management programme to assess and mitigate these risks and thereby facilitate the Group in meeting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

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

The Group's Annual Risk Management Programme is approved by the Risk Management Committee. The risk management activities outlined in the Programme are facilitated by the Risk Management Facilitation Team including updating of risk profiles; "just-in-case" scenario planning; and risk analyses of business or operational initiatives/ issues emerging in the Group.

Risk Management Process

The Group's risk management process involves establishing the context of risk in relation to the Group 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 as follows:-



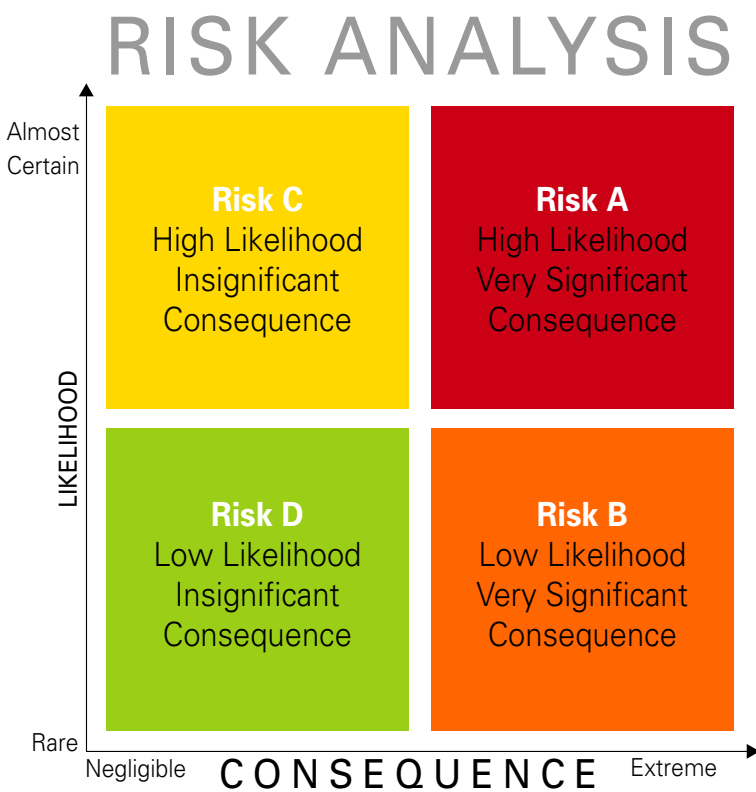
The Group's risk management process is described further in the "Statement on Internal Control" on page 59 of this Annual Report.

Report on Risk Management

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.



General Risk Mitigation Strategy

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 assesment 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 Group's system of internal control and for reviewing its adequacy and integrity. The system 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.

As an integral part of the system of internal control, the Board confirms that there is an ongoing group-wide risk management process for identifying, evaluating and managing the significant risks faced by the Group. Management has operated this process during the year under review and up to the date of approval of the annual report; and the process is subjected to regular review by the Board. During the year, the Group established a Risk Management Committee, chaired by the Group Managing Director and comprises Senior Management staff 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 risk registers are eventually compiled to form the Group Risk Profile for reporting to the Risk Management Committee and also Audit Committee of the Board. The overall process is facilitated by the Risk Management Facilitators who are dedicated to the role and will maintain regular communication and consultation with management; facilitate risk analysis of business or operational initiatives/issues emerging in the group; conduct periodic follow-up of the updating of risk profiles and the implementation of risk treatment measures by management; and conduct risk management training workshops.

The Group Risk Profile enables the Audit Committee to focus on the key risks inherent in the Group's businesses and operations and the system of internal control necessary to manage such risks. Internal Audit independently reviews the adequacy and integrity of the system of internal controls in managing the key risks and report accordingly to the Audit Committee on a quarterly basis. Where any significant weaknesses have been identified as a result of the reviews, improvement measures are recommended to strengthen controls; with follow-up audits by Internal Audit to assess the status of implementation thereof by management. In carrying out its work, 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.


The Group has a Project Review Committee ("PRC") to provide added assurance in the feasibility evaluation of project/investment proposals and subsequent evaluation of the progress and results of endorsed projects/investment through a process of due scrutiny. The PRC reviews and approves all projects to be submitted to the Finance and Investment Committee.

Management reports are presented to the Board each quarter providing financial information including key performance and risk indicators.

Where areas for improvement are identified including any relating to projects/investments, the Board considers the recommendations made by the Financial & Investment Committee.

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

Statement on Director's Responsibility



As required under the Companies Act 1965 ("Act"), the Directors on page 72 of this Annual Report have made a statement expressing an opinion on the financial statements. The Board is of the opinion that the financial statements have been drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the financial position of the Company and the Group for the financial year ended 31 December 2004.

In the process of preparing these financial statements, the Directors have reviewed the accounting policies and practices to ensure that they were consistently applied throughout the year. In cases where judgement and estimates were made, they were based on reasonableness and prudence.

Additionally, the directors have relied on the system of internal controls to ensure that the information generated for the preparation of the financial statements from the underlying accounting records is accurate and reliable.

This statement is made in accordance with a resolution of the Board of Directors dated 22 February 2005.

Material Contracts

There are no material contracts of the company and subsidiaries involving directors and Substantial Shareholders.

Recurrent Related Party Transaction of a Revenue Nature

As at the Extraordinary General Meeting held on 26 April 2004, the Company had obtained a shareholders mandate to allow the Company to enter into Recurrent Related Party Transactions of a revenue nature.

In accordance to the Bursa Malaysia Listing Requirements, details of the Recurrent Related Party Transactions audited during the financial year ended 31 December 2004 pursuant to the shareholders mandate are as follows:

Transaction	Vendor/Provider	Purchaser/Recipient	Interested Party	RM'000
Rental of office and warehouse space and provision of management services ¹	CCM	CCM Fertilizers Sdn Bhd	Dato' Lim Say Chong ³	4,664 ²
Rental of office and warehouse space and provision of management services ¹	CCM	CCM Chemicals Sdn Bhd	Dato' Lim Say Chong ³	1,968 ²
Sale of water-care products ²	CCM Chemicals Sdn Bhd	Usaha Kimia Sdn Bhd	Yeoh Keat Chye and Dato' Haji Mizanur Rahman Ghani ⁴	5,143
Sale of Ammonia	CCM Chemicals Sdn Bhd	CCM Fertilizers Sdn Bhd	Dato' Lim Say Chong ³ and Dato' Haji Mizanur Rahman Ghani ⁵	46,993
Sale of Nitric Acid/ Calcium Nitrate	CCM Fertilizers Sdn Bhd	CCM Chemicals Sdn Bhd	Dato' Lim Say Chong ⁵ and Dato' Haji Mizanur Rahman Ghani ⁵	3,917
Sale of Pharmaceutical ingredients	CCM Chemicals Sdn Bhd	UPHA Pharmaceutical Manufacturing (M) Sdn Bhd	Dato' Lim Say Chong ⁶	1,146
Sale of Nitric Acid and other chemicals	CCM Chemicals Sdn Bhd	Ansell N.P. Sdn Bhd ("Ansell")	Permodalan Nasional Berhad (PNB) ⁷	4,259
Sale of Fertilizers	CCM Fertilizers Sdn Bhd	Golden Hope Plantations Sdn Bhd ("Golden Hope")	Permodalan Nasional Berhad (PNB) ⁷	44,750

Other Disclosures

Notes:-

1. The office and warehouse are located in Lot P.T. 200, Persiaran Selangor, 40000 Shah Alam, Selangor. Management Services refers to support services (eg. Finance, Legal and Secretarial) provided by CCM as a Holding Company to the respective subsidiaries.
2. (i) The rentals are calculated as follows:
 - a) CCM Fertilizers - RM276,000 per month X 12 months = RM3,312,000 per annum
CCM Chemicals - RM22,000 per month X 12 months = RM264,000 per annum
 - (ii) CCM Chemicals Sdn Bhd supplies water treatment products to Usaha Kimia Sdn Bhd (a marketing arm) for resale.
3. Dato' Lim Say Chong is a former director of CCM, CCM Fertilizers Sdn Bhd, Upha Corporation (M) Sdn Bhd and CCM Chemicals Sdn Bhd. He resigned on 30 September 2004.
4. Yeoh Keat Chye is a director of CCM Chemicals Sdn Bhd and also a shareholder by virtue of his shareholding in Lanjut Setia Sdn Bhd, which holds 10% of the issued share capital of CCM Chemicals Sdn Bhd. He is also a Director of Usaha Kimia Sdn Bhd.
Dato' Haji Mizanur Rahman Ghani is a shareholder by virtue of his shareholding in Lanjut Setia Sdn Bhd, which holds 10% of the issued share capital of CCM Chemicals Sdn Bhd. He is also a Director and shareholder of Usaha Kimia Sdn Bhd.
5. Dato' Haji Mizanur Rahman Ghani is a shareholder by virtue of his shareholding in Lanjut Setia Sdn Bhd, which holds 10% of the issued share capital of CCM Chemicals Sdn Bhd. He is also a Director of CCM Fertilizers Sdn Bhd.
Dato' Lim Say Chong was a director of CCM Chemicals Sdn Bhd and also a shareholder by virtue of his shareholding in Lanjut Setia Sdn Bhd, which holds 10% of the issued share capital of CCM Chemicals Sdn Bhd. He was a director of CCM Fertilizers Sdn Bhd. He resigned on 30 September 2004.
6. Dato' Lim Say Chong was a director and also a shareholder by virtue of his shareholding in Lanjut Setia Sdn Bhd, which holds 10% of the issued share capital of CCM Chemicals Sdn Bhd. He was also a shareholder of UPHA Pharmaceutical Manufacturing (M) Sdn Bhd by virtue of his shareholding in CCM. He resigned on 30 September 2004.
7. PNB is a major shareholder in CCM holding 52.0% equity interest of CCM as at 15 February 2005. PNB also has substantial interest in Ansell and Golden Hope.

Share Buy-Back

The Company did not have a mandate to carry out share buy-back during the year. The Company has 5,888,000 treasury shares as at 31 December 2004.

Non-audit Fees

During the year ended 31 December 2004, the Group has paid a sum of RM8,000 in respect of providing scrutineering services during the Company's Annual General Meeting on 26 April 2004.

Profit Guarantees

There was no profit guarantee given by the Company during the year.

Revaluation Policy of Landed Property

Land & Buildings are stated at cost or Director's valuation based on open market valuations by professional firms of valuer less accumulated depreciation. Additions to land & buildings subsequent to the valuations are stated at cost.

Imposition of Sanction and Penalties

There were no sanctions and/or penalties imposed by the relevant authorities on the Company and/or its subsidiary companies, and Directors arising from any significant breach of regulations.

Utilisation of Board Proceeds

	Amount	Utilised	Balance as at 31/12/04
	RM'000	RM'000	RM'000
Rationalisation of pharmaceutical manufacturing operations	70,000	8,184	61,816
Refinancing of existing term loans	82,360	82,360	–
Working capital requirements of the Group	47,640	47,640	–
	200,000	138,184	61,816

Options, Warrants Exercised During The Year

	Balance at 1/1/04	Exercised	Lapsed	Balance as at 31/12/04
	RM'000	RM'000	RM'000	RM'000
Warrant A	88,982	–	–	88,982
Warrant B	87,680	9,937	–	77,743
ESOS*	10,242	4,667	352	5,223

* No options were offered to Non-Executive Directors of the Company.

Corporate Responsibility





Corporate Social Responsibility



We recognise that with growth comes a responsibility to those around us. Hence, one of our Group Corporate Values is: “We will be a responsible corporate citizen in the communities within which we operate and will contribute towards the development of these communities”. To put this value into action, various initiatives were undertaken by our subsidiary companies to enhance the lives of people around us, including our customers.

Fertilisers Division

Under the fertilisers division, our concept of ‘Total Care’ continues to be extended through the ‘Golden Growers Club’, formed in 1998.

Two major events were held by the Club. The first was a nationwide contest, ‘Best Oil Palm Growers Contest’, to recognise oil palm smallholders with the best yields. The contest was aimed at complementing the Government’s policy enunciated through the Malaysian Palm Oil Board (MPOB) towards improving oil palm yields.

The second event was a two-day seminar held in conjunction with the Malaysian Agricultural Horticultural and Agro-tourism (MAHA) show in October 2004. A thousand smallholders from all over the country attended talks on good agricultural practices. The speakers were from the MPOB, Lembaga Tabung Haji, Federal Agricultural Development Authority (FELDA) and Golden Hope Plantations Berhad.

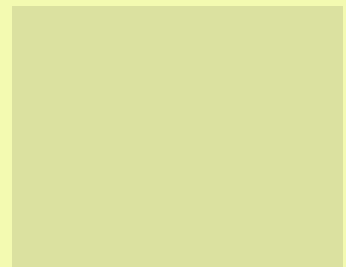
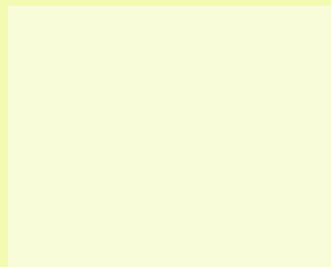
The Company’s corporate social responsibility during the year under review was further reflected in another 38 scholarships awarded under the ‘Education Excellence Award’ scheme. The scholarships were provided to more than 150 children who have been recipients of the award in previous years. These are children who achieved outstanding results in the Sijil Pelajaran Malaysia and Sijil Tinggi Pelajaran Malaysia examinations.



Winners of “Best Oil Palm Growers Contest” organised by Golden Growers Club.



Participants attending a two-day seminar in conjunction with MAHA 2004.



Pharmaceuticals Division

Our emphasis on corporate social responsibility during the year under review involved making contributions in kind to charities, schools, healthcare societies, government bodies and non-governmental organisations.

We provided a total of 50,000 first aid kits worth RM650,000 to Haj pilgrims, the majority of whom were first-time travellers who might have been susceptible to various common ailments arising from temperature changes, exhaustion and unpredictable desert environment. Our pharmaceuticals division also pledged a significant quantity of medical supplies, through the Malaysian Tsunami Disaster Fund, to help the communities affected by the disaster.

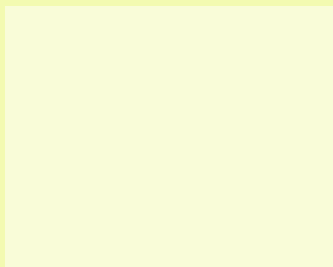
Chemicals Division

Our Chemicals Division takes a constructive interest in societal matters, which include scholarship programmes for tertiary education, apprenticeship and training programmes for university students and career talks for university aspirants.

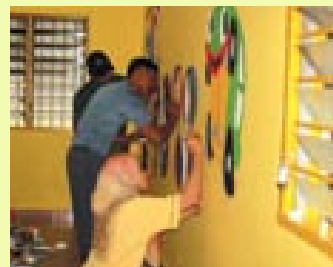
The Company's social obligations also extend to the care and recognition of the needy and less fortunate, whereby meaningful contributions have been made to deserving organisations. In December 2004, a programme was carried out at a home for physically and mentally challenged children in Permas Jaya, Johor, managed by the Johor State Social Welfare Department.

A Continuing Obligation

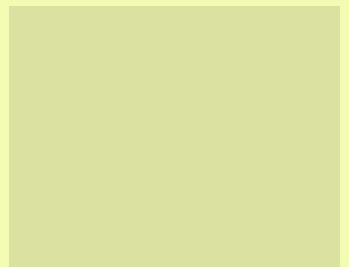
The Group has demonstrated its commitment towards the community by implementing various Corporate Social Responsibility (CSR) activities in accordance with our vision tag line enhancing quality of life in all areas of engagement. We will continue to sharpen our focus and emphasis in these areas as part of our continuous effort to provide leadership and develop a CSR culture consistent with corporate and business excellence.



Recipients of the CCM Fertilizers' "Education Excellence Award" for 2004.



CCM Chemicals' staff beautifying a classroom at the Pemas Jaya home for the mentally challenged children.



Safety, Health and the Environment

CCM's businesses are subject to the Safety, Health and Environment (SHE) concerns and regulations applicable to their respective industry sectors. Our SHE activities are carried out with the view to maintain acceptable SHE standards that conform to industry operating standards and comply with all statutory requirements laid down by local authorities where our manufacturing plants operate.

We place great importance on the safety and health of our employees as well as our customers and the communities in which we operate, whether within or outside Malaysia. We are also sensitive to the environmental impact of our operations, striving to reduce any negative ones and developing products and services with features that are kinder to our environment.

Our emphasis in SHE is reflected in one of our Group Corporate Values, which states: *"We will ensure that in all our activities, care is taken to protect the health and safety of all persons involved. Any adverse effects of our activities on the environment will be reduced to a practicable minimum, thus allowing us to be acceptable to the community."*

We have institutionalised a wide range of searching, systematic and comprehensive programmes to facilitate the integration of SHE-related activities into the overall corporate objectives of the Group. These programmes include establishing annual SHE objectives; organising an annual Q-SHE Week; publishing a quarterly SHE newsletter; and implementing Q-SHE suggestion schemes, Job Hazard Analysis and Key Performance Indicators in the area of logistics.

This commitment extends to ensuring that we hold ourselves to internationally recognised standards as have been achieved with regard to all of our major activities. For example, our chemicals division where we manufacture chlor-alkali chemicals, has been certified to OHSAS 18001 standards since 2003. OHSAS 18001, an assessment specification for Occupational Health and Safety (OH&S) Management Systems, provides a framework and requirements for organisations to implement, maintain and continually improve their OH&S Management Systems. By implementing OHSAS 18001, an organisation would be able to control its OH&S risks, continually improve its OH&S performance and comply with all applicable legislations.

We also maintain a credible lost time injury monitoring process in all of the operating companies so that accident/incident statistics are investigated, analysed and discussed at high-level SHE committees in CCM to prevent recurrences. In July 2004, CCM Fertilizers Sdn Bhd (CCMF) recorded one million working hours without a Lost Time Injury (LTI).

This achievement was made possible as a result of planned and scheduled SHE audits and safety inspections aimed at maintaining the 'Safety First Always' culture amongst staff at all levels. In addition, Occupational Safety and Health monitoring activities are held continually with the assistance of an Occupational Health Advisor, whose services are available to Group Member Companies when required.

The chemicals division also subscribes to the principles of Responsible Care, an international initiative built around guiding principles and codes of management practices that reflect the chemical industry's obligation to the public for the responsible management of chemicals and continuous performance improvement in safety, health and environment. The aim is to ensure that chemical companies act responsibly towards the environment and the public, so that society can enjoy the benefits of chemicals without risk.

Our commitment to the principles of Responsible Care has received due acknowledgement and recognition through various awards, such as the February 2003 Corporate Gold Award by the Chemical Industries Council of Malaysia (CICM) for the Community Awareness & Emergency Response Code, and the March 2004 Corporate Gold and Silver Awards, again by CICM, for the Pollution Prevention and Community Awareness & Emergency Response Codes respectively. CCM Chemicals was also a past winner of the prestigious Prime Minister's Hibiscus Award for excellence in Environmental Management.

CCM's dedication to sustainable development is evident in the numerous initiatives, outreach and mutual aid programmes, which focus on risk management practices and the socio-economic impact of our operations. Among the activities initiated by CCM includes Community Awareness and Outreach programmes which have been conducted on a three-yearly frequency since 1993. CCM has a comprehensive Site Emergency Response and Crisis Management Plan whereby mock drills with numerous agencies and regulatory authorities, including major exercises on the Second Link with the Malaysia-Singapore Joint Committee on the Environment are carried out periodically to test the effectiveness of these plans.

CCM and its subsidiaries also implement pollution prevention activities that include environmental aspect/impact studies, waste management through cost-effective programmes for recycling, recovery and reuse, water conservation and effective utilisation of energy by replacing fuel oil with natural gas.

We adhere closely to the Group Environment Policy to ensure that all air and aquatic emissions and general waste disposal conform to the requirements of the Department of the Environment. In this regard, the Group has invested a notable amount of money on equipment which monitors emissions into the environment.

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Directors' Report and Statement

Amounts in RM'000 unless otherwise stated

The Directors of Chemical Company of Malaysia Berhad present their forty-third annual report together with the audited financial statements of the Group and the Company for the year ended 31 December 2004. This report and the financial statements will be presented to the shareholders at the Annual General Meeting to be held on 12 May 2005.

Principal Activities

The Company is principally an investment holding and management company with subsidiaries and associates engaged in the manufacture and marketing of fertilizers, chlor-alkali and coagulant products, pharmaceuticals and healthcare products and the marketing of a wide range of chemicals. There have been no significant changes in the nature of these activities during the financial year.

Results

	Group	Company
Net profit for the year	167,666	3,852

Reserves and Provisions

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

Dividends

Dividends paid by the Company since 31 December 2003 were as follows:

In respect of the year ended 31 December 2003 as shown in the Directors' Report for that year:

Final dividend of 5.0 sen per share, less tax and a special dividend of 5.0 sen per share, less tax totalling RM25,968,000 paid on 11 May 2004.

In respect of the year ended 31 December 2004:

Interim dividend of 7.0 sen per share, less tax totalling RM18,529,000 paid on 24 September 2004.

The Directors now recommend a final dividend of 6.0 sen per share, less tax and a special dividend of 5.0 sen per share, less tax which if approved will be paid on 26 May 2005 to shareholders registered at the close of business on 18 May 2005.

Directors' Report and Statement

Directors of the Company

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

Dato' Mohd. Ibrahim bin Mohd Zain, Chairman (resigned on 19.08.2004)
 Tan Sri Ab. Rahman bin Omar, Chairman (appointed on 27.05.2004 and redesignated as Chairman on 19.08.2004)
 Dato' Lim Say Chong, Managing Director (retired on 30.09.2004)
 Dr Mohamad Hashim bin Ahmad Tajudin (appointed on 27.05.2004 and redesignated as Group Managing Director on 30.09.2004)
 Dato' N. Sadasivan
 Paisol bin Ahmad
 Dato' David Chiu
 Tan Sri Dato' Dr Mohamed Yusof bin Hashim
 Dato' Seri Mohd Hussaini bin Haji Abdul Jamil
 Sreesanthan a/l Eliathamby
 Dato' Kalsom binti Abdul Rahman (appointed on 27.05.2004)
 Lai Chee Leong (appointed 09.09.2004)
 Tan Peng Hock (appointed 09.09.2004)
 Dato' Tan Kay Hock (resigned 29.03.2004)
 Hiu Woong Choong (resigned on 19.08.2004)
 Khet Kok Yin (ceased directorship on 26.04.2004)
 Ooi Boon Leong @ Law Weng Leun (ceased directorship on 26.04.2004)
 Hui Yin Fun, Eva (Alternate Director to Dato' David Chiu)

Directors' Interests in Shares

The interests of the Directors in office at the end of the year as recorded in the Register of Directors' Shareholdings are as follows:-

	Number of Shares			Balance at 31.12.2004
	Balance at 1.1.2004	Bought	Sold	
Shareholdings in the Company				
Direct interest				
Dato' N. Sadasivan	200,000	–	–	200,000
Indirect interest				
Dato' David Chiu	36,000,000	–	–	36,000,000

By virtue of their interests in the shares of the Company, the Directors are also deemed interested in the shares of the subsidiaries during the financial year to the extent that Chemical Company of Malaysia Berhad has an interest.

	Number of Warrants			Balance at 31.12.2004
	Balance at 1.1.2004	Bought	Sold	
Warrants in Company				
Direct/Indirect interest				
<i>Warrant B</i>				
Dato' N. Sadasivan	50,000	–	–	50,000
Dato' David Chiu	9,000,000	–	–	9,000,000

No other Directors holding office at the end of the year held any interest in the shares of the Company and its related corporations.

Directors' Report and Statement

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or 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) 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, except for certain Directors who may be deemed to derive a benefit by virtue of those transactions in the normal course of business between the Company and its related corporations or corporations in which the Directors are deemed to have interests.

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 apart from the issue of warrants.

Issue of Shares and Debentures

During the financial year, the Company issued 14,604,000 ordinary shares of RM1.00 each at par for cash arising from:

- (i) conversion of 9,937,000 Warrants-B on the basis of one ordinary shares at the price of RM1.36 per ordinary share for every warrant held; and
- (ii) subscription of 4,667,000 ordinary shares at the price of RM1.36 per ordinary share through the Employee's Share Option Scheme ("ESOS").

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

Options Granted over Unissued Shares/Warrants

No options were granted to any person to take up unissued shares or warrants of the Company during the year apart from the issue of shares or warrants pursuant to the Employees' Share Option Scheme, 3% Redeemable Non-Guaranteed Unsecured Bonds 1996/2001 and 3% Fixed Rate Bonds with Warrants issue 2002/2009.

(1) Employees' Share Option Scheme

Pursuant to the ESOS which became effective on 18 December 2002, options to subscribe for up to 17,608,000 ordinary shares of the Company are available to eligible Directors and employees of the Group. The Executive Directors have opted not to participate in this ESOS.

The salient features of the Scheme are as follows:

- (i) Eligible employees are those who have been confirmed in writing as an employee of the Group prior to the date of the offer.
- (ii) The option is personal to the grantee and is non-assignable.
- (iii) The option price was determined by the average of the mean 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 (5) trading days preceding the date of the offer in writing to the grantee 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 the offer of the option.

Options Granted over Unissued Shares/Warrants (Cont'd)

(1) Employees' Share Option Scheme (Cont'd)

(v) The options granted may be exercised according to the following scale in respect of a maximum of the following:

Length of service	Percentage of options exercisable
3 years	50%
4 years	75%
5 years	100%

The outstanding offered options to take up issued ordinary shares of RM1.00 each and the option price are as follows:

Date of Offer	Options over number of ordinary shares of RM1 each				Balance at 31.12.2004
	Option Price (RM)	Balance at 1.1.2004	Exercised	Lapsed	
20.12.2004	1.36	10,242,000	4,667,000	352,000	5,223,000

(2) Warrants

On 8 February 1996, the Company issued RM150,000,000 nominal amount of 3% Redeemable Non-Guaranteed Unsecured Bonds 1996/2001 together with 44,539,350 (adjusted to 89,078,700 after the bonus issue) detachable warrants (hereinafter termed "Warrants-A") at 100% of the nominal value of the Bonds to Bumiputra Merchant Bankers Berhad as primary subscriber.

On 26 April 1996, the primary subscriber offered for sale 44,539,350 (adjusted to 89,078,700 after the bonus issue in 2000) Warrants-A at an offer price of RM0.426 per warrant on a non-renounceable basis to the shareholders of the Company on the basis of one (1) warrant for every four (4) existing ordinary shares held.

These Warrants-A confer upon the registered holder the right to subscribe for one ordinary share ("New Share") of RM1.00 each in the Company at an exercisable price of RM5.90 (adjusted to RM2.95 after the bonus issue) for each New Share, subject to adjustments under certain circumstances in accordance with the Deed Poll dated 5 February 1996, at any time during the period of three (3) years and nine (9) months commencing from the date of the first anniversary of issue of the warrants.

The Company obtained approval from the shareholders and Warrant-A holders at an extraordinary general meeting and warrant holders' meeting held on 22 April 1999 to extend the duration and exercise period of the Company's warrants to ten (10) years, up to and including 7 February 2006.

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

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

In accordance with the Deed Poll of the 88,982,134 Warrants-A 1996/2006, the exercise price of the outstanding warrants was adjusted from RM2.95 to RM2.86.

Directors' Report and Statement

Other Statutory Information

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

- (i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- (ii) all current assets have been stated at the lower of cost and net realisable value.

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

- (i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- (ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- (iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- (i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- (ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, except as disclosed in the financial statements, the results of the operations of the Group and of the Company for the financial year ended 31 December 2004 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.

The Directors of Chemical Company of Malaysia Berhad are of the opinion that the financial statements set out on pages 80 to 114, are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company at 31 December 2004 and of the results of their operations and cash flows for the year ended on that date.

Directors' Report and Statement

Event subsequent to the balance sheet date

Subsequent to the balance sheet date, Permodalan Nasional Berhad ("PNB") increased its shareholdings in the Company resulting in the Company becoming a subsidiary of PNB. Accordingly the Directors now regard PNB, a company incorporated in Malaysia, as the Holding Company.

Auditors

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

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

Tan Sri Ab. Rahman bin Omar

Dr Mohamad Hashim bin Ahmad Tajudin

Kuala Lumpur,

22 February 2005

Statutory Declaration

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Rama Devi Nair, the officer primarily responsible for the financial management of Chemical Company of Malaysia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 80 to 114 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 22 February 2005.

Rama Devi Nair

Before me:

Mohd. Radzi bin Yasin

Commissioner for Oaths

W327

Report of the Auditors

TO THE MEMBERS OF CHEMICAL COMPANY OF MALAYSIA BERHAD

We have audited the financial statements set out on pages 80 to 114. The preparation of the financial statements is the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. 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 accounting standards in Malaysia 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 2004 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 its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

The subsidiaries in respect of which we have not acted as auditors are identified in Note 8 to the financial statements and we have considered their financial statements and the auditors' reports thereon. We have also considered the unaudited financial statements of CCM Investment Limited and PT CCM Indonesia.

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

The audit reports on the financial statements of the subsidiaries were 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

Kuala Lumpur,

22 February 2005

Jimmy Leow Ming Fong

Partner
Approval Number: 595/03/06(J/PH)

Income Statements

FOR THE YEAR ENDED 31 DECEMBER 2004

Amounts in RM'000 unless otherwise stated

	Note	Group		Company	
		2004	2003	2004	2003
Revenue		696,941	576,713	6,115	5,976
Operating profit	2	186,668	61,150	9,527	20,944
Interest income	3	10,736	6,008	8,982	7,594
Interest expense	4	(8,679)	(10,451)	(6,053)	(6,226)
		188,725	56,707	12,456	22,312
Share of profit of associates		1,241	1,535	–	–
Profit before taxation		189,966	58,242	12,456	22,312
Taxation	5	(13,959)	(10,332)	(8,604)	(5,519)
Profit after taxation		176,007	47,910	3,852	16,793
Less : Minority shareholders' interests		(8,341)	(4,382)	–	–
Net profit for the year		167,666	43,528	3,852	16,793
Basic earnings per share (sen)	6	46.1	12.4		
Diluted earnings per share (sen)	6	32.8	9.8		
Gross dividend per share (sen)					
Interim paid 7.0 sen per share, less 28% tax (2003 – 5.0 sen per share, tax exempt and 5.0 sen per share, less 28% tax)		7.0	10.0	7.0	10.0
Final proposed and not appropriated in the financial statements, 6.0 sen per share, less 28% tax (2003 – 5.0 sen per share, less 28% tax)		6.0	5.0	6.0	5.0
Special proposed and not appropriated in the financial statements, 5.0 sen per share, less 28% tax (2003 – 5.0 sen per share, less 28% tax)		5.0	5.0	5.0	5.0
		18.0	20.0	18.0	20.0

The notes set out on pages 86 to 114 form an integral part of, and should be read in conjunction with, these financial statements.

Balance Sheets

AT 31 DECEMBER 2004

Amounts in RM'000 unless otherwise stated

	Note	Group		Company	
		2004	2003	2004	2003
Property, plant and equipment	7	325,601	341,267	166,755	169,036
Investment in subsidiaries	8	-	-	161,593	162,793
Investment in associates	9	2,629	1,731	119	119
Other investments	10	95,268	86,464	65,470	41,311
Development expenditure	11	-	6,793	-	-
Deferred tax assets	22	1,984	2,532	-	-
Current assets					
Inventories	12	126,512	114,675	-	-
Trade and other receivables	13	191,518	157,454	144,925	172,847
Cash and cash equivalents	14	359,132	230,164	186,701	203,667
		677,162	502,293	331,626	376,514
Current liabilities					
Trade and other payables	15	108,262	91,995	45,356	47,774
Borrowings (unsecured)	16	88,652	72,471	-	-
Loans	20	-	16,340	-	-
Taxation		5,483	2,670	-	-
		202,397	183,476	45,356	47,774
Net current assets		474,765	318,817	286,270	328,740
		900,247	757,604	680,207	701,999
Financed by:-					
Capital and reserves					
Share capital	17	377,895	363,291	377,895	363,291
Treasury shares	17	(11,443)	(11,443)	(11,443)	(11,443)
Reserves	18	254,975	126,747	92,213	127,600
Shareholders' funds		621,427	478,595	458,665	479,448
Minority shareholders' interests	19	47,699	45,969	-	-
Long term and deferred liabilities					
Bonds (unsecured)	21	200,000	200,000	200,000	200,000
Deferred tax liabilities	22	31,121	33,040	21,542	22,551
		231,121	233,040	221,542	222,551
		900,247	757,604	680,207	701,999

The financial statements were approved and authorised for issue by the Board of Directors on 22 February 2005.

The notes set out on pages 86 to 114 form an integral part of, and should be read in conjunction with, these financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2004

Amounts in RM'000 unless otherwise stated

Group	Non-distributable						Distributable	Total
	Share capital	Share premium	Capital redemption reserve	Revaluation reserve	Other capital reserve	Foreign translation reserve	Retained profits	
At 1 January 2003	356,265	–	73	39,543	2,982	(89)	85,795	484,569
Issue of shares								
Exercise of share options	6,665	2,399	–	–	–	–	–	9,064
Conversion of warrants	361	130	–	–	–	–	–	491
Net gains and losses not recognised in the income statement – Currency translation differences	–	–	–	–	–	85	–	85
Net profit for the year	–	–	–	–	–	–	43,528	43,528
Final dividend for 2002 (6.3 sen per share, less tax)	–	–	–	–	–	–	(17,521)	(17,521)
Interim dividend for 2003 (3.0 sen per share, less tax)	–	–	–	–	–	–	(30,178)	(30,178)
At 31 December 2003	363,291	2,529	73	39,543	2,982	(4)	81,624	490,038
	Note 17	Note 18	Note 18	Note 18	Note 18	Note 18	Note 18	

Group	Non-distributable						Distributable	Total
	Share capital	Share premium	Capital redemption reserve	Revaluation reserve	Other capital reserve	Foreign translation reserve	Retained profits	
At 1 January 2004	363,291	2,529	73	39,543	2,982	(4)	81,624	490,038
Issue of shares								
Exercise of share options	4,667	1,680	–	–	–	–	–	6,347
Conversion of warrants	9,937	3,578	–	–	–	–	–	13,515
Net gains and losses not recognised in the income statement								
– Currency translation differences	–	–	–	–	–	(199)	–	(199)
– Realisation of Revaluation Reserve	–	–	–	(150)	–	–	150	–
Net profit for the year	–	–	–	–	–	–	167,666	167,666
Final and special dividend for 2003 (10.0 sen per share, less tax)	–	–	–	–	–	–	(25,968)	(25,968)
Interim dividend for 2004 (7.0 sen per share, less tax)	–	–	–	–	–	–	(18,529)	(18,529)
At 31 December 2004	377,895	7,787	73	39,393	2,982	(203)	204,943	632,870
	Note 17	Note 18	Note 18	Note 18	Note 18		Note 18	Note 18

The notes set out on pages 86 to 114 form an integral part of, and should be read in conjunction with, these financial statements.

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2004

Amounts in RM'000 unless otherwise stated

Company	Non-distributable				Distributable	
	Share capital	Share premium	Capital redemption reserve	Revaluation reserve	Retained profits	Total
At 1 January 2003	356,265	–	73	33,524	122,380	512,242
Issue of shares:						
Exercise of share options	6,665	2,399	–	–	–	9,064
Conversion of warrants	361	130	–	–	–	491
Net profit for the year	–	–	–	–	16,793	16,793
Final dividend for 2002 (5.0 sen per share, tax exempt)	–	–	–	–	(17,521)	(17,521)
Interim dividend for 2003 (5.0 sen per share, tax exempt and 5.0 sen per share, less tax)	–	–	–	–	(30,178)	(30,178)
At 31 December 2003	363,291	2,529	73	33,524	91,474	490,891
Issue of shares:						
Exercise of share options	4,667	1,680	–	–	–	6,347
Conversion of warrants	9,937	3,578	–	–	–	13,515
Net profit for the year	–	–	–	–	3,852	3,852
Final and special dividend for 2003 (10.0 sen per share, less tax)	–	–	–	–	(25,968)	(25,968)
Interim dividend for 2004 (7.0 sen per share, less tax)	–	–	–	–	(18,529)	(18,529)
Realisation of revaluation reserve	–	–	–	(150)	150	–
At 31 December 2004	377,895	7,787	73	33,374	50,979	470,108
	Note 17	Note 18	Note 18	Note 18	Note 18	

The notes set out on pages 86 to 114 form an integral part of, and should be read in conjunction with, these financial statements.

Cash Flow Statements

FOR THE YEAR ENDED 31 DECEMBER 2004

Amounts in RM'000 unless otherwise stated

	Note	Group		Company	
		2004	2003	2004	2003
Cash flows from operating activities					
Profit before taxation		189,966	58,242	12,456	22,312
Adjustments for:					
Allowance for diminution in value of investment		-	-	1,200	3,000
Amortisation of development expenditure		1,621	772	-	-
Development expenditure written off		6,793	-	-	-
Depreciation and amortisation of property, plant and equipment		25,539	29,529	727	862
(Gain)/Loss on disposal of investments		(151,097)	(18,988)	(8,272)	337
Gain on disposal of subsidiaries		-	(17,481)	-	(3,179)
Loss/(Gain) on disposal of property, plant and equipment		470	870	519	(80)
Property, plant and equipment written off		67	176	-	-
Retirement benefits written back		-	(2,000)	-	(2,000)
Share of profits in associates		(1,241)	(1,535)	-	-
Translation adjustment		(199)	85	-	-
Dividends income		-	(510)	(27,122)	(27,187)
Waiver of inter-company debts		-	-	-	5,995
Operating profit/(loss) before working capital changes		71,919	49,160	(20,492)	60
Changes in working capital:					
Inventories		(11,837)	(12,531)	-	-
Trade and other receivables		(31,380)	(1,904)	28,845	85,661
Trade and other payables		16,267	51,590	(2,418)	25,746
Cash generated from operations		44,969	86,315	5,935	111,467
Income taxes paid		(13,259)	(9,691)	(2,027)	(1,797)
Net cash generated from operating activities		31,710	76,624	3,908	109,670
Cash flows from investing activities					
Purchase of other investments		(28)	-	-	-
Proceeds from disposal of property, plant and equipment	(ii)	1,170	12,088	561	154
Proceeds from disposal of other investments		177,439	41,210	19,231	3,149
Proceeds from disposal of subsidiaries		-	6,846	-	7,300
Purchase of property, plant and equipment		(13,180)	(11,484)	(1,126)	(262)
Development expenditure		(1,621)	(772)	-	-
Dividends received		-	53	20,213	12,118
Purchase of commercial papers		(35,118)	-	(35,118)	-
Net cash generated from investing activities		128,662	47,941	3,761	22,459

Cash Flow Statements

FOR THE YEAR ENDED 31 DECEMBER 2004

Amounts in RM'000 unless otherwise stated

	Note	Group		Company	
		2004	2003	2004	2003
Cash flows from financing activities					
Dividends paid to shareholders of the Company		(44,497)	(47,699)	(44,497)	(47,699)
Dividends paid to minority shareholders		(6,610)	(6,491)	–	–
Proceeds from exercise of ESOS		6,347	9,064	6,347	9,064
Proceeds from exercise of warrants		13,515	491	13,515	491
Share buy-back		–	(2,655)	–	(2,655)
Proceeds of borrowings		17,698	18,063	–	–
Repayment of loans		(16,340)	(50,000)	–	(50,000)
Payment of hire purchase creditor		–	(651)	–	–
Net cash used in financing activities		(29,887)	(79,878)	(24,635)	(90,799)
Net increase/(decrease) in cash and cash equivalents					
		130,485	44,687	(16,966)	41,330
Cash and cash equivalents at beginning of year					
		227,350	182,663	203,667	162,337
Cash and cash equivalents at end of year	(i)	357,835	227,350	186,701	203,667

(i) Cash and cash equivalents

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

	Group		Company	
	2004	2003	2004	2003
Cash and bank balances	28,158	23,648	5,495	893
Short term deposits	330,974	206,516	181,206	202,774
Bank overdrafts	(1,297)	(2,814)	–	–
	357,835	227,350	186,701	203,667

(ii) Disposal of property, plant and equipment

During the year, the Group and the Company disposed property, plant and equipment with an aggregate proceeds of RM2,770,000 and RM2,161,000, respectively, of which RM1,600,000 is receivable from the buyer.

The notes set out on pages 86 to 114 form an integral part of, and should be read in conjunction with, these financial statements.

Notes to the Financial Statements

Amounts in RM'000 unless otherwise stated

1. Summary of Significant Accounting Policies

The following accounting policies are adopted by the Group and by the Company and are consistent with those adopted in previous years.

(a) Basis of accounting

The financial statements of the Group and of the Company are prepared on the historical cost basis except as disclosed in the notes to the financial statements and in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

(b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

A subsidiary is excluded from consolidation when either control is intended to be temporary if the subsidiary is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under transfer funds to the Company. Subsidiaries excluded on these grounds are accounted for as investments.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Group financial statements. The difference between the acquisition cost and the fair values of the subsidiaries' net assets is reflected as goodwill or reserve on consolidation as appropriate. In line with the Directors' opinion, the balance sheet of the Group and the Company should only reflect tangible assets and goodwill on consolidation is written off to the income statement.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

(c) Associates

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies.

The consolidated financial statements include the total recognised gains and losses of associates on an equity accounted basis from the date that significant influence effectively commences until the date that significant influence effectively ceases.

Unrealised profits arising on transactions between the Group and its associates which are included in the carrying amount of the related assets and liabilities are eliminated partially to the extent of the Group's interests in the associates. Unrealised losses on such transactions are also eliminated partially unless cost cannot be recovered.

1. Summary of Significant Accounting Policies (Cont'd)

(d) Property, plant and equipment

Land and buildings are stated at cost or Directors' valuation based on open market valuations by professional firms of valuers less accumulated depreciation. Additions to land and buildings subsequent to the valuations and other plant and equipment are stated at cost.

The Group revalues its properties at regular intervals of not less than five years. Surpluses arising from revaluation are dealt with in the property revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to the income statement.

Plant and equipment are stated at cost less accumulated depreciation.

Depreciation

No amortisation is provided on leasehold land with unexpired lease terms of more than fifty years. The effect of this non-amortisation is not material in the context of the Group's and Company's financial statements.

Leasehold land with unexpired lease terms of less than fifty years are amortised in equal instalments over the remaining period of their leases.

Other property, plant and equipment are depreciated on a straight line basis to write off the cost of the assets over the term of their estimated useful lives at the following principal annual rates:

Building and site fixtures	2% to 10%
Plant, machinery and equipment	7½% to 25%
Motor vehicles	25%

(e) Development expenditure

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

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group and the Company have 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 amortised and recognised as an expense on a systematic basis so as to reflect the pattern in which the related economic benefits are recognised over 5 to 10 years.

(f) Investments

Long term investments are stated at cost. An allowance is made when the Directors are of the view that there is a diminution in their value which is other than temporary.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (Cont'd)

(g) Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

(h) Employee benefits

(i) Short term employee benefits

Wages, salaries and bonuses are recognised as expenses in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

(ii) Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

(iii) Equity compensation benefits

The Employees' Share Option Scheme ("ESOS") allows Group employees to acquire shares of the Company. When the options are exercised, equity is increased by the amount of the proceeds received.

(i) Provisions

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation (legal or constructive) as a result of a past event and a reliable estimate can be made of the amount.

(j) Liabilities

Borrowings and trade and other payables are stated at cost.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and consists of materials, and where applicable, direct labour and an appropriate proportion of fixed and variable production overheads.

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and short-term, highly liquid investments with maturity of three months or less from the date of acquisition, which are readily convertible to known amount of cash and which are subjected to 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, if any.

1. Summary of Significant Accounting Policies (Cont'd)

(m) Impairment

The carrying amount of assets, other than inventories, deferred tax assets and financial assets (other than investments in subsidiaries and associates), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to equity.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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 has been recognised. The reversal is recognised in the income statement, unless it reverses an impairment loss on a revalued asset, in which case it is taken to equity.

(n) Repurchase of shares

When shares are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are reclassified as treasury shares and presented as a deduction from total equity.

(o) Capitalisation of borrowing costs

Borrowing costs on expenditure incurred on capital work-in-progress and property, plant and equipment that require a substantial period of time to get ready for their intended use are capitalised. Capitalisation of borrowing costs will cease when the assets are ready for their intended use.

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of financing a specific capital work-in-progress or property under development, in which case the actual borrowing cost incurred on that borrowing less any investment income on the temporary investment of that borrowing will be capitalised.

Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies (Cont'd)

(p) **Income tax**

Tax on the profit or loss for the year comprises current and deferred tax. Income tax 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 expense 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 provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary difference are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that at the time of transaction affects neither accounting nor taxable profits. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(q) **Foreign currency**

(i) **Foreign currency transactions**

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statements.

(ii) **Financial statements of foreign operations**

The Group's foreign operations are not considered an integral part of the Company's operations. Accordingly, the assets and liabilities of foreign subsidiary companies have been translated into Ringgit Malaysia at the rate of exchange ruling at the balance sheet date. Income and expense items of foreign subsidiary companies are accounted for based on the average rate of exchange applicable for the year. On consolidation, exchange differences arising from the restatement at year end rates of the opening net investments in overseas subsidiary companies are taken to reserves.

The closing rates used in translation of foreign currency monetary assets and liabilities and the financial statements of foreign operations are as follows:

1USD	RM 3.80 (2003 :	1USD	RM3.80)
1SGD	RM 2.32 (2003 :	1SGD	RM2.22)
1CAD	RM 3.15 (2003 :	1CAD	RM2.90)

1. Summary of Significant Accounting Policies (Cont'd)

(r) **Derivative financial instruments**

The Group uses derivative financial instruments, including forward foreign exchange contracts, to hedge its exposure to foreign exchange arising from operational activities.

Derivative financial instruments used for hedging purposes are accounted for on an equivalent basis as the underlying assets, liabilities or net positions. Any profit or loss arising is recognised on the same basis as that arising from the related assets, liabilities or net positions.

Derivatives that do not qualify for hedge accounting are accounted for as trading instruments and marked to market at balance sheet date. Any profit or loss is recognised in the income statement.

(s) **Revenue recognition**

(i) **Goods sold**

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

(ii) **Services**

Revenue from services is recognised upon completion of the services.

(iii) **Rental/Interest income**

Rental and interest income are recognised in the income statement on an accrual basis.

(iv) **Dividend income**

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

(t) **Expenses**

(i) **Operating lease payments**

Payment made under operating leases are recognised in the income statement on a straight line basis over the term of the lease.

(ii) **Financing costs**

All interest and other costs incurred in connection with borrowings, other than that capitalised in accordance with Note 1(o), are expensed as incurred.

Notes to the Financial Statements

2. Operating Profit

	Group		Company	
	2004	2003	2004	2003
Revenue				
Sale of goods	694,403	562,862	–	–
Services	–	11,462	–	–
Rental income	2,538	2,389	6,115	5,976
	696,941	576,713	6,115	5,976
Cost of sales	(593,897)	(486,872)	(988)	(1,532)
Gross profit	103,044	89,841	5,127	4,444
Other operating income	153,098	48,451	35,527	32,885
Distribution cost	(7,666)	(7,063)	–	–
Administration expenses	(40,143)	(46,372)	(4,312)	(7,390)
Other operating expenses	(21,665)	(23,707)	(26,815)	(8,995)
Operating profit	186,668	61,150	9,527	20,944
Operating profit is arrived at after charging/(crediting):				
Allowance for doubtful debts	1,324	182	–	–
Amortisation of development expenditure	1,621	772	–	–
Auditors' remuneration	159	147	20	20
Depreciation and amortisation of property, plant and equipment	25,539	29,529	727	862
Directors' remuneration				
– fees	635	285	618	233
– emoluments	951	4,242	380	2,264
Inter-company advances written off	–	–	19,472	–
Inventories written down	420	378	–	–
Inventories written-off	1,447	1,738	–	–
Rental of premises	5,982	6,001	424	649
Rental of equipment	–	25	–	–
Development expenditure written off	6,793	–	6,793	–
Property, plant and equipment written off	67	176	–	–
Loss/(Gain) on disposal of property, plant and equipment	470	870	519	(80)
Waiver of inter-company debts	–	–	–	5,995
Gain on disposal of subsidiaries	–	(17,481)	–	(3,179)
Bad debts written back	(120)	(22)	–	–
Provision for retirement benefit written back	–	(2,000)	–	(2,000)
Allowance for diminution in value of investment in subsidiary	–	–	1,200	3,000
Dividends income (gross) from:				
Unquoted subsidiaries	–	–	(27,116)	(27,114)
Shares quoted in Malaysia	(25)	(504)	–	(67)
Unquoted associate	–	(6)	(6)	(6)
Foreign exchange gain – realised	3	219	–	–
(Gain)/Loss on disposal of other investments	(151,097)	(18,988)	(8,272)	337
Royalty income	–	(277)	(132)	(277)

Benefits provided to Directors:

The estimated monetary value of Directors' benefits-in-kind is RM91,000 (2003 – RM190,000) for the Group and RM37,000 (2003 – RM50,000) for the Company.

Notes to the Financial Statements

3. Interest Income

	Group		Company	
	2004	2003	2004	2003
Interest receivable from subsidiaries	–	–	202	3,636
Interest receivable from associated company	99	92	–	–
Other interest income	10,637	5,916	8,780	3,958
	10,736	6,008	8,982	7,594

4. Interest Expense

	Group		Company	
	2004	2003	2004	2003
Interest expense	8,679	10,451	5,969	6,191
Interest payable to subsidiaries	–	–	84	35
	8,679	10,451	6,053	6,226

5. Tax expense

	Group		Company	
	2004	2003	2004	2003
Current tax in respect of the profit for the year	14,087	9,637	9,615	2,799
Under provision in respect of previous years	901	822	–	755
Real property gain tax	–	960	–	960
Deferred tax (income)/expense				
Origination and reversal of temporary differences	(1,314)	(1,444)	(953)	1,005
Realisation of revaluation reserves	(58)	–	(58)	–
Tax expense on share of profit of associates	343	357	–	–
	13,959	10,332	8,604	5,519

Reconciliation of effective tax rate

	Group		Company	
	2004	2003	2004	2003
	%	%	%	%
Profit before taxation	100	100	100	100
Income tax using Malaysian tax rates	28	28	28	28
Non-deductible expenses	5	5	62	14
Tax exempt income	(23)	(20)	(21)	(24)
Utilisation of unrecognised tax credit	(3)	3	–	–
Real property gain tax	–	2	–	4
Other items	–	(1)	–	–
	7	17	69	22
Under provision in prior years	–	1	–	3
Tax expense	7	18	69	25

Notes to the Financial Statements

6. Earnings Per Share

	Group	
	2004	2003
Basic earnings per share:		
Profit after tax and minority shareholders' interests	167,666	43,528
Issued ordinary shares at beginning of the year ('000)	352,131	352,219
Effects of shares issued in 2004/2003 ('000)	11,932	(88)
Weighted average number of shares ('000)	364,063	352,131
Basic earnings per share (sen)	46.1	12.4

Diluted earnings per share for year ended 31 December 2004 is calculated as follows:

	Group	
	2004	2003
Profit after tax and minority shareholders' interests	167,666	43,528
After tax effect of notional interest savings	8,107	9,138
Net profit attributable to ordinary shareholders (diluted)	175,773	52,666
Weighted average number of shares as above	364,063	352,131
Effect of warrants – A	88,982	88,982
Effect of warrants – B	77,743	87,680
Effect of ESOS	5,223	10,898
	536,011	539,691
Diluted earnings per share (sen)	32.8	9.8

Notes to the Financial Statements

7. Property, Plant and Equipment

Group	Freehold land and buildings	Long term leasehold land and buildings	Short term leasehold land and buildings	Plant machinery and equipment	Total
Cost or valuation					
At 1 January 2004	49,526	215,173	220	358,622	623,541
Additions	–	638	135	12,407	13,180
Disposals	(2,602)	–	–	(2,534)	(5,136)
Write off	–	–	–	(1,121)	(1,121)
At 31 December 2004	46,924	215,811	355	367,374	630,464
Representing items at:					
Cost	667	39,168	355	367,374	407,564
Directors' valuation					
– 2000	46,257	176,643	–	–	222,900
	46,924	215,811	355	367,374	630,464
Accumulated depreciation					
At 1 January 2004	878	28,995	131	252,270	282,274
Charge for the year	62	2,399	30	23,048	25,539
Disposals	–	–	–	(1,896)	(1,896)
Write off	–	–	–	(1,054)	(1,054)
At 31 December 2004	940	31,394	161	272,368	304,863
Net book value					
At 31 December 2004	45,984	184,417	194	95,006	325,601
At 31 December 2003	48,648	186,178	89	106,352	341,267
Depreciation charge for the year ended					
31 December 2003	58	2,390	22	27,059	29,529

Notes to the Financial Statements

7. Property, Plant and Equipment (Cont'd)

Company	Freehold land and buildings	Long term leasehold land and buildings	Plant machinery and equipment	Total
Cost or valuation				
At 1 January 2004	49,062	132,505	4,560	186,127
Additions	–	–	1,126	1,126
Disposals	(2,602)	–	(1,197)	(3,799)
At 31 December 2004	46,460	132,505	4,489	183,454
Representing items at:				
Cost	203	–	4,489	4,692
Directors' valuation – 2000	46,257	132,505	–	178,762
	46,460	132,505	4,489	183,454
Accumulated depreciation				
At 1 January 2004	859	12,798	3,434	17,091
Charge for the year	53	412	262	727
Disposals	–	–	(1,119)	(1,119)
At 31 December 2004	912	13,210	2,577	16,699
Net book value				
At 31 December 2004	45,548	119,295	1,912	166,755
At 31 December 2003	48,203	119,707	1,126	169,036
Depreciation charge for the year ended 31 December 2003	53	411	398	862

Land and buildings are stated at Directors' valuation based on valuations by independent professional valuers on the open market basis conducted in November 2000.

Had the land and buildings been carried at historical cost less accumulated depreciation, the carrying amount of the revalued assets that would have been included in the financial statements at the end of the year would be as follows:

	Group		Company	
	2004	2003	2004	2003
Freehold land and buildings	12,195	14,657	11,577	14,023
Long term leasehold land and buildings	70,661	71,132	54,225	54,637
	82,856	85,789	65,802	68,660

Notes to the Financial Statements

8. Investment in Subsidiaries

	Company	
	2004	2003
Unquoted shares	165,793	165,793
Less: Impairment loss	(4,200)	(3,000)
	161,593	162,793

Details of the subsidiaries are as follows:

Subsidiaries	Principal activities	Country of incorporation	Effective ownership interest	
			2004 %	2003 %
CCM Fertilizers Sdn. Bhd. and its subsidiaries:	Manufacture and marketing of fertilizers	Malaysia	50.1	50.1
Max Agriculture Sdn. Bhd.	Dormant	Malaysia	50.1	50.1
CCMF Agronomic and Technical Services Sdn. Bhd.*	Dormant	Malaysia	50.1	50.1
CCM Chemicals Sdn. Bhd. and its subsidiaries:	Manufacture and marketing of chlor-alkali products and coagulant products and marketing of industrial and specialty chemicals	Malaysia	80.0	80.0
CCM Watercare Sdn. Bhd.	Marketing of water treatment products	Malaysia	80.0	80.0
CCM Singapore Pte. Ltd.*	Marketing of chlor-alkali products and chemicals	Singapore	80.0	80.0
CCM Chemtrans Sdn. Bhd.	Dormant	Malaysia	80.0	80.0
PT CCM Indonesia **	Marketing of chemicals	Indonesia	80.0	80.0
CCM Chemtrade Sdn. Bhd.	Dormant	Malaysia	80.0	80.0
CCM Pharma Sdn. Bhd.	Manufacture of pharmaceutical and health care products	Malaysia	100.0	100.0
Prima Health Pharmacy (Retail) Sdn. Bhd.	Marketing and retailing of pharmaceutical and healthcare products	Malaysia	100.0	100.0
Tekan Maju Sdn. Bhd. and its subsidiaries:	Investment holding	Malaysia	100.0	100.0
Euphorex Corporation Sdn. Bhd.	Investment holding	Malaysia	100.0	100.0
Kibaran Kemas Sdn. Bhd.	Investment holding	Malaysia	100.0	100.0
Liberal Wira Sdn. Bhd.	Investment holding	Malaysia	100.0	100.0

Notes to the Financial Statements

8. Investment in Subsidiaries (Cont'd)

Subsidiaries	Principal activities	Country of incorporation	Effective ownership interest	
			2004 %	2003 %
Orineum Corporation Sdn. Bhd.	Investment holding	Malaysia	100.0	100.0
Perconic Resources Sdn. Bhd.	Investment holding	Malaysia	100.0	100.0
Usaha Progresif Sdn. Bhd.	Investment holding	Malaysia	100.0	100.0
Upha Pharmaceutical Manufacturing (M) Sdn. Bhd.	Manufacture of pharmaceutical and healthcare products	Malaysia	100.0	100.0
Upha Corporation (M) Sdn. Bhd. and its subsidiaries:	Marketing of pharmaceutical and healthcare products	Malaysia	100.0	100.0
Ho Han Medical Company Sdn. Bhd.	Manufacture and marketing of pharmaceutical and healthcare products	Malaysia	100.0	100.0
Sentosa Pharmacy Sdn. Bhd.	Marketing of pharmaceutical and healthcare products	Malaysia	61.7	61.7
Unique Pharmacy(Ipoh) Sdn. Bhd.	Marketing of pharmaceutical and healthcare products	Malaysia	73.3	73.3
Unique Pharmacy(Penang) Sdn. Bhd.	Marketing of pharmaceutical and healthcare products	Malaysia	72.0	72.0
Negeri Pharmacy Sdn. Bhd.	Marketing of pharmaceutical and healthcare products	Malaysia	100.0	100.0
Envirochem Consultants Sdn. Bhd.	Dormant	Malaysia	100.0	100.0
Innovax Sdn. Bhd.	Research and development of pharmaceutical products	Malaysia	100.0	100.0
CCM Investments Limited**	Investment holding	British Virgin Islands	100.0	100.0

* Not audited by KPMG

** Consolidated based on management financial statements

Notes to the Financial Statements

9. Investment in Associates

	Group		Company	
	2004	2003	2004	2003
Unquoted ordinary shares in Malaysia, at cost	1,598	1,598	119	119
Group's share of post acquisition profits less losses	1,031	133	–	–
	2,629	1,731	119	119
Group's share of net assets	2,629	1,731		

The associates are as follows:

Associates	Principal activities	Country of incorporation	Effective ownership interest	
			2004 %	2003 %
Orica-CCM Energy Systems Sdn. Bhd.	Manufacturing/blending of bulk emulsions and trading of blasting products and provision of blasting related services and technology	Malaysia	36.0	36.0
Usaha Kimia (Malaysia) Sdn. Bhd.	Marketing of chlor-alkali and chemical products	Malaysia	30.0	30.0

10. Other Investments

	Group		Company	
	2004	2003	2004	2003
At cost				
Quoted shares				
– in Malaysia	7,213	18,321	–	10,959
– outside Malaysia	47,522	62,728	24,937	24,937
	54,735	81,049	24,937	35,896
Unquoted shares	5,415	5,415	5,415	5,415
Commercial papers	35,118	–	35,118	–
	95,268	86,464	65,470	41,311
Market value:				
– quoted shares in Malaysia	7,057	23,628	–	17,269
– quoted shares outside Malaysia	246,775	315,658	157,043	137,662
– commercial papers	35,235	–	35,235	–

Notes to the Financial Statements

11. Development Expenditure

	Group		Company	
	2004	2003	2004	2003
Cost				
Balance at 1 January	10,411	9,639	-	-
Acquisition/(disposal) during the year	-	-	6,793	-
Incurred during the year	1,621	772	-	-
Written off	(6,793)	-	(6,793)	-
Balance at 31 December	5,239	10,411	-	-
Accumulated amortisation				
Balance at 1 January	3,618	2,846	-	-
Amortisation charge for the year	1,621	772	-	-
Balance at 31 December	5,239	3,618	-	-
Net book value				
At 31 December	-	6,793	-	-

During the year, the Company acquired development expenditure from one of its subsidiary, at cost. The Company would receive a fee for any future products sale from the subsidiary. In view of the long term recovery of development expenditure cost, the Company has prudently written off the value of the development expenditure.

12. Inventories

	Group	
	2004	2003
Raw materials – At cost	24,903	26,749
Work-in-progress – At cost	4,238	2,760
Finished products		
At cost	81,858	62,529
At net realisable value	-	7,058
Spares and consumables – At cost	15,513	15,579
	126,512	114,675

Notes to the Financial Statements

13. Trade and Other Receivables

	Group		Company	
	2004	2003	2004	2003
Trade receivables	141,552	110,128	–	–
Other receivables	45,373	42,036	35,601	33,559
Subsidiaries	–	–	107,522	137,527
Associates	656	2,437	125	92
Tax recoverable	3,937	2,853	1,677	1,669
	191,518	157,454	144,925	172,847

Other receivables include:

- an amount owing by Chemical Company of Malaysia Group Retirement Scheme of RM Nil (2003 – RM0.1 million) to the Group ;
- an amount due from a previous subsidiary, Columbia Pacific Healthcare Sdn Bhd (“CPH”), amounting to RM27.3 million (2003 – RM27.2 million). The new shareholder of CPH has signed an agreement to settle the amounts due from CPH (originally RM35.1 million) by April 2005 together with interest at 6.8% per annum from the date of the agreement.
- During the year, the Company received RM5.0 million from the disposal of the CPH Group. The amount is currently held in trust by the solicitors pending the finalisation of the exercise of the call and put options for the remaining 19% stake at any time before 22 April 2005 (see note 30)

During the year, the Company wrote off an amount owing by one of the subsidiary amounting to RM19,472,000 (2003 – Nil)

The amounts owing by subsidiaries are unsecured, interest free and has no fixed terms of repayment except for RM2,000,000 (2003 – RM22,444,000) which bears interest at rates of up to 4.50% (2003 – up to 6.75%).

Amounts owing by associates represent balances arising from trade transactions.

14. Cash and Cash Equivalents

	Group		Company	
	2004	2003	2004	2003
Short term deposits with				
– licensed banks	200,480	65,580	51,712	61,838
– licensed finance companies	126,194	130,836	125,194	130,836
– discount houses	4,300	10,100	4,300	10,100
Cash and bank balances	28,158	23,648	5,495	893
	359,132	230,164	186,701	203,667

Notes to the Financial Statements

15. Trade and Other Payables

	Group		Company	
	2004	2003	2004	2003
Trade payables	89,189	73,156	–	–
Other payables and accrued expense	19,073	18,839	1,796	2,535
Subsidiaries	–	–	43,560	45,239
	108,262	91,995	45,356	47,774

The amounts owing to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

16. Borrowings (Unsecured)

	Group	
	2004	2003
Bank overdrafts	1,297	2,814
Bankers acceptances	35,735	25,978
Revolving credit	20,000	20,000
Foreign currency loan in US dollars (USD)	31,620	23,679
	88,652	72,471

The bank overdrafts bear interest at rates ranging from 7.40% to 7.70% (2003 – 7.40% to 7.70%) per annum.

The bankers acceptances bear interest at rates ranging from 3.13% to 3.30% (2003 – 2.90% to 3.03%) per annum.

The revolving credit bears interest at 3.50% (2003 – 3.60%) per annum.

The foreign currency loan bears interest at 2.34% (2003 – 1.98%) per annum.

17. Share Capital

	Group and Company	
	2004	2003
Authorised:		
Ordinary shares of RM1 each	800,000	800,000
Issued and fully paid:		
Ordinary shares of RM1 each		
Opening balance	363,291	356,265
Shares issued under share options	4,667	6,665
Conversion of warrants to new ordinary shares of RM1 each during the year	9,937	361
Closing balance	377,895	363,291

Notes to the Financial Statements

17. Share Capital (Cont'd)

On 8 February 1996, the Company issued RM150,000,000 nominal amount of 3% Redeemable Non-Guaranteed Unsecured Bonds 1996/2001 together with 44,539,350 (adjusted to 89,078,700 after the bonus issue) detachable Warrants-A at 100% of the nominal value of the bonds to Bumiputra Merchant Bankers Berhad as primary subscriber.

On 26 April 1996, the primary subscriber offered for sale 44,539,350 (adjusted to 89,078,700 after the bonus issue) Warrants-A at an offer price of RM0.851 (adjusted to RM0.426 after the bonus issue) per warrant on a non-renounceable basis to the shareholders of the Company on the basis of one (1) warrant for every four (4) existing ordinary shares held.

These Warrants-A confer upon the registered holder the right to subscribe for one ordinary share ("New Share") of RM1.00 each in the Company at an exercise price of RM5.90 (adjusted to RM2.95 after the bonus issue) for each New Share, subject to adjustments under certain circumstances in accordance with the Deed Poll dated 5 February 1996, at any time during the period of three (3) years and nine (9) months commencing from the date of the first anniversary of issue of the warrants.

The Company obtained approval from the shareholders and Warrant-A holders at an extraordinary general meeting and warrant holders' meeting held on 22 April 1999 to extend the duration and exercise period of the Company's warrants to ten (10) years, up to and including 7 February 2006.

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

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

During the year, the Company did not repurchase any (2003 – 1,785,000 shares) of its issued and paid up shares from the open market. The average price paid for the shares purchased was Nil (2003 – RM1.49) per share. The repurchase transactions were financed by internally generated funds. The shares purchased are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act 1965 and carried at cost. The number of outstanding shares in issue after deducting treasury shares held is 372,007,000 (2003 – 357,403,000) ordinary shares of RM1 each. Treasury shares have no rights to voting, dividends and participation in other distributions. No (2003 - Nil) treasury shares were sold during the year.

18. Reserves

	Group		Company	
	2004	2003	2004	2003
Non-distributable				
Share premium	7,787	2,529	7,787	2,529
Capital redemption reserve	73	73	73	73
Revaluation reserve	39,393	39,543	33,374	33,524
Other capital reserve	2,982	2,982	-	-
Foreign translation reserve	(203)	(4)	-	-
Distributable				
Retained profits	204,943	81,624	50,979	91,474
	254,975	126,747	92,213	127,600

Notes to the Financial Statements

18. Reserves (Cont'd)

Subject to agreement with the Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 ('the Act') to frank the payment of dividends out of its retained profits at 31 December 2004, net of taxation, up to approximately RM67 million (2003 – RM98 million). In addition, the Company can frank payment of tax exempt dividends of approximately RM16 million (2003 – RM10 million) arising from the waived income of 1999 pursuant to the Income Tax (Amendments) Acts, 1999 which was gazetted on 8 July 1999.

19. Minority shareholders' interests

This consists of minority shareholders' proportion of share capital and reserves of subsidiaries.

20. Loans

	Group	
	2004	2003
Repayable within twelve months		
Term loans in US Dollars (USD)	–	16,340

The details of term loans obtained by the Group are as follows:

Principal Amount	Interest Rate	Repayment Terms
USD4.3 million unsecured	SIBOR+0.9%	This USD unsecured loan taken by a subsidiary is guaranteed by the Company. The loan was fully repaid in May 2004

21. Bonds (Unsecured)

On 27 December 2002, the Company issued RM200,000,000 nominal amount of 7-year 3% Fixed Rate Bonds ("Bonds") together with 88,040,592 detachable warrants ("Warrants") at 100% of the nominal amount of the Bonds.

22. Deferred Tax

The amounts, determined after appropriate offsetting, are as follows:

	Group		Company	
	2004	2003	2004	2003
Deferred tax liabilities	31,121	33,040	21,542	22,551
Deferred tax assets	(1,984)	(2,532)	–	–
	29,137	30,508	21,542	22,551

Notes to the Financial Statements

22. Deferred tax (Cont'd)

The recognised deferred tax assets and liabilities (before offsetting) are as follows:

	Group		Company	
	2004	2003	2004	2003
Property, plant and equipment				
– capital allowances	8,134	7,944	–	–
– revaluation	23,602	24,785	21,488	21,546
Allowances	(374)	(696)	–	–
Unutilised tax losses	(1,711)	(2,530)	–	–
Others	(514)	1,005	54	1,005
	29,137	30,508	21,542	22,551

Deferred tax liabilities and assets are offset above where there is a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority.

No deferred tax is recognised for the following items:

	Group	
	2004	2003
Deductible temporary differences	(315)	39
Unabsorbed capital allowances	1,811	1,032
Unutilised tax losses	2,362	5,465
	3,858	6,536

The unutilised tax losses, unabsorbed capital allowances and deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

23. Employee Information

	Group		Company	
	2004	2003	2004	2003
Staff costs	44,772	45,111	2,617	2,919

The number of employees of the Group and of the Company (including Executive Directors) at the end of the year was 946 (2003 – 1,006) and 22 (2003 – 23) respectively.

Included in staff costs are contributions to Employees Provident Fund of the Group and the Company amounting to RM5.4 million (2003 – RM5.3 million) and RM344,870 (2003 – RM72,000), respectively.

Notes to the Financial Statements

24. Employee Benefits

Equity compensation benefits

Employee's Share Option Scheme

The Group offers vested share options over ordinary shares to Directors and other employees who have been confirmed in writing as employees of the Group. The Executive Directors have opted not to participate in this ESOS. Movements in the number of share option held by employees are as follows:

	Group and Company	
	2004	2003
Outstanding at 1 January	10,242	17,608
Exercised	(4,667)	(6,665)
Lapsed	(352)	(701)
Outstanding at 31 December	5,223	10,242

Details of share options exercised during the year

Expiry date	16.12.2007	16.12.2007
Exercise price per ordinary share (RM)	1.36	1.36
Aggregate proceeds from issued shares (RM'000)	6,347	9,064
Fair value at date of issue (RM'000)	11,201	14,362
Term of the options outstanding at 31 December		

Expiry date	Exercise price	Group and Company	
		2004 Number	2003 Number
16.12.2007	1.36	5,223	10,242

The Group and Company received proceeds of RM6,347,120 in respect of the 4,667,000 options exercised during the year of which RM4,667,000 was credited to share capital and RM1,680,120 was credited to share premium.

25. Related Parties

Controlling related party relationships are as follows:

- (a) Its subsidiaries as disclosed in Note 8.
- (b) Its associates as disclosed in Note 9.

Notes to the Financial Statements

25. Related Parties (Cont'd)

Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2004	2003	2004	2003
Rental income on land and buildings received from subsidiaries	-	-	3,577	3,587
Sale of products to associate, Usaha Kimia (Malaysia) Sdn. Bhd.	5,143	4,192	-	-
Shared costs received from subsidiaries	-	-	4,355	4,746
Acquisition of development expenditure	-	-	6,793	-

The Directors of the Company are of the opinion that the transactions with subsidiaries/associates have been entered into in the normal course of business under negotiated terms.

26. Segment Information

Segment information is presented in respect of the Group's business segments.

Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

All geographical segments are mostly Malaysian based.

Business segments

The Group comprises the following main business segments:

Fertilizers	Manufacture and marketing of fertilizers
Chemicals	Manufacture and marketing of chlor-alkali and coagulant products, chemicals and water treatment products.
Healthcare	Manufacture and marketing of pharmaceutical and healthcare products.
Others	Investment holding

Notes to the Financial Statements

26. Segment Information (Cont'd)

	Fertilizers		Chemicals		Healthcare		Others		Eliminations		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Business Segments												
Revenue from external customers	343,652	271,979	262,345	206,719	88,406	95,626	2,538	2,389	-	-	696,941	576,713
Inter-segment revenue	3,924	3,160	48,161	39,148	1,473	1,373	3,577	3,587	(57,135)	(47,268)	-	-
Total revenue	347,576	275,139	310,506	245,867	89,879	96,999	6,115	5,976	(57,135)	(47,268)	696,941	576,713
Segment result	17,918	11,304	15,643	7,626	7,187	5,446	145,920	40,591	-	(3,817)	186,668	61,150
Unallocated expenses												
Operating profit											186,668	61,150
Interest expense											(8,679)	(10,451)
Interest income											10,736	6,008
Share of profit/(loss) of associates											1,241	1,535
Profit before taxation											189,966	58,242
Tax expense											(13,959)	(10,332)
Minority interests											(8,341)	(4,382)
Net profit for the year											167,666	43,528
Segment assets	136,270	114,364	212,351	205,115	117,971	122,988	954,104	850,426	(320,681)	(353,544)	1,100,015	939,349
Investment in associates	-	-	2,439	1,541	-	-	119	119	71	71	2,629	1,731
Total assets											1,102,644	941,080
Segment liabilities	45,961	43,165	43,476	33,192	14,095	10,279	1,821	2,609	2,909	2,750	108,262	91,995
Unallocated liabilities											325,256	324,521
Total liabilities											433,518	416,516
Capital expenditure	2,008	2,160	4,829	3,307	5,468	5,755	875	262	-	-	13,180	11,484
Depreciation and amortisation	2,015	2,084	17,690	19,755	5,107	6,828	727	862	-	-	25,539	29,529
Non-cash item other than depreciation	-	-	-	-	19,472	-	(26,265)	(2,000)	-	-	(6,793)	(2,000)

Notes to the Financial Statements

27. Commitments

	Group		Company	
	2004	2003	2004	2003
Capital commitments:				
Approved and contracted for	3,106	158	1,306	–
Approved and not contracted for	20,230	6,709	–	–
	23,336	6,867	1,306	–

28. Contingent Liabilities

	Company	
	2004	2003
Loan guarantee given for a subsidiary	–	16,340

In the ordinary course of business, a claim was made against one of the subsidiary following the purported wrongful termination of a contract. The Directors are of the opinion that there is no merit to the claim and do not expect any material losses and no provision has been made in the financial statements.

29. Financial Instruments

Financial risk management objectives and policies

Exposure to credit, interest rate and currency risk arises in the normal course of the Group business. The Group has written risk management policies and guidelines which sets out their overall business strategies, their tolerance to risk and their general risk management philosophy. Such written policies are reviewed periodically by the Board of Directors.

The Group and Company's accounting policies in relation to derivative financial instruments are set out in Note 1(r).

Credit risk

The Group has a credit policy and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on trade customers.

At balance sheet date, there were no significant concentrations of credit risk except for an amount owing from a plantation customer amounting to RM5.3 million (2003 - RM15.2 million) and an amount owing from Columbia Pacific Healthcare Sdn Bhd amounting to RM27.3million (2003 - RM27.2 million). The maximum exposure to credit risk for the Group is the carrying amount of each financial asset.

Interest rate risk

The Group and the Company adopt a prudent policy in minimising risk to changes in interest rates in accordance with the risk management policy.

Notes to the Financial Statements

29. Financial Instruments (Cont'd)

Foreign currency risk

The Group and the Company incur foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than Ringgit Malaysia. The principal currency giving rise to this risk is US dollars.

No hedging is done for transactions in US dollars at present given the government's "peg". However, the management keeps this policy under review.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Effective interest rates and repricing analysis

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

Group	Effective interest rates %	Total RM	Within 1 year RM	1 – 5 years RM	After 5 years RM
2004					
Financial assets					
Cash and cash equivalents	2.85	359,132	359,132	-	-
Commercial papers	3.10	35,118	35,118	-	-
Financial liabilities					
Unsecured overdrafts	7.50	1,297	1,297	-	-
Unsecured bankers' acceptances	3.30	35,735	35,735	-	-
Unsecured revolving credit	3.50	20,000	20,000	-	-
Foreign currency loan (USD)	2.34	31,620	31,620	-	-
Bonds	6.00	200,000	-	-	200,000

Notes to the Financial Statements

29. Financial Instruments (Cont'd)

Group	Effective interest rates %	Total RM	Within 1 year RM	1 – 5 years RM	After 5 years RM
2003					
Financial assets					
Cash and cash equivalents	2.91	230,164	230,164	–	–
Financial liabilities					
Unsecured overdrafts	7.50	2,814	2,814	–	–
Unsecured bankers' acceptances	3.00	25,978	25,978	–	–
Unsecured revolving credit	3.60	20,000	20,000	–	–
Foreign currency loan (USD)	1.98	23,679	23,679	–	–
Unsecured USD floating rate loans	2.27	16,340	16,340	–	–
Bonds	6.00	200,000	–	–	200,000
Company					
2004					
Financial assets					
Cash and cash equivalents	2.85	186,701	186,701	–	–
Commercial papers	3.10	35,118	35,118	–	–
Financial liabilities					
Bonds	6.00	200,000	–	–	200,000
2003					
Financial assets					
Cash and cash equivalents	2.91	203,667	203,667	–	–
Financial liabilities					
Bonds	6.00	200,000	–	–	200,000

Notes to the Financial Statements

29. Financial Instruments (Cont'd)

Fair values

Recognised financial instruments

The fair value of quoted shares is their quoted bid price at the balance sheet date. In respect of cash and cash equivalents, trade and other receivables, trade and other payables and short term borrowings, the carrying amounts approximate fair value due to the relatively short term nature of these financial instruments.

The carrying amounts of the other financial assets and liabilities of the Group and the Company as at 31 December approximate their fair values except as set out below:

	2004 Carrying amount RM'000	2004 Fair value RM'000	2003 Carrying amount RM'000	2003 Fair value RM'000
Group				
Financial assets				
Investments in quoted shares	54,735	253,832	81,049	339,286
Commercial papers	35,118	35,235	–	–
	89,853	289,067	81,049	339,286

Financial liabilities

Bonds	200,000	174,672	200,000	170,138
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	2004 Carrying amount RM'000	2004 Fair value RM'000	2003 Carrying amount RM'000	2003 Fair value RM'000
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Company

Financial assets

Investments in quoted shares	24,937	157,043	35,896	154,873
Commercial papers	35,118	35,235	–	–
	60,055	192,278	35,896	154,873

Financial liabilities

Bonds	200,000	174,672	200,000	170,138
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30. Disposal of Subsidiaries

On 22 April 2003, the Company entered into an agreement with an individual to dispose 32% of its interest in Columbia Pacific Healthcare Sdn Bhd and its subsidiaries ("CPH Group") for a consideration of RM14.5 million. The buyer has paid RM4.1 million in 2003. During the year, the Company received RM5.0 million from the buyer and the amount was subsequently held in trust by the solicitors pending the finalisation of the exercise of the call and put options for remaining 19% stake amounting to RM5.4 million which can be exercised at any time before 22 April 2005.

The results of the CPH Group were consolidated up to 30 June 2003, which was the effective date that the Company ceased to have control over the CPH Group. The profit for the six months period was RM0.8 million. The disposal contributed a gain of RM17.3 million to the consolidated net profits for the year ended 31 December 2003.

During the last financial year, the Company also completed the sale of another subsidiary, Danau Insas Sdn. Bhd., for a sales consideration of RM3.2 million. The sale resulted in a profit of RM190,000 to the Group. The profit for the six months period was RM3.1 million.

Effect of disposals

The disposals had the following effect on the Group's assets and liabilities as at 31 December 2004.

	2004	2003
Non current assets		
Property, plant and equipment	-	45,348
Investments	-	1,397
	-	46,745
Current assets	-	7,161
Current liabilities	-	(40,239)
Long term liabilities	-	(18,231)
Minority interests	-	4,798
Net assets	-	234
Gain on disposal	-	17,481
	-	17,715
Other investments (Note 10)	-	(5,415)
Other receivables (Note 13)	-	(5,000)
Consideration received, satisfied in cash	-	7,300
Cash disposed of	-	(454)
Net cash inflow	-	6,846

Notes to the Financial Statements

31. Significant Event During The Year

On 16 September 2004, the Company has entered into an agreement to dispose of identified assets of Prima Health Pharmacy (Retail) Sdn Bhd with the exception of Mid Valley outlets. The Purchaser is Guardian Pharmacy (M) Sdn Bhd, member of Dairy Farm Group. The disposal is subject to the approval of the Ministry of Domestic Trade and Consumer Affairs (MDTCA) and Foreign Investment Committee (FIC). The rationale for the sale is to reflect the alignment of the Group's strategy in identified core business. The current status states that we are in the midst of waiting for the approval from MDTCA.

32. Event Subsequent To The Balance Sheet Date

Subsequent to the balance sheet date, Permodalan Nasional Berhad ("PNB") increased its shareholdings in the Company resulting in the Company becoming a subsidiary of PNB. Accordingly the Directors now regard PNB, a company incorporated in Malaysia, as the Holding Company.

Analysis of Shareholdings

AT AS 10 MARCH 2005

Authorised Share Capital	: RM800,000,000
Issued and Paid-up Share Capital	: RM378,496,866
Class of Shares	: Ordinary Shares of RM1.00 each
Voting Rights	: One vote per ordinary share

Distribution of Shareholders

Size of Shareholdings	No. of Shareholders	(%) of Shareholders	No. of Share	(%) of Issued Share Capital
Less than 100	152	3.03	3,775	0.00
100 - 1,000	754	15.02	646,137	0.17
1,001 - 10,000	3,107	61.89	13,289,114	3.51
10,001 - 100,000	928	18.49	25,119,187	6.64
100,001 to less than 5% of Issued shares	76	1.51	59,442,253	15.70
5% and above of Issued shares	3	0.06	279,996,400	73.98
	5,020	100.00	378,496,866	100.00

Substantial Shareholders

	Direct		Indirect	
	No. of CCM Share held	%	No. of CCM Share held	%
1. Permodalan Nasional Berhad	197,120,900	52.08	–	–
2. Employees Provident Fund Board	51,458,500 ^a	13.60	–	–
3. Billion Victory Sdn Bhd	36,000,000 ^b	9.51	–	–
4. Yayasan Pelaburan Bumiputra	–	–	197,120,900 ^c	52.08
5. Dato' David Chiu	–	–	36,000,000 ^d	9.51

^a Include interest held by HSBC Nominees (Tempatan) Sdn Bhd, Nomura Asset Mgmt Sg, RHB Nominees (Tempatan) Sdn Bhd, RHB Asset Management Sdn Bhd for and on behalf of Employees Provident Fund Board.

^b Interest held by UOBM Nominees (Tempatan) Sdn Bhd, UOB Limited (Labuan Branch) for and on behalf of Billion Victory Sdn Bhd.

^c Deemed interested by virtue of its substantial interest in Permodalan Nasional Berhad pursuant to Section 6A of the Companies Act, 1965.

^d Deemed interested by virtue of his substantial interest in Billion Victory Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

Directors' Shareholdings

	Direct Holdings		Indirect Holdings	
	No.	%	No.	%
1. Dato' N. Sadasivan	200,000	0.05	–	–
2. Dato' David Chiu	–	–	36,000,000 ^e	9.51

^e Deemed interest by virtue of his substantial interest in Billion Victory Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

Analysis of Shareholdings

AT AS 10 MARCH 2005

Thirty (30) Largest Shareholders

Name	Holdings	
	No.	%
1. Permodalan Nasional Berhad	197,120,900	52.08
2. Employees Provident Fund Board	46,875,500	12.38
3. UOBM Nominees (Tempatan) Sdn Bhd UOB Labuan for Billion Victory Sdn Bhd	36,000,000	9.51
4. Lembaga Tabung Haji	12,771,000	3.37
5. Chemical Company of Malaysia Berhad Share Buy Back Account	5,888,000	1.56
6. SP Setia Management Services Sdn Bhd	5,000,000	1.32
7. RHB Nominee (Tempatan) Sdn Bhd RHB Asset Management Sdn Bhd for Kumpulan Wang Simpanan Pekerja	4,500,000	1.19
8. Chan Suet Tho	3,224,000	0.85
9. HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Prudential Equity Income Fund (4801)	3,187,500	0.84
10. Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd Bumiputra-Commerce Trustee Bhd for Pacific Dana Aman (3717 TR01)	2,099,700	0.55
11. Reptolink Sdn Bhd	1,297,700	0.34
12. HLG Nominee (Asing) Sdn Bhd Hong Leong Fund Management Sdn Bhd for Asia Fountain Investment Company Limited	1,158,000	0.31
13. Menteri Kewangan Malaysia Section 29 (Sicda)	1,097,677	0.29
14. Eng Guan Chan Sdn Bhd	1,063,664	0.28
15. BHLB Trustee Berhad Prusmall-Cap Fund	1,025,300	0.27
16. HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Oh Kim Sun (M12)	1,003,900	0.27
17. Bumiputra-Commerce Trustee Berhad Amanah Saham Darul Iman	968,000	0.26

Analysis of Shareholdings

AT AS 10 MARCH 2005

Thirty (30) Largest Shareholders

Name	Holdings	
	No.	%
18. Affin Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Cheng Good Jiang	848,332	0.22
19. Universiti Malaya	704,664	0.19
20. HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Prudential Dana Al-Ilham (4173)	650,000	0.17
21. ECM Libra Securities Nominees (Tempatan) Sdn Bhd Petroliam Nasional Berhad	640,000	0.17
22. Ke-Zan Nominees (Tempatan) Sdn Bhd Kim Eng Securities Pte Ltd for Chang Joo Chiang	542,000	0.14
23. Citicorp Nominees (Asing) Sdn Bhd MLI for Titanium Event Driven	500,000	0.13
24. ECM Libra Securities Nominees (Tempatan) Sdn Bhd Petroleum Research Fund	441,000	0.12
25. Malaysian National Reinsurance Berhad	431,000	0.11
26. Malaysia Nominees (Tempatan) Sendirian Berhad Lee Foundation, States of Malaya (00-00197-000)	420,000	0.11
27. Equity Heights Sdn Bhd	400,000	0.11
28. Lim Hoe Hup Sendirian Berhad	321,000	0.08
29. Citicorp Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Fund	311,000	0.08
30. Bumiputra-Commerce Trustee Berhad Amanah Saham Darul Iman	310,000	0.08

Analysis of Warrant Holdings

AT AS 10 MARCH 2005

Exercise Price : RM2.86 per Ordinary Share
 Exercise Period : 8 February 1996 up to 7 February 2006
 Class of Warrants : Warrant A

Distribution of Warrant Holders

Size of Warrant Holdings	No. of Warrant-A Holders	(%) of Warrant-A Holders	No. of Warrants-A	(%) of Total Warrants-A
Less than 100	42	1.34	2,055	0.01
100 - 1,000	444	14.13	313,146	0.35
1,001 - 10,000	1,963	62.48	8,310,785	9.34
10,001 - 100,000	591	18.81	20,528,982	23.07
100,001 to less than 5%	101	3.21	40,818,316	45.87
5% and above	1	0.03	19,008,850	21.36
	3,142	100.00	88,982,134	100.00

Substantial Warrantholders

Name	Direct		Indirect	
	No. of Warrant-A held	%	No. of Warrant-A held	%
Permodalan Nasional Berhad	19,008,850	21.36	–	–
Yayasan Pelaburan Bumiputra	–	–	19,008,850 ^a	21.36

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

Analysis of Warrant Holdings

AT AS 10 MARCH 2005

Thirty (30) Largest Warrant-A Holders

Name	Holdings	
	No.	%
1. Permodalan Nasional Berhad	19,008,850	21.36
2. Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Teh Swee Heng (Margin-MM1118)	4,000,000	4.50
3. RHB Nominee (Asing) Sdn Bhd Artradis Barracuba Fund	3,271,900	3.68
4. Ng Chee Sim	3,152,000	3.54
5. Tang Kee Wong	1,472,200	1.65
6. Tang Kee Hiong	1,200,000	1.35
7. Chia Poh Gaik	1,080,100	1.21
8. Low Lay Ping	1,000,000	1.12
9. Tok Boon Seong	993,000	1.12
10. Lembaran Megah Sdn Bhd	942,800	1.06
11. RHB Capital Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Tan Jing Jeong (CEB)	832,000	0.94
12. Mayban Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Kek Lian Lye (318AC0025)	818,000	0.92
13. Yap Kok Sum	601,000	0.68
14. RHB Nominees (Tempatan) Sdn Bhd RHB Asset Management Sdn Bhd for Ng Siong Ket (EPF)	573,000	0.64
15. Chu Kam Sau	550,000	0.62
16. HDM Nominees (Tempatan) Sdn Bhd Phillip Securities Pte Ltd for Wong Hai Shiang	540,000	0.61
17. Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Siong Ket (101AB1038)	530,000	0.60

Analysis of Warrant Holdings

AT AS 10 MARCH 2005

Thirty (30) Largest Warrant-A Holders

Name	Holdings	
	No.	%
18. Ting Leong Hua	500,000	0.56
19. Ong Kian Sing	500,000	0.56
20. ECM Libra Securities Nominees (Tempatan) Sdn Bhd Petroleum Nasional Berhad	470,000	0.53
21. HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kwang Say Yoon	460,000	0.52
22. Tan Chee Koon	440,300	0.49
23. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chu Pan Sang (071565)	430,000	0.48
24. ECM Libra Securities Nominees (Tempatan) Sdn Bhd Petroleum Research Fund	411,500	0.46
25. Lim Siew Eng	400,000	0.45
26. Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Tan Chew Pui @ Tan Chew Piau (Margin-MM0715)	400,000	0.45
27. Razali Bin Mamat	400,000	0.45
28. Ooi Ing Kooi	400,000	0.45
29. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Khar Tiang	400,000	0.45
30. Ngu Ew Look	400,000	0.45

Analysis of Warrant Holdings

AT AS 10 MARCH 2005

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

Distribution of Warrant Holders

Size of Warrant Holdings	No. of Warrant-B Holders	(%) of Warrant-B Holders	No. of Warrant-B	(%) of Total Warrant-B
Less than 100	18	1.41	714	0.00
100 - 1,000	379	29.73	328,672	0.42
1,001 - 10,000	681	53.41	2,929,474	3.78
10,001 - 100,000	170	13.33	4,895,832	6.31
100,001 to less than 5%	23	1.81	15,348,800	19.78
5% and above	4	0.31	54,094,600	69.71
	1,275	100.00	77,598,092	100.00

Substantial Warrant Holders

Name	Direct		Indirect	
	No. of Warrant-B held	%	No. of Warrant-B held	%
Permodalan Nasional Berhad	34,861,650	44.93	–	–
Billion Victory Sdn Bhd	9,000,000 ^a	11.59	–	–
Employees Provident Fund Board	5,851,250	7.54	–	–
Oh Kim Sun	4,381,700 ^b	5.65	–	–
Yayasan Pelaburan Bumiputra	–	–	34,861,650 ^c	44.93
Dato' David Chiu	–	–	9,000,000 ^d	11.59

^a Interest held by UOBM Nominees (Tempatan) Sdn Bhd, UOB Limited (Labuan Branch) for and on behalf of Billion Victory Sdn Bhd.

^b Interest held by HDM Nominees (Tempatan) Sdn Bhd for and on behalf of Oh Kim Sun.

^c Deemed interested by virtue of its substantial interest in Permodalan Nasional Berhad pursuant to Section 6A of the Companies Act, 1965.

^d Deemed interested by virtue of his substantial interest in Billion Victory Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

Directors' Warrant Holdings

	Direct Holdings		Indirect Holdings	
	No.	%	No.	%
1. Dato' N. Sadasivan	50,000	0.06	–	–
2. Dato' David Chiu	–	–	9,000,000 ^e	11.60

^e Deemed interest by virtue of his substantial interest in Billion Victory Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

Analysis of Warrant Holdings

AT AS 10 MARCH 2005

Thirty (30) Largest Warrant-B Holders

Name	Holdings	
	No.	%
1. Permodalan Nasional Berhad	34,861,650	44.93
2. UOBM Nominees (Tempatan) Sdn Bhd UOB Labuan for Billion Victory Sdn Bhd	9,000,000	11.60
3. Employees Provident Fund Board	5,851,250	7.54
4. HDM Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Oh Kim Sun (M12)	4,381,700	5.65
5. HSBC Nominees (Asing) Sdn Bhd HSBC - FS I for Lim Asia Arbitrage Fund Inc	3,050,100	3.93
6. Lim Say Chong	2,350,000	3.03
7. Lembaga Tabung Haji	2,213,400	2.85
8. Citicorp Nominee (Asing) Sdn Bhd UBS Ag Singapore for Kenno Hayashi Ltd	2,000,000	2.58
9. S P Setia Management Services Sdn Bhd	1,250,000	1.61
10. Lau Kueng Suong	612,800	0.79
11. Mayban Securities Nominee (Asing) Sdn Bhd OCBC Securities Pte Ltd for Kwong Leong Onn	521,000	0.67
12. Hiu Woong Choong	500,000	0.64
13. OSK Nominees (Asing) Sdn Berhad Pledged Securities Account for Tan Boon Chiang	480,000	0.62
14. Citicorp Nominees (Asing) Sdn Bhd MLI for Titanium Event Driven	280,100	0.36
15. Wui Mee Ling	270,000	0.35
16. PB Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yoong Fui Kien (c)	263,500	0.34
17. Affin Nominees (Asing) Sdn Bhd OUB Kay Hian Pte Ltd for Cheng Good Hiang	219,000	0.28

Analysis of Warrant Holdings

AT AS 10 MARCH 2005

Thirty (30) Largest Warrant-B Holders

Name	Holdings	
	No.	%
18. HDM Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Lim Kim Leong	205,000	0.26
19. Tang Liong Choy	150,000	0.19
20. Gan Kho @ Gan Hong Leong	143,200	0.18
21. United Overseas Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ee Ah Yau (MIP)	130,000	0.17
22. Lim Eik Hoy	125,000	0.16
23. Tan Ah Kow @ Tan Chee Lin	121,000	0.16
24. Tan Chun Hwee, Vincent (Chen Junhui, Vincent)	120,000	0.15
25. Ramanathan a/l E.S. Krishnan	120,000	0.15
26. Ding Leng Kong	116,700	0.15
27. Lum Weng Yu	108,000	0.14
28. Chan Sau Mei	100,000	0.13
29. Lim Li Li	96,000	0.12
30. Fan Kwok Hoong	89,000	0.11

Properties Held

AT AS 31 DECEMBER 2004

Location	Tenure	Lease Period	Area (square metre)	Description	Approximate Age of Building	Net Book Value (RM million)	Date of Acquisition/ Valuation
Shah Alam Works Padang Jawa, Klang Selangor Darul Ehsan	Leasehold	99 years (1973 - 2072)	286,992	Industrial land, factory and offices	5 - 34 years	79.42	November 2000
Explosive Megazine Meru Selangor Darul Ehsan	Freehold	–	20,276	Commercial – explosive megazine	27 years	1.97	November 2000
No 16A Jalan Tun Ismail Kuala Lumpur	Freehold	–	8,498	Residential land and buildings	35 years	12.77	November 2000
No 18 & 18A Jalan Tun Ismail Kuala Lumpur	Freehold	–	8,878	Residential land and buildings	35 years	13.83	November 2000
No 1, 3, 5 & 7 Lorong Tinggian Tunku Kuala Lumpur	Freehold	–	12,393	Residential land and buildings	41 years	17.01	November 2000
Nilai Industrial Land P.T. No. 6055 & 6056 Bandar Baru Nilai	Leasehold	99 years (1993 - 2092)	138,236	Industrial land	–	17.97	November 2000
Lot PT 3609 Mukim Teluk Panglima Garang Kuala Langat	Leasehold	99 years (1992 - 2091)	195,509	Industrial land	–	21.80	November 2000
Pasir Gudang Works Pasir Gudang Johor Darul Takzim	Leasehold	60 years (1991 - 2051)	104,599	Industrial land	12 years	32.22	November 2000
UPHA Factory Lot 11454, 11458, 11459 Mukim of Kajang	Leasehold	99 years (1987 - 2086)	22,041	Industrial land, factory and offices	13 years	17.50	November 2000 (Acquired Lot 11454 in June 2002)
Lot 10623 Mukim of Kajang	Leasehold	99 years (1987 - 2086)	1,565	Residential land	–	0.20	November 2000
Lot 013773 Mukim of Damansara	Freehold	–	987	Industrial land, factory and offices	23 years	1.20	November 2000
CCM Pharma Lot No 2 Jalan 13/4A Petaling Jaya	Leasehold	99 years (1972 - 2059)	8,352	Industrial land, factory and offices	26 years	10.60	November 2000
Lot 1, Phase 1 Technology Park Malaysia	Leasehold	30 years (2001 - 2031)	7,487	Industrial land	–	3.20	April 2001
PTD 100951 Johor Bahru	Freehold	–	278	Industrial land	4 years	0.40	August 1999

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-Third Annual General Meeting of the Company will be held at the Legend Hotel, Level 9 Putra Place, 100 Jalan Putra, 50622 Kuala Lumpur on Thursday, 12 May 2005 at 3.00 p.m. for the following purposes:-

Ordinary Business

1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2004 and the Reports of the Directors and Auditors thereon. **Resolution 1**
2. To approve a gross final dividend of 6 sen (less 28% tax) and a gross special dividend of 5 sen (less 28% tax) for the financial year ended 31 December 2004. **Resolution 2**
3. To re-elect the following Directors retiring by rotation pursuant to Article 91 of the Company's Articles of Association:-
 - (a) Dato' N. Sadasivan **Resolution 3**
 - (b) Paisol bin Ahmad **Resolution 4**
4. To re-elect the following Directors retiring by rotation pursuant to Article 96 of the Company's Articles of Association:-
 - (a) Tan Sri Ab. Rahman bin Omar **Resolution 5**
 - (b) Dr Mohamad Hashim bin Ahmad Tajudin **Resolution 6**
 - (c) Dato' Kalsom Abdul Rahman **Resolution 7**
5. To approve the directors' fees of RM486,167.00 for the financial year ended 31 December 2004. **Resolution 8**
6. To approve the increase in directors' fees to RM500,000.00 effective from the financial year ending 31 December 2005. **Resolution 9**
7. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 10**
8. To transact any other business of which due notice shall have been received.

Closure of Books

NOTICE IS HEREBY GIVEN that subject to the approval of the Shareholders at the forthcoming Annual General Meeting, the proposed gross final dividend of 6 sen (less 28% tax) and gross special dividend of 5 sen (less 28% tax) per RM1.00 ordinary share unit in respect of the Company's financial year ended 31 December 2004 will be paid on 26 May 2005 to shareholders whose names appear in the Record of Depositors on 18 May 2005.

A Depositor shall qualify for dividend entitlement only in respect of:-

- (a) Shares deposited into the Depositor's Securities account before 12.30 p.m. on 16 May 2005 in respect of shares which are exempted from mandatory deposit.
- (b) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 18 May 2005 in respect of ordinary transfer; and
- (c) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

RAMA DEVI NAIR (MIA No. 5664)

Company Secretary
Kuala Lumpur

18 April 2005

Notes:

1. A member of the Company, entitled to attend and vote at the meeting, is entitled to appoint a proxy or proxies (but not more than two) to attend and vote instead of him. A proxy need not be a member of the Company.
2. Where a member of the Company appoints two proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding 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, Symphony Share Registrars Sdn Bhd (formerly known as Malaysian Share Registration Services Sdn Bhd), Level 26, Menara Multi Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, not less than forty-eight hours (48) before the time appointed for holding the meeting.

Notice of Annual General Meeting

Statement Accompanying the Notice of the Forty-Third Annual General Meeting of Chemical Company of Malaysia Berhad

Pursuant to Paragraph 8.28(2) of the listing requirements of Bursa Malaysia Securities Berhad

1. The name of individuals who are standing for re-election:

Pursuant to Article 91 of the Company's Articles of Association

- i. Dato' N. Sadasivan (**Resolution 3**)
- ii. Paisol bin Ahmad (**Resolution 4**)

Pursuant to Article 96 of the Company's Articles of Association

- i. Tan Sri Ab. Rahman bin Omar (**Resolution 5**)
- ii. Dr Mohamad Hashim bin Ahmad Tajudin (**Resolution 6**)
- iii. Dato' Kalsom Abdul Rahman (**Resolution 7**)

2. Details of Directors standing for re-election

The details of directors standing for re-election can be found on pages 8 to 18 of the Annual Report.

3. Directors' attendance at board meetings for the year ended 31 December 2004

The information can be found on page 49 of the Annual Report.

4. The date, time and venue of Board Meetings held during the financial year.

Meeting		
Date	Time	Venue
1. 26 February 2004	9.00 a.m.	Board Room, 9th Floor, Wisma Sime Darby, Jalan Raja Laut, 50350 Kuala Lumpur.
2. 20 May 2004	9.00 a.m.	Board Room, 9th Floor, Wisma Sime Darby, Jalan Raja Laut, 50350 Kuala Lumpur.
3. 19 August 2004	9.00 a.m.	Board Room, 9th Floor, Wisma Sime Darby, Jalan Raja Laut, 50350 Kuala Lumpur.
4. 25 November 2004	9.00 a.m.	Board Room, 9th Floor, Wisma Sime Darby, Jalan Raja Laut, 50350 Kuala Lumpur.

Number of shares held

I/We _____
(Full name in capital letters)

of _____
(Address)

being *a shareholder/shareholders of **CHEMICAL COMPANY OF MALAYSIA BERHAD** ("the Company") hereby appoint:

(Full name in capital letters)

of _____
(Full address)

as my/our proxy to vote for me/us at the Forty-Third Annual General Meeting of the Company to be held at the Legend Hotel, Level 9 Putra Place, 100 Jalan Putra, 50622 Kuala Lumpur on Thursday, 12th May 2005 at 3.00 p.m. and at any adjournment thereof.

Please indicate with an "X" in the space provided below how you wish your votes to be cast. Unless otherwise instructed, the Proxy will vote as he thinks fit.

		For	Against
Resolution 1	To receive and adopt the Audited Financial Statements and Reports.		
Resolution 2	To approve final dividend of 6 sen less 28% tax and special dividend of 5 sen less 28% tax.		
Resolution 3	To re-elect Dato' N. Sadasivan.		
Resolution 4	To re-elect En Paisol bin Ahmad.		
Resolution 5	To re-elect Tan Sri Ab. Rahman bin Omar.		
Resolution 6	To re-elect Dr Mohamad Hashim bin Ahmad Tajudin.		
Resolution 7	To re-elect Dato' Kalsom Abdul Rahman.		
Resolution 8	To approve the directors' fees for financial year ended 31 December 2004.		
Resolution 9	To approve the increase in directors' fees effective from the financial year ending 31 December 2005.		
Resolution 10	To re-appoint Messrs KPMG as Auditors.		

Signed this _____ day of _____ 2005

Signature of Shareholder

Notes:

1. A member of the Company, entitled to attend and vote at the meeting, is entitled to appoint a proxy or proxies (but not more than two) to attend and vote instead of him. A proxy need not be a member of the Company.
2. Where a member of the Company appoints two proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding 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, Symphony Share Registrars Sdn Bhd (formerly known as Malaysian Share Registration Services Sdn Bhd), Level 26, Menara Multi Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, not less than forty-eight hours (48) before the time appointed for holding the meeting.

Please fold here to seal

Affix
postage
stamp

The Company Secretary

CHEMICAL COMPANY OF MALAYSIA BERHAD

Level 26, Menara Multi-Purpose

Capital Square

No. 8, Jalan Munshi Abdullah

50100 Kuala Lumpur

Malaysia

Please fold here to seal

