



Annual Report 2007

Life is a
day-to-day
business...



CHEMICAL COMPANY
OF MALAYSIA BERHAD
[5136-T]

Financial calendar

Financial year end	31 Dec 2007
Annual general meeting	28 May 2008

Proposed final dividend	
Entitlement date	4 Jun 2008
Payment date	20 Jun 2008

Announcement of 2007 trading results	
3 months	May 2007
6 months	Aug 2007
9 months	Nov 2007
Full year	Feb 2008

Financial review

Turnover and profitability

[in RM'mill]	Turnover		Profit before tax	
	2007	2006	2007	2006
Fertilizers	723.8	535.6	35.0	13.0
Chemicals	511.1	415.8	15.1	21.4
Pharmaceuticals	217.4	204.8	56.3	50.0
Intersegment Eliminations and Others	[55.0]	[46.1]	[0.8]	54.0
Group	1,397.3	1,110.1	105.6	138.4

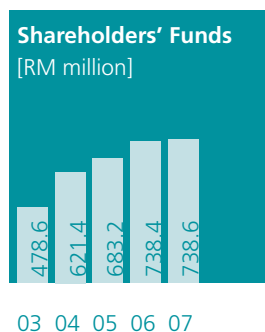
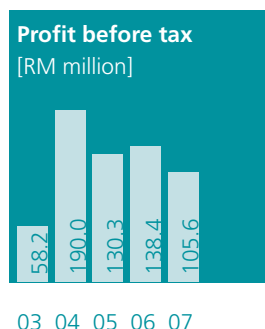
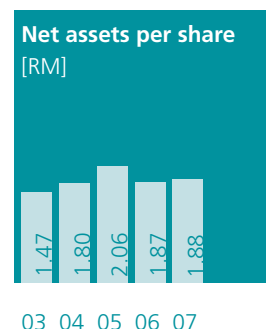
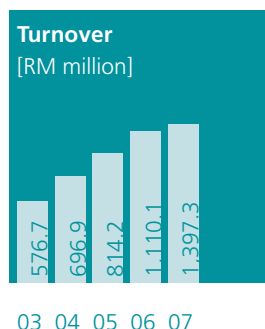
Liquidity

[in RM'000]	2007	2006
Net cash from operating activities	16,379	4,037
Net cash [used in]/ from investing activities	[65,367]	45,208
Net cash used in financing activities	[55,936]	[46,352]
Net [decrease]/ increase in cash and cash equivalents	[104,924]	2,893
Opening cash	298,414	295,521
Closing cash	193,490	298,414

Financial highlights as at 31 December

Consolidated balance sheet

[in RM'000]	2007	2006 restated
Total non-current assets	721,185	655,564
Total current assets	764,572	822,389
Total assets	1,485,757	1,477,953



Financial highlights as at 31 December
Consolidated balance sheet [contd.]

[in RM'000]	2007	2006 restated
Financed by:		
Share capital	402,563	392,977
Reserves	33,517	56,378
Retained profits	302,476	289,106
Total equity attributable to shareholders of the company	738,556	738,461
Minority interests	99,856	99,590
Total equity	838,412	838,051
Total non-current liabilities	309,605	332,789
Total current liabilities	337,740	307,113
Total liabilities	647,345	639,902
Total equity and liabilities	1,485,757	1,477,953

Consolidated income statement

	2007	2006
Turnover	1,397,268	1,110,060
Profit before taxation	105,551	138,368
Taxation	[21,952]	[17,343]
Profit after taxation	83,599	121,025
Minority interests	[20,881]	[16,753]
Profit attributable to shareholders	62,718	104,272

Group Financial ratios as at 31 December

	2007	2006
Profitability [in %]		
Turnover growth rate	25.87	36.33
Profit before taxation as a % of turnover	7.55	12.46
Profit before taxation as a % of shareholders' funds	14.29	18.74
Liquidity		
Current ratio	2.26	2.68
Acid test ratio	1.56	2.02
Market ratios		
Net assets per share	1.83	1.88
Earnings per share	15.7	26.9
Net dividend per share	11.8	19.1
Productivity		
Turnover per employee	825	711
Total Assets per employee	877	946
Number of employees	1,693	1,562

Turnover and profitability

Turnover for the Group increased by 26% to RM1,397.3 million. The increase in turnover was reported by all divisions as well as by the regional operations.

Due to non-recurrence of gains from the sale of investments recorded in 2006, Profit Before Tax for the Group was reported lower by 24% at RM105.6 million. Profits of the business divisions were however higher at RM106.4, up 26%. Individually, the Pharmaceuticals Division continued to generate the biggest contribution to Group profits. Profits at the Chemicals Division were lower than the previous year due to a more competitive market environment.

The Group remains committed to the continued growth of all of its business divisions.

	Turnover		Profit Before Tax	
	2007	2006	2007	2006
Fertilizers	723.8	536.6	35.0	13.0
Chemicals	511.1	415.8	15.1	21.4
Pharmaceuticals	217.4	204.8	56.3	50.0
Others	[55.0]	[46.1]	[0.8]	54.0
Group	1,397.3	1,110.1	105.6	138.4

Liquidity & cash flow

	2007	2006
Net cash from operating activities	16,397	4,037
Net cash [used in]/from investing activities	[65,367]	45,208
Net cash used in financing activities	[55,936]	[46,352]
Net [decrease]/increase in cash and cash equivalent	[104,924]	2,893
Opening cash	298,414	295,521
Closing cash	193,490	298,414

Cash generated from operating activities was higher than the previous year reflecting the increase in turnover and business volumes. The ratio of current assets to current liabilities remained high in excess of 2 times.

Increased capital spending due to new plant construction and a business acquisition resulted in a net usage of funds under investing activities.

Dividend payments and repayment of a portion of the long term loans resulted in an overall net usage of funds from financing activities.

Shareholder value

The CCM Group is driven to deliver value growth to its shareholders. It will seek to do so via continued expansion of its core businesses both at home in Malaysia as well as in overseas regional countries.

Contents

Report

Chairman's statement	005
Group Managing Director's operations review	015
Corporate social responsibility	020
Human resource development	023
Research and development	023
Safety, health and environment	024

Corporate

Corporate information	028
Board structure	028
Group structure	029
Board of directors	031
Senior management	039

Governance

Statement on corporate governance	044
Report of the audit committee	050
Report of the government linked companies transformation committee	055
Report of the nomination & remuneration committee	057
Report of the finance & investment committee	059
Report on risk management	060
Statement on internal control	062
Statement on director's responsibility	062
Other disclosures	064

Financials

Directors' report	070
Statement by directors	070
Statutory declaration	074
Report of the auditors	075
Balance sheets	076
Income statements	078
Consolidated statement of changes in equity	080
Statement of changes in equity	082
Cash flow statements	083
Notes to the financial statements	085
Analysis of shareholdings	137
Analysis of warrant holdings	140
List of properties	143

AGM

Notice of Annual General Meeting	146
Statement accompanying notice of forty-sixth Annual General Meeting	148
Proxy form	149

Day-to-day:
it is about
consistency,
commitment and
progress.



CHEMICAL COMPANY
OF MALAYSIA BERHAD
[5136-T]



Chairman's statement

Dear Shareholders

Malaysia and the global economy

Malaysia's economy grew by 6.0%, spearheaded by the services sector. Strong domestic consumption spending, higher tourist arrivals and stronger wholesale and retail trade were the main growth contributors, with additional impetus from the real estate, business services, finance and insurance sub-sectors.

The chemical and chemical products industry contributed 10% to the overall growth of the manufacturing sector,

despite higher crude oil prices. The Pharmaceuticals business was affected by higher raw materials prices while the fertilizers business posted better results due to higher external demand and domestic usage by the agricultural sector.

The global economy posted a growth of 5.2%, boosted by the more dynamic expansion of the economies of China, India and Russia which overshadowed the slower growth rates recorded in the US and Europe.

At CCM

Buoyed by the country's economic performance, we turned in a credible set of financial numbers for the financial year 2007. We achieved a turnover of RM1.4 billion compared to RM1.1 billion posted in 2006 and, excluding the effects of unusual items, comparable Profit Before Tax increased from RM74.3 million in 2006 to RM93.3 million in 2007. Reported Profit Before Tax however, declined from RM138.4 million in 2006 to RM105.6 million in 2007, due to non-recurrence of the extraordinary gain from sale of investments recorded in 2006, leading to a drop in earnings per share of 26.9 sen reported in the previous year to 15.7 sen for the year under review.

Our core businesses

All subsidiaries in our core businesses of chemicals, fertilizers and pharmaceuticals performed to expectations.

The Chemicals Division increased its turnover from RM415.8 million in 2006 to RM511.1 million in 2007. It added new agencies to its already extensive portfolio of products, continued to post record-level sales of caustic soda in the country and maintained its strong sales of metals in the region. Our subsidiary in Thailand, CCM Siam Ltd, commenced operations in the first quarter of 2007, further extending our regional network that also covers Indonesia, Singapore and Vietnam.

At the industry level, we have continued our commitment to the Responsible Care Awards promoted by the Chemical Industries Council of Malaysia [CICM]. We were one of the pioneer signatories to the Responsible Care Programme [RCP] when it was introduced by CICM in 1994 and we took on the sponsorship of the Awards for the year 2006. The Awards are part of CICM's RCP, which in turn is a voluntary worldwide initiative to encourage chemical corporations to practise good management practices.

The Malaysian chemical industry is highly regarded in the Asia Pacific region for its RCP and its efforts to persuade industry members to become signatories of the Responsible Care [RC] code as well as to subject them to annual performance reviews. In the last Asia Pacific Chemical Industries Council Review published in 2003, Malaysia was ranked first amongst ASEAN countries and was among the top five in the Asia Pacific region, together with Japan, Australia, New Zealand and Hong Kong. We sealed our local standing by winning five Gold Responsible Care Awards and one Merit Award under the General Chemicals category at the CICM's annual dinner in September 2007.

As the leading supplier of water treatment solutions to the municipal and industrial waste water sectors in the country, our watercare business in the Chemicals Division continued to be lucrative. Future prospects will be enhanced through our acquisition of 97.0% equity in Enersave Water Sdn Bhd, a company involved in designing, installing and providing maintenance services for water purification and waste water treatment systems primarily for the oil & gas, microelectronics and utilities sectors.

Our Fertilizers Division is the largest producer of compound fertilizers in Malaysia, with 30.0% of local market share, and the only one to have been granted both the SIRIM as well as MS ISO 9001:2000 quality

awards. We only have one plant at present at the Shah Alam Industrial Estate in Selangor. It began operations in 1967 and has an annual rated capacity of 260,000 tonnes. We plan to set up three new plants to increase our manufacturing capacity and to reduce the cycle time in bringing our products to customers in Sabah, Sarawak and Indonesia. The first new plant at the Kidurong Industrial Area in Bintulu, Sarawak, had its ground breaking ceremony in January 2007 and 60% of the construction has been completed as at end-2007. Construction of the second plant in Medan, Indonesia, started in December 2007 while land for the third plant in Lahad Datu, Sabah, has been purchased. When all the three new plants are in operation, we will have a combined capacity of 670,000 tonnes of fertilizers per year, which will make us one of the largest producers of compound fertilizers in ASEAN.

A new fertilizer product, CHB 28, for mature oil palm was launched in February 2007. During the year, we were designated the preferred fertilizer supplier to the newly merged Synergy Drive [subsequently renamed as Sime Darby Berhad] as a result of a Memorandum of Understanding signed with that company. Despite having to raise the price on CHB compound fertilizers by 15% to mitigate increases in the prices of raw materials, we were able to increase turnover from RM535.6 million in 2006 to RM723.8 million in 2007.

An aspect of our three-pronged Strategic Plan for 2005-2007 was to improve earnings through mergers and acquisitions. In line with this objective, in March 2007, we acquired the established brands and assets of Malayan Pharmaceutical Sdn Bhd for RM22.0 million through our wholly-owned subsidiary, CCM Pharma Sdn Bhd. This move has brought several established and leading brands such as Chewies, Milidon, Cosmos dietary supplements and Cosmoplast under our wing, thus strengthening our position as a leader in the OTC market. The acquisition has also made us the owner of Malayan Pharmaceutical's registered intellectual property and a pharmaceutical manufacturing facility, which we plan to transform into a comprehensive research and development centre for the Group as well as a dedicated cephalosporin manufacturing plant.

The Pharmaceuticals Division has thus, been further strengthened with this acquisition of Malayan Pharmaceutical's brands and assets. CCM Pharmaceuticals, with over 280 products in its portfolio, is already the nation's largest manufacturer of generic drugs. CCM Duopharma Biotech, acquired in 2006, is a leading manufacturer of small volume injectables and has a growing herbal pharmaceutical business.

24.01.2007



CCM breaks ground for new fertilizer plant in Bintulu

Group is set to increase its manufacturing capacity

The groundbreaking ceremony of the Bintulu fertilizer plant was performed by Tan Sri Ab. Rahman Omar, Chairman of Chemical Company of Malaysia Berhad (CCM). The RM50 million plant at the Kidurong Industrial Area will increase the Group's fertilizers manufacturing capacity by 50% when operational in 2008.

The Bintulu plant is the first three new fertilizer plants in CCM's manufacturing expansion pipeline.

The other two plants will be in Lahad Datu, Sabah, and Medan, Indonesia.

The new plants, being close to markets in Sabah, Sarawak and Indonesia, will drastically reduce cycle time and logistics in delivering products to customers.

16.03.2007

CICM Responsible Care Awards

CCM sponsors 2006 awards

Chemical Company of Malaysia Berhad (CCM) shows its commitment for continuous improvement in the chemical industry's environmental, health and safety performance by sponsoring the CICM Responsible Care Awards 2006.

The Awards, organised by the Chemical Industries Council of Malaysia (CICM), were introduced in 2002 to promote greater understanding of the Responsible Care Programme (RCP) and its principles as well as recognising Responsible Care signatories that have made the most progress in enforcing the Programme's Six Codes of Management Practices.

Sponsorship of the Awards would help to develop awareness of initiatives adopted by members of the chemical industry towards improving the quality of their products and operations.

CCM has been a Responsible Care pioneer signatory with CICM since 1994.

Turnover was increased from RM204.8 million in 2006 to RM217.4 million in 2007, a result of more focused institutional sales, better services to private hospitals and wider penetration of local and regional markets.

Besides being a leading player in the pharmaceutical business in Malaysia, CCM also exports its products to over 20 countries, with Singapore and Hong Kong being our two biggest customers. We are now looking beyond the region towards the Middle East and Africa for additional new markets.

The big picture

As recommended by the guidelines under the GLC Transformation Programme, CCM had announced its 2007 and medium-term headline Key Performance Indicators [KPIs] at the beginning of the financial year. The resulting achievements at the close of the period were as follows:

Headline KPIs	Target	Results
2007 Turnover	RM1.3billion	RM1.4billion
2007 Profit Before Tax [PBT]	RM100million	RM105.6million
Return on Equity	12.0-15.0%*	8.5%

*mid-term target to be achieved by the year 2010

The 2007 headline KPIs were driven by growth in our three core businesses:

Pharmaceuticals

- Growth in local market share, especially for over-the-counter [OTC] products
- Increased business to the government sector
- Expansion in export business, especially in ASEAN markets
- Launch of new innovative products

Fertilizers

- Increased market position, especially in East Malaysia
- Expansion of business in Indonesia and South Thailand
- Increased bulk trading of straight fertilizers in ASEAN markets
- Sourcing of competitively priced raw materials to reduce costs.

Chemicals

- Regional expansion in ASEAN – growth of existing operations in Singapore, Indonesia, Vietnam and Thailand and start-up of operations in the Philippines
- New trading agencies
- Expansion of watercare business to include water engineering services.

Rewarding shareholders

CCM believes in sharing the results of its financial performance directly with shareholders through the maintenance of a high rate of dividend payout. Despite the need for higher levels of capital expenditures in line with our strategy to achieve accelerated future growth, we nevertheless have decided to sustain our dividend payout at the maximum level of 75% of the Group consolidated Profit After Tax and Minority Interests as allowed under our dividend policy. The Board is therefore recommending a final gross dividend declaration of 10.0 sen per share which, together with the interim dividend declared earlier will add up to a total dividend payout of 16.0 sen gross [11.8 sen net] per share for the year.

20.04.2007

MOU between CCM Agri-Max and Golden Hope Research

Joint efforts in R&D and commercialisation of products

Under the Memorandum of Understanding signed between CCM Agri-Max Sdn Bhd and Golden Hope Research Sdn Bhd, CCM Agri-Max would lead market research in the organic fertilizer industry and undertake sales and marketing activities while CCM Agri-Max and Golden Hope Research would jointly develop commercial grade compost from empty fruit bunches, mesocarp fibres and palm oil mill effluent and produce commercial grade organic fertilizer from oil palm decanter solids.

Chemical Company of Malaysia Berhad Group Managing Director, Dato' Dr Mohd Hashim Tajudin, said that the strategic partnership would enhance development and commercialisation of new products to meet the needs of the agro-based industry.

The near future

There are uncertainties in the global market arising from the subprime mortgage crisis in the US and a likely recession in its economy. Nonetheless, the overall global economy is still expected to record positive growth, albeit much affected by the US decline. The Malaysian economy, however, should be able to weather the storm given its strong fundamentals and diversified nature. Growth in 2008 is now expected at 5.0 - 5.5% with positive contributions from all industry sectors and with the main driver being domestic demand.

The businesses that we are in still have much to offer in terms of opportunities. The healthcare industry is burgeoning, thanks to greater interest amongst the public in individual health, which in turn is increasing the demand for more OTC, ethical and herbal-based pharmaceutical products. The focus on agriculture in the Ninth Malaysia Plan will help to boost our fertilizer business, which will also be benefiting from planned expansion in oil palm hectarage in Indonesia. Growth for our chemical business will come from regional expansion while demand for our products and services within the country remains stable.

Having obtained our Halal Certification, a Halal Council has been established at the CCM Group level while Halal Committees have been set up throughout our subsidiaries. We are intent on being a serious player in a global Islamic consumer market valued at about USD580.0 billion and that caters to more than 1.6 billion people. Sales of our pharmaceutical products to Muslim countries already contribute 20.0% to our total export turnover. We are working towards increasing this percentage to 40.0% in the next five years.

With our first three-year Strategic Plan [2005-2007] having completed its course, we are now set to put in place our second Strategic Plan for the period 2008-2010. The momentum for the Group has been set in our earlier initiatives and we are now ready to push it further at the regional as well as global level.


Acknowledgement

There are many parties to thank in keeping the CCM Group at the forefront of its industries. The management and staff, as always, have carried out their responsibilities with dedication, commitment and professionalism. We are grateful for the support and cooperation of the government agencies as well as our principals, suppliers and business partners. Our appreciation goes to our shareholders for their trust in our management of the Group and our customers for their belief in our products and services.

I would like to take this opportunity to welcome Tan Sri Abu Bakar bin Suleiman to the Board of Directors. I also wish to record our appreciation to Dato' Seri Mohd Hussaini bin Haji Abdul Jamil for his contributions to the Group while he was a member of the Board and extend to him our very best wishes in his endeavours. Finally, on a personal note, my thanks go to my fellow Board members for their invaluable insights and guidance.

Tan Sri Ab. Rahman bin Omar
Chairman



A photograph of two men sitting on the ground under a large tree in a lush, green field. The man on the left, wearing a light-colored short-sleeved shirt and trousers, is pointing his right hand towards the horizon. The man on the right, wearing a grey polo shirt and blue jeans, is smiling and looking towards the first man. The scene is bathed in natural light, with a soft green tint overlaid on the image. In the foreground, there are blurred green leaves and what appears to be a basket of fruit.

Achieving
results,
reaping
rewards.



Group Managing Director's operations review

It has been another year of commendable results for the CCM Group. Our three business divisions, i.e. Chemicals, Fertilizers and Pharmaceuticals, continued their upward trends in sales turnover and profits. We maintained our focus on expanding our facilities, extending our product range and increasing our market network.

At the corporate level, the acquisition of Enersave Water Sdn Bhd [EWSB] and the brands and assets of Malayan Pharmaceutical have helped to facilitate our business expansion.

Our participation in the 50th Merdeka celebrations was a campaign that involved the youth of our community and delivered a meaningful message. Together with our ongoing CSR programmes, it reflected our status as a major player in the corporate sector. Our success was driven by our investment in human capital development, a factor critical in bringing us strategically forward and ensuring that we remained relevant in our industry.

Chemicals division

The year under review has seen further overall growth in trading activities as well as greater business expansion in regional markets. Our sales volume for all manufactured products have improved as well. There were also improvements in our trade working capital due to increased efforts and focus in credit management.

In our ongoing effort to enhance product offerings, we have successfully acquired new agencies with regional distribution rights. The sales of caustic soda in Malaysia were at record volumes and our chlor-alkali manufacturing plants continued to run above nameplate capacities. However, the entry of cheaper imports into the local market had eroded prices, resulting in lower profitability. Regional metal sales remained strong despite a downward trend in nickel prices. The escalating energy costs resulting from higher oil prices have posed a challenge to the business. We have implemented various cost containment measures as well as operational efficiency improvements to minimise the negative impact of rising costs on profitability.

Through EWSB, we will be expanding our range of watercare solutions to include physical water treatment technology in the clean water and waste water sectors.

Our overseas operations, namely CCM Indonesia and CCM Singapore, have achieved impressive turnover figures in 2007 while CCM Vietnam performed to expectations. We expanded our product portfolio in Indonesia to capitalise on the growth in that country's industrial sector. In Vietnam, we have secured new agencies in specialty chemicals and extended our geographical coverage. The official opening of CCM Siam, which commenced operations in the first quarter of 2007, reinforced our presence in Thailand and our regional business network. As part of our business growth strategy, we will continue to actively pursue acquisition and joint venture opportunities to strengthen market positioning in ensuring sustainable growth.

Fertilizers division

We started off the year 2007 with the groundbreaking of our new RM50 million fertilizer plant at the Kidurong Industrial Area in Bintulu, Sarawak, in January. Construction is on schedule with about 60% completed at end-2007. When it becomes operational in 2008, the plant will have an annual capacity of 130,000 tonnes, thereby increasing the CCM Group's fertilizer manufacturing capacity by 50%. Our only plant at present, which began operations in 1967 as the first compound manufacturing facility in Malaysia, is at the Shah Alam Industrial Estate and has an annual capacity of 260,000 tonnes.

The Bintulu plant is the first of three new plants to be set up to increase our manufacturing capacity and to reduce the cycle time in bringing our products to customers in Sabah, Sarawak and Indonesia. The second new plant will be in Medan, Indonesia. Construction commenced in December 2007 and the RM50 million plant is expected to be operational by January 2009. The Medan facility will increase CCM's NPK compound fertilizer product capacity by 30% and will set the Group up to become one of the largest producers of compound fertilizers in the ASEAN region.

The third new plant will be in Lahad Datu, Sabah. Land for the plant has been purchased and civil and building construction is expected to begin in March 2008. Plant commissioning is targeted for January 2010. Once all three plants are in operation, CCM will have a combined capacity of 670,000 tonnes of fertilizers per year.

28.05.2007



CHEMICAL COMPANY OF MALAYSIA BERHAD 45TH ANNUAL GENERAL MEETING

28th MAY 2007



CCM 2006 turnover a record RM1.1 billion

A 36% increase from 2005

Chemical Company of Malaysia Berhad's (CCM) turnover hit a record RM1.1 billion for the financial year ended 31 December 2006.

CCM's Pharmaceuticals division was the main contributor to the Group's performance with an increase in revenue of 106.2%, attributable to the launch of several new and innovative products and strong sales performance to the private and government sectors.

The fertilizers division grew its revenue by 35%. Three new plants are in the pipeline. The new plant in Bintulu will increase fertilizer

manufacturing capacity by 50% when it becomes operational in 2008.

The chemicals division recorded an increase of 16.2% in turnover due mainly to the performance of both its manufacturing and trading businesses. About 28% of turnover was derived from exports and sales outside Malaysia. CCM aims to be a regional industry player following its strong performance in Singapore, Indonesia, Vietnam and Thailand.

The Group Chairman Tan Sri Ab. Rahman Omar said that the Group has been achieving double-digit revenue growth over the last five years.

In September during the year under review, we had to raise the price on CHB compound fertilizers by 15% to mitigate increases in the prices of raw materials. Fierce price competition for base volume in tender exercises continued to affect our margins. Nonetheless, we obtained an award to supply fertilizers to Synergy Drive [now known as Sime Darby Berhad] in Malaysia and expect to be awarded the supply of fertilizers to PT Minamas and Synergy Drive in Indonesia.

Pharmaceuticals division

The acquisition of Malayan Pharmaceutical's brands and assets in 2007 gave us ownership of its registered intellectual property as well as a 60,000 sq ft three-storey pharmaceutical manufacturing facility on a 1.5-acre site in Glenmarie. By October 2007, we had succeeded in fully integrating the people and products of this facility into the CCM Group structure.

The site will eventually be converted into a dedicated cephalosporin manufacturing facility for the Group, a prerequisite of the Ministry of Health as well as ASEAN Good Manufacturing Practice guidelines. It will make us the first Malaysian pharmaceutical company to comply with the guidelines. Our new Innovax research and development centre, complete with pilot production facilities, will also be located on the site.

Our brands, such as Champs, Proviton and Uphamol, are already well known in the market. Through Malayan Pharmaceutical, our product range will cover established OTC names such as Chewies, Milidon, Cosmos and Cosmoplast. The Pharmaceuticals Division launched six new ethical products and two OTC products in 2007, while two existing OTC products were re-launched. Our product mix for the year remained at 20 per cent OTC and 80 per cent ethical products.

While we export our pharmaceutical products to over 20 countries worldwide, our sales in the ASEAN region, particularly Cambodia, Indonesia, Hongkong and Singapore, were the major contributor to our profitability. We are opening a new regional office in the Philippines in 2008, adding to our network of regional offices in Indonesia, Singapore, Thailand and Vietnam. Our interests in Cambodia, Hongkong and Myanmar are represented by regional associates, while agents have been appointed in Taiwan and parts of Africa, Asia-Pacific and Middle East.

07.06.2007



Official opening of CCM Siam office

New office extends regional network

CCM Siam Limited had its opening ceremony at its office in Rasa Tower 11, Phaholyothin Road, Jatujak, Bangkok. The event was officiated by HE Dato' Sharaani Ibrahim, Malaysian Ambassador to Thailand.

Group Managing Director of Chemical Company of Malaysia Berhad (CCM), Dato' Dr Mohd Hashim Tajudin shared the Group's vision with local business associates and other guests present at the ceremony.

Corporate social responsibility

It is the CCM Group's policy to be a responsible corporate organisation through integrating our business values and operations to meet the expectations of our stakeholders.

We are committed to managing our business to the highest standards of integrity and corporate governance practices. We strive to provide our customers with products and services hallmarked by quality and care. Due attention is given towards protecting the health and safety of all individuals affected by our activities as well as to assessing and managing the environmental impact of all our operations. We believe in equal opportunity in all aspects of employment and participation in community programmes to enhance the quality of life for all concerned.

Healthcare in the community

As a leading player in the pharmaceutical industry, we are concerned about healthcare in the community and aim to assist specific sectors that are in need. Our concern about general healthcare needed to begin 'at home'. Therefore, in March 2007, CCM launched the Healthy Living Campaign to increase awareness on the different aspects of healthy living amongst employees of the Group, with the ultimate objective of fostering a supportive social and physical environment to encourage healthy living. The campaign began with all subsidiaries implementing workplace health promotion programmes, which will eventually translate into improved health amongst employees.

Going beyond the organisation and into the community, we extended a helping hand where and when needed. In January 2007, heeding the Government's call to help flood victims in Johor, we donated RM50,000 worth of over-the-counter [OTC] and ethical products. Malaysian soldiers from the army, navy and air force who were part of the United Nations Interim Force in Lebanon were not forgotten. In July 2007, we donated RM170,000 worth of pharmaceutical products to help them maintain their health and well-being during their tour of duty. We also looked into the needs of the elderly. During the year under review, a year's supply of Donna Forte 500mg, a product to alleviate the symptoms of osteoarthritis, and other related products were donated to the aged residents of Penjagaan Warga Tua Sri Tanjung, Kuang, Selangor.

For the fourth year, through the 'Sahabat Korporat Tabung Haji' programme, we assisted Malaysian pilgrims on their Haj with a donation of 40,000 sets of personal first aid kits worth RM700,000, bringing the total number of

kits donated to-date to 137,000 sets worth over RM2.7 million. The pilgrims were provided with products to treat and manage simple ailments such as headache, muscular strain, eye irritation and sore throat.

We collaborated with Yayasan Jantung Malaysia [YJM] in their drive to educate the public on how to care for the heart. We supported YJM's 'Heart Week' programme by sponsoring healthcare gifts for members of the public who participated in the programme's activities held at shopping complexes in Seremban and Kuala Lumpur in March 2007.

Support was also extended to the National Diabetes Institute [NADI] to help them promote greater public awareness on diabetes prevention. At the launch of Diamelon in December 2006, a pledge was made to donate 50 sen to NADI from the proceeds of the sale of every bottle of the product. Subsequently, in November 2007, an amount of RM7,000 was presented to the Institute at a presentation ceremony held in conjunction with 'World Diabetes Day'.

Our two-year Memorandum of Understanding with Yayasan Rahah, which was signed in September 2006, entered its second year in 2007. Our contribution of medicines and pharmaceutical products helped the foundation in providing free medical services to rural communities where healthcare services were not so easily accessible.

Education

Education and knowledge development is an important part of our CSR programme. We continued our commitment to supply science, technology and health books to students in nine national type primary schools in Perak. The year 2007 marked the second year that we have provided English and Bahasa Malaysia books to the resource centres of the selected schools. Rural schools were specifically chosen to provide them with the same opportunities and options as those in urban areas.

Another programme to help rural school children was the PINTAR programme, an initiative by Government-linked Companies [GLC] to adopt schools in rural areas and help them improve the academic performance of their students. As a GLC, the CCM Group participated in the PINTAR programme by adopting Sekolah Kebangsaan Juru in Penang. During the school's Excellence Day in 2007, we donated a set of reference books to the school while students who excelled in the national UPSR examination were presented with cash incentives for their achievement. In November 2007, a two-day one-night motivational camp was organised to officially kick off the CCM-PINTAR programme with the school.

To enhance English spelling capabilities, improve English proficiency and enrich the vocabulary of primary school children as well as to encourage good reading habit, we sponsored Malaysia's first national English spelling championship. Twenty-six 10 and 11-year-olds from 13 states participated in the competition that was co-organised with the Knowledge Discovery magazine and the Ministry of Education.

Other on-going projects are a testament to our belief and commitment towards educational pursuits. The CCM Foundation scholarships continue to enable deserving students to undertake undergraduate studies at local higher educational institutions. To-date, we have awarded more than 110 scholarships worth more than RM2.9 million. These CCM scholars receive an annual grant of RM7,000 each, are given industrial training during their semester breaks within the Group and offered employment upon graduation. We also offer scholarships for higher education under the auspices of our parent company, Permodalan Nasional Berhad, with contributions to Yayasan Tun Ismail.

Closer to home, children of members of our Golden Growers Club continue to receive Education Excellence awards for exemplary performance in the national SPM and STPM examinations. This club, set up in 1998, has a membership of more than 4,000 registered smallholders. In addition to educational assistance for their children, the smallholders also benefit through joint educational programmes conducted by CCM through an alliance with the Malaysian Palm Oil Board. Covering areas such as management and cultivation of smallholdings, these programmes aim to help smallholders boost productivity in line with the best agricultural and industry practices. They are also given discounts and incentives for newly developed clones and purchases of fertilizers and other products. The ultimate aim of these endeavours is to develop a professional and knowledgeable smallholder community with entrepreneurial skills.

Sports

The promotion of sports goes hand in hand with our commitment towards healthy living and healthcare. For the second year running, CCM was the main sponsor of the CCM Selangor International Open Bowling Championship in 2007. This event, which has been responsible for producing internationally-recognised Malaysian bowlers over the decades, attracted participants from various parts of the world.

The Group has also been contributing to the development of other sports, particularly lawn bowling and cricket.

Environment

Our involvement in actively promoting the Responsible Care Programme [RCP] reflects our serious commitment towards continuous improvement in the chemical industry's environmental, health and safety performance. The RCP, which is being promoted by the Chemical Industries Council of Malaysia [CICM], is a voluntary worldwide initiative to encourage chemical corporations to practise good safety, health and environmental management. CCM, an RCP pioneer signatory since 1994, sponsored the CICM Responsible Care Awards 2006 that were presented during the year under review.

At the community level, a 'Greening the School' project was undertaken in June 2007 at Sekolah Kebangsaan Padang Jawa in Shah Alam. Awnings were installed at the school canteen area to provide students with better cover from the sun as well as rain during their break-time. Thirty Asoka trees were planted in the school grounds to create a more conducive environment for learning. The school playing field was also turf-ed and we undertook to maintain it for a three-month period.

Celebrating Malaysia's 50th Anniversary

The year under review was special in being the 50th anniversary of Malaysia's independence from British rule. We joined in the celebrations with the 'CHAMPS 50th Merdeka Prayer' television commercial, which featured ten children representing the country's different races, religions and cultures offering prayers in various languages to express gratitude for the country's peace and prosperity. CHAMPS is our brand of multivitamins for children, providing them with sufficient supplemental nutrients to lead a healthy and active lifestyle.

In a slogan-writing contest held in conjunction with the launch of the Merdeka Prayer commercial, 15-year-old Christina Soh Ling Xian won the first prize. A contest was also held for our retailers to show their display creativity at their outlets, which was won by 51 Avenue Pharmacy in Kajang. At the prize presentation ceremony in December 2007, we pledged a year's supply of CHAMPS Emulsion Cod Liver Oil and CHAMPS D-Worm6 to the children of Rumah Darul Izzah and Rumah Keluarga Kami.

Another Merdeka-related activity was our sponsorship of a competition organised by Utusan Malaysia during the year under review. The 'Kreatif Cerita: Sembang Merdeka' competition was to help encourage children to tap their creativity through story-telling in a conversational-dialogue format.

21.06.2007

Educational Excellence Awards 2007

Recognition for children of Golden Growers Club members

The 9th CCM Fertilizers Educational Excellence Awards for the children of members of the Golden Growers Club was held in recognition for those who had achieved excellent results in their SPM and STPM 2006 examinations.

Haji Mohd Ali Sabri, Chief Operating Officer of CCM Fertilizers Sdn Bhd, said in his welcoming address that the Company would continue to provide such awards as part of its social responsibility towards the planters' community.

A total of 33 recipients received cheques and premium saving certificates from the Group Managing Director, Dato' Dr Mohd Hashim Tajudin who encouraged students to continue learning and searching for knowledge to excel in their studies.

Human resource development

With the CCM Group becoming a larger entity through internal organic growth and strategic acquisitions, the quality and capability of our human capital become even more critical to ensure that we maintain our competitiveness and position in our industry sectors. Our employees need to be committed to the philosophy and values of the Group and actively engaged in its overall development.

The essentials of an effective human resource management and development system are in place. With a workforce of 1,693 people, we continue to build capacity and capability through promoting the concept of a lifelong learning organisation group-wide. Our training structure accommodates both the organisation's requirements as well as individual needs, bringing our employees up to mark in operational and technical knowledge. At the same time, the development of soft skills to enhance personal effectiveness is given due emphasis.

As an organisation adhering to the principles of Good Manufacturing Practices advocated by the Ministry of Health and the European PICS standards, training programmes are conducted in areas such as ISO Lead Assessor training, internal quality audit, safe handling of chemicals, emergency response planning and water processing technology. Such programmes are held at the Group as well as subsidiary levels for greater effectiveness and efficiency. Most of the developmental training is organised internally and conducted by external trainers. Nevertheless, our employees also attend external programmes, within the country as well as abroad, to help them acquire the latest skills and knowledge.

To retain top talents and ensure an available pool of capable managers, a succession planning programme has been implemented that has to-date enabled the Group to fill about 80% of key management positions internally. For this programme to be more successful, CCM has a flexible business structure to allow our employees to progress in their careers in line with business and market expansion within the Group. A leadership programme has been developed so that our pool of future leaders acquire the critical thinking and problem solving skills necessary for them to be innovative and results-oriented.

For the years ahead, we will be enhancing our human resources further through the implementation of a Strategic HR Roadmap for 2008-2010. This initiative will be critical in helping us to achieve our strategic business plans.

Research & development

Our future growth depends to a great extent on our research and development [R&D] capabilities, particularly our willingness to invest in this area. We have therefore, made a deliberate commitment towards establishing strategic partnerships with international R&D companies and other organisations to achieve timely and effective results.

We hold a 15% stake in the equity of Synergy America, Inc. [SynAm] through our wholly-owned subsidiary, CCM Investments Limited. SynAm is a private R&D company based in Maryland, USA, which is undertaking work on a new and innovative vaccine that will be effective against *streptococcus pneumoniae*. These bacteria can cause diseases such as pneumonia and meningitis. The potential global market for this vaccine is about USD10 billion and CCM has been given the exclusive rights to market it in Asia [excluding Japan].

Our wholly-owned R&D company, Innovax Sdn Bhd, has a Memorandum of Understanding [MOU] with Golden Hope Research Sdn Bhd [GHR] to jointly undertake R&D and commercialisation of herbal healthcare and wellbeing products. In April 2007, the CCM Group signed another MOU with GHR, this time through wholly-owned subsidiary, CCM Agri-Max Sdn Bhd. Under this MOU, CCM Agri-Max would lead market research in the organic fertilizer industry and undertake sales and marketing activities, while CCM Agri-Max and GHR would jointly develop commercial grade compost from empty fruit bunches, mesocarp fibers and palm oil mill effluent and produce commercial grade organic fertilizer from oil palm decanter solids.

In 2007, CCM Fertilizers Sdn Bhd started a synergistic collaboration with the Malaysia Agricultural Research and Development Institute in developing a nitro-humic acid-based crop booster liquid fertilizer. Our role is to develop and formulate a suitable formulation to boost crops' yield such as paddy, tomato and fruit crops. At the same time, an arrangement to build a pilot plant on the premises of CCM Fertilizers at Shah Alam has been made. The prospective market for such a fertilizer is estimated at RM15 million per year.

During Minggu Saham Amanah Malaysia 2007 in Kuantan, Pahang, our Fertilizers Division conducted test marketing of its latest product, the HortiFert range of home garden fertilizer. This new product was developed to fulfill the retail sector's demand for quality fertilizers to be used by homeowners and landscape enthusiasts. This market sector is full of potential and will provide tremendous growth opportunity for the Group.

While CCM's own R&D facilities are actively creating products such as Diamelon, strategic partnerships do enhance the Group's capabilities not only in R&D but also in commercialising new products to meet market needs.

Safety, health & environment

As a listed company on the Main Board of Bursa Malaysia and a key player in its industry sectors, CCM does not compromise where Safety, Health and Environmental [SHE] issues are concerned.

SHE programmes are an ongoing feature at various locations of the CCM Group. These include a comprehensive SHE induction programme for all recruits, detailing all aspects of SHE requirements within the company and regulatory compliance issues that impact business performance. Mock drills to test the level, quality and preparedness of the Group to respond to emergencies coupled with community awareness and neighbourhood programmes are frequent initiatives. Product stewardship programmes involving customers, suppliers and transporters are yet another feature of the SHE management protocol at CCM. The Group continues to give attention to minimising and reducing greenhouse gas emissions in line with the United Nations Framework Convention on Climate Change and the tenets of the Kyoto Protocol. There is constant benchmarking against international best practices to ensure that CCM is at par with similar companies worldwide in regard to SHE management.

CCM's commitment towards SHE is best exemplified in its involvement in the Responsible Care Programme [RCP] pursued by the Chemical Industries Council of Malaysia [CICM]. The Group has been an RCP pioneer signatory since 1994. CICM is spearheading the RCP in Malaysia to increase the industry's adherence to the RC Codes. The RCP is a voluntary worldwide initiative to encourage chemical corporations to practise good SHE management. In Malaysia, there are now 109 RCP signatories. It is a mark of the industry's seriousness in implementing RCP in Malaysia and the acknowledgement of the need to excel and be competitive in the face of global challenges.

To promote greater understanding of RCP, CICM has been organising the Responsible Care Awards since 2002. The Awards aim to recognise the RCP signatories that have made the most progress in implementing the programme's Six Codes of Management Practices. CCM sponsored the Awards for 2006, which were presented at the Council's annual dinner in September 2007. In the General Chemicals category, CCM Chemicals won the Gold Awards for Distribution Code, Community Awareness and Emergency Response Code, Pollution Prevention Code, Process Safety Code and Product Stewardship Code. The Company also won a Merit Award for Employee Health and Safety Code.

CCM will continue to address SHE issues in the industry sectors that it operates in and work towards improving its performance in these areas for a better future for all concerned.

Dato' Dr Mohamad Hashim bin Ahmad Tajudin

10.07.2007



Signing ceremony for construction of Bintulu plant

Plant will boost fertilizers production to 400,000 tonnes per year

A signing ceremony between Chemical Company of Malaysia Berhad (CCM) and Johabaru Sdn Bhd was held to mark the construction of the new fertilizer plant in Bintulu, Sarawak.

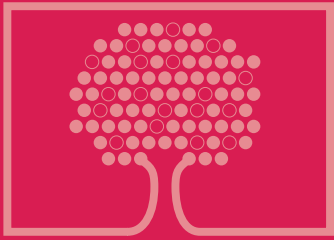
The plant, designed to produce 130,000 tonnes of urea-based NPK compound fertilizer, will boost

CCM's fertilizer production to 400,000 tonnes per year when it is completed.

The construction of the fertilizer plant is ahead of schedule and will be ready for operation in June 2008.



Sustaining
momentum,
maintaining
growth.



Corporate information

Joint company secretaries

Noor Azwah Binti Samsudin [LS 0006071]
Ibrahim Hussin Salleh [LS 0009121]

Registered office

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

Works

Shah Alam, Pasir Gudang, Bangi,
Petaling Jaya, Glenmarie, Subang Jaya,
Klang

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 [Malaysia] Berhad

Solicitors

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

Salleh & Haq
Lot 33 & 35, Level 4
Jalan Medan Tuanku
50300 Kuala Lumpur

Board structure

Board committee

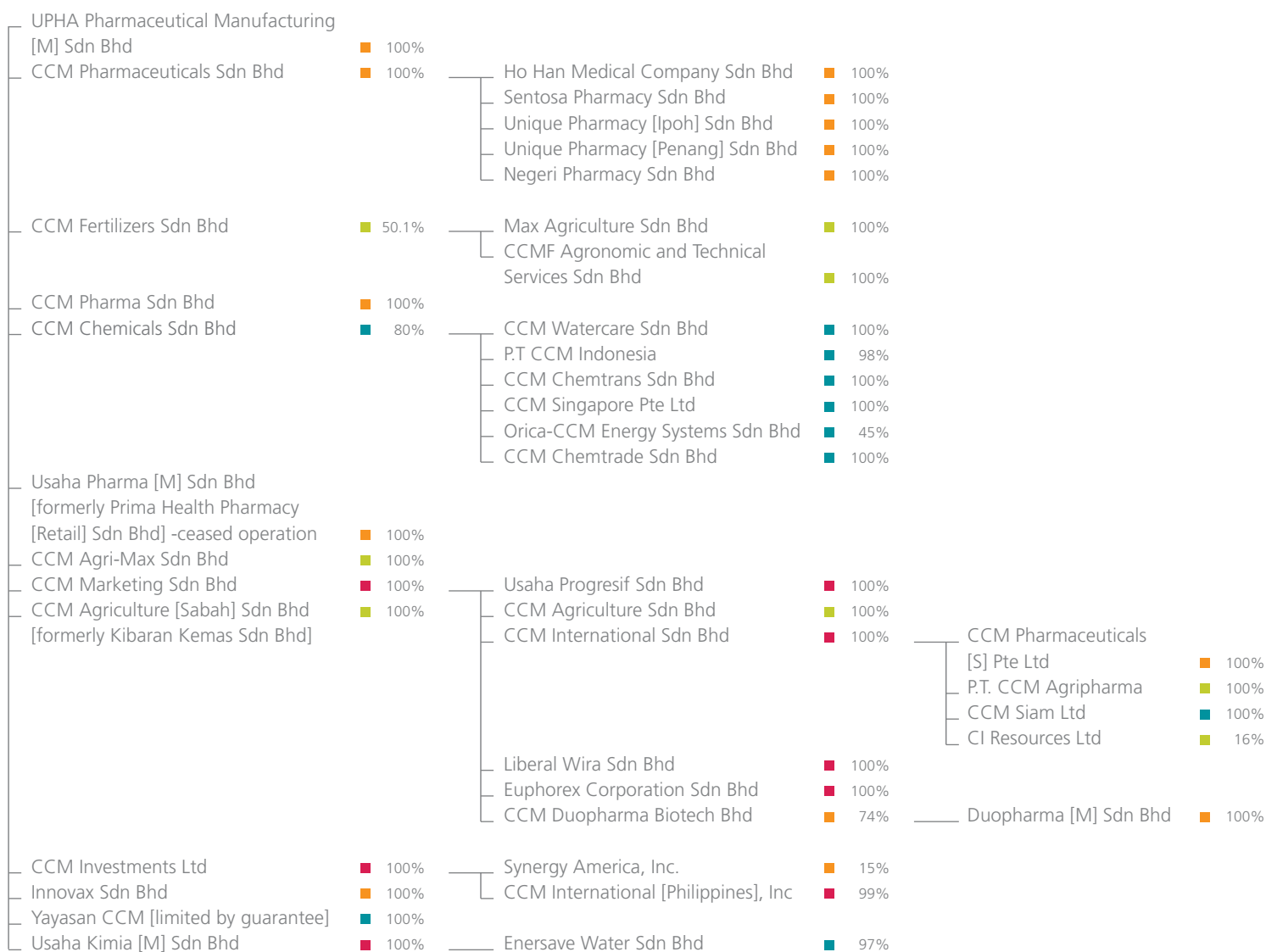


Management committee



Group structure

Chemical Company of Malaysia Berhad



Pharmaceuticals division ■
 Chemicals division ■
 Fertilizers division ■
 Others ■



From L to R: Dato' Dr Mohamad Hashim bin Ahmad Tajudin, Tan Sri Ab Rahman bin Omar

Board of directors

Tan Sri Ab. Rahman bin Omar
61, Malaysian

Qualification

- Bachelor of Economics [Hons], Universiti Malaya

Membership of associations

- None

Position on the board

- Non-Independent
Non-Executive Chairman

Date appointed to the board

- 27 May 2004

Working experience and occupation

- Tan Sri Ab Rahman started his career in the Administration and Diplomatic Services in the Ministry of Commerce and Industry and the Ministry of Primary Industry from 1970 to 1973. He joined Pineapple Cannery Malaysia Sdn Bhd as its Finance and Administration Manager in 1973 and was appointed a Director in April 1980. He then took on the appointment of Director/General Manager of Perusahaan Sadur Timah Malaysia Berhad in 1980 and is currently its Chairman. He became the Managing Director of Perusahaan Otomobil Kedua Sdn Bhd in 1996.

Membership of board committees

- Chairman, Government-Linked Companies Transformation Committee
- Member, Nomination & Remuneration Committee

Directorships of other public companies

- DRB-HICOM Berhad
- Wah Seong Corporation Berhad
- Perusahaan Sadur Timah Malaysia Berhad
- Edaran Otomobil 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

Dato' Dr Mohamad Hashim bin Ahmad Tajudin
53, Malaysian

Qualifications

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

Membership of associations

- Council Member, MARDI Science Council
- Chairman, Planters Editorial Committee for the Incorporated Society of Planters
- Member, R&D Directorate of the National Biotechnology Council
- Council Member, Federation of Malaysian Manufacturers
- Chairman, Branding and Intellectual Property Committee, Federation of Malaysian Manufacturers
- Committee Member, Biotechnology, Pharmaceutical Healthcare Clusters Working Group to Jawatankuasa Penasihat Pensyarikatan, Bumiputera Implementation Coordination Unit, Prime Minister's Department

Position on the board

- Group Managing Director

Date appointed to the board

- 27 May 2004

Working experience and occupation

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

Membership of board committees

- None

Directorships of other public companies

- CCM Duopharma Biotech Berhad

Securities holdings in the company and its subsidiaries

- As disclosed on page 071.

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



From L to R: Dato' Kalsom binti Abdul Rahman, Dato' N Sadasivan, Tan Sri Dato' Dr Mohamed Yusof bin Hashim



From L to R: Jamiah binti Abdul Hamid, Tan Sri Dato' Dr Abu Bakar bin Suleiman, Abdul Rahim bin Abdul Hamid

Dato' Kalsom binti Abdul Rahman
59, Malaysian

Qualifications

- Bachelor of Economics [Hons], Universiti Malaya
- Masters in Business Administration [Finance], University of Eugene, Oregon, USA

Membership of associations

- None

Position on the board

- Independent Non-Executive Director

Date appointed to the board

- 27.05.2004

Working experience and occupation

- Dato' Kalsom had served in various capacities in the Ministry of International Trade and Industry [MITI] from 1972 to 1996 both at Headquarters and overseas. She was the Chief Executive Officer of Small & Medium Industries Development Corporation [SMIDEC] from 1996 to 2000 and was appointed the Deputy Secretary General of MITI from 2000 to 2004.

Membership of board committees

- Member, Finance & Investment Committee
- Member, Government-Linked Companies Transformation Committee

Directorships of other public companies

- Malaysian Industrial Development Finance Berhad
- MIDF Amanah Asset Management Berhad
- MIDF Property Berhad
- MIDF Amanah Investment Bank Berhad
- MISC Berhad
- Lion Forest Industries 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

Dato' N Sadasivan
67, Malaysian

Qualification

- Bachelor of Arts [Hons] in Economics, Universiti Malaya

Membership of associations

- None

Position on the board

- Senior Independent Non-Executive Director

Date appointed to the board

- 1 March 1995

Working experience and occupation

- Dato' Sadasivan began his career as an Economist/Head of Division with the Economic Development Board, Singapore, in 1963. In 1968, he joined the Malaysian Industrial Development Authority [MIDA] and served as its Deputy Director-General from 1976 to 1983. From 1984 until his retirement in 1995, he was the Director-General of MIDA.

Membership of board committees

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

Directorships of other public companies

- Petronas Gas Berhad
- APM Automotive Holdings Berhad
- Leader Universal Holdings Berhad
- Malaysian Airline System Berhad
- Malaysian Industrial Development Finance Berhad
- Yeo Hiap Seng [Malaysia] Berhad
- Bank Negara Malaysia

Securities holdings in the company and its subsidiaries

- As disclosed on page 071

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
69, Malaysian

Qualifications

- PhD in Agricultural Science
- Fellow of the Academy of Science

Membership of associations

- Pertubuhan Kebajikan Islam Malaysia
- Institut Kefahaman Islam Malaysia
- Academy of Science

Position on the board

- Independent Non-Executive Director

Date appointed to the board

- 21 August 2002

Working experience and occupation

- Tan Sri Dato' Dr Mohamed Yusof was a lecturer at the Faculty of Agriculture, Universiti Malaya, from 1970 to 1973 before joining the Malaysian Agriculture Research and Development Institute as a research officer. He became the Institute's Deputy Director-General from 1979 to 1983 and then the Director General until 1993. Between 1984 and 2000, he served on the Australian Council of International Research in Canberra; International Service for National Agricultural Research in Hague, Holland; Asia-Pacific Association of Agricultural Research Institution; Food and Agricultural Organisation of Bangkok; Universiti Kebangsaan Malaysia and Universiti Putra Malaysia.

Tan Sri Dato' Dr Mohamed Yusof bin Hashim [contd.]

He was also the Chief Executive Officer of the Malaysian Palm Oil Promotion Council from 1994 to 2000.

Membership of board committees

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

Directorships of other public companies

- 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

Jamiah binti Abdul Hamid
53, Malaysian

Qualifications

- Diploma in Public Administration, Mara Institute of Technology
- Bachelor of Science [Finance], University of Northern Illinois, USA
- Master of Business Administration, Universiti Kebangsaan Malaysia
- Non-degree courses: Harvard Business School, USA; Asian Institute of Management, Manila
- Holder of a fund management representative licence and a certified financial planner

Membership of associations

- Member, Kelab Asian Institute of Management Malaysia

Position on the board

- Non-Independent
Non-Executive Director

Date appointed to the board

- 3 April 2006

Working experience and occupation

- Puan Jamiah has an extensive career in investment spanning 26 years. She began her career working as an Administrative Assistant in the Mara Institute of Technology before joining Permodalan Nasional Berhad [PNB]. In PNB, Puan Jamiah started her career as the first batch of management trainee and has accumulated extensive experience and expertise through the various positions held in the areas of investment operations, corporate finance, research and portfolio management. Today, she is the Executive Vice-President I for the Corporate Finance, Communications and International Division and Human Resource Division.

Membership of board committees

- Member, Finance & Investment Committee
- Member, Government-Linked Companies Transformation Committee

Directorships of other public companies

- Pernac Corporation Berhad
- Pelangi 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 Sri Dato' Dr Abu Bakar bin Suleiman
64, Malaysian

Qualifications

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

Membership of associations

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

Position on the board

- Non-Independent Non-Executive Director

Date appointed to the board

- 13 September 2007

Working experience and occupation

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

Tan Sri Dato' Dr Abu Bakar bin Suleiman [contd.]

Director-General of Health. He went on to become the Director-General of Health, a position he held from 1991 to 2001. He attended the Advanced Management Program at Harvard Business School, USA, in 1991. Upon his official retirement, he was appointed President of the International Medical University.

Membership of board committees

- Member, Finance and Investment Committee

Directorships of other public companies

- KPJ Healthcare Berhad
- Medical Defence Malaysia Berhad
- CCM Duopharma Biotech Berhad

Securities holdings in the company and its subsidiaries

- As disclosed on page 071

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

Abdul Rahim bin Abdul Hamid 58, Malaysian

Qualifications

- Fellow of the Association of Chartered Certified Accountants
- Member of the Malaysian Institute of Certified Public Accountants

Membership of associations

- Immediate Past President, Malaysian Institute of Accountants

Position on the board

- Independent Non-Executive Director

Date appointed to the board

- 3 April 2006

Working experience and occupation

- Encik Abdul Rahim is a qualified Certified Accountant and joined Coopers & Lybrand as an Audit Assistant in 1971. He began his climb up the company's corporate ladder and became the Managing Partner/Chief Executive in 1993. In 1998, he assumed the responsibility as Deputy Executive Chairman of PricewaterhouseCoopers and retired in 2004. He is also the Adjunct Professor in the Faculty of Accountancy, Universiti Teknologi MARA, a member of the Advisory Panel in the Economics and Business Faculty, Universiti Kebangsaan Malaysia and a member of the Professional Development Panel, INCEIF.

Membership of board committees

- Member, Audit Committee

Directorships of other public companies

- MIMOS Berhad
- Pelangi Berhad
- Amanah Property Trust Managers Berhad
- MIDF Amanah Asset Management 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

E Sreesanthan 47, Malaysian

Qualifications

- LLB [Hons], Universiti Malaya
- B.C.L, University of Oxford, United Kingdom

Membership of associations

- Member, Bursa Malaysia Central Depository Advisory Committee

Position on the board

- Non-Independent Non-Executive Director

Date appointed to the board

- 11 September 2003

Working experience and occupation

- An advocate and solicitor, Mr E Sreesanthan is a partner at Messrs Kadir, Andri and Partners. He sits on the Investment Committee of the Amanah Saham Wawasan 2020 Fund and is also an accredited mediator of the Malaysian Mediation Centre, a member of the Bursa Malaysia Central Depository Advisory Committee and the Investigating Tribunal Panel of the Advocates and Solicitors' Disciplinary Board.

Membership of board committees

- Chairman, Finance & Investment Committee
- Member, Government-Linked Companies Transformation Committee

Directorships of other public companies

- Scomi Group Berhad
- Guinness Anchor Berhad

Securities holdings in the company and its subsidiaries

- None

Family relationship with any director and/or major shareholder

- None

E Sreesanthan [contd.]

Conflict of interest with the company

· None

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

· None



E Sreesanthan



From L to R: Yeoh Keat Chye, Billy Urudra, Haji Mohd Ali Sabri

Senior management

Yeoh Keat Chye

57, Malaysian

Director, Chemicals Division

Qualifications

- Bachelor in Chemical Engineering [1st Class], University of Canterbury, Christchurch, New Zealand

Membership of associations

- Member, Institution of Chemical Engineers
- Chartered Engineer, Council of Engineering Institution
- Exco Member, Chemical Industries Council of Malaysia

Working experience and occupation

- Mr Yeoh has 32 years of experience in ICI/CCM. He began his career as a trainee Plant Manager in October 1974 and has been seconded to 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 Sdn Bhd in 1995.

Billy Urudra

47, Malaysian

Director, Group Strategic Planning & Business Development

Qualifications

- Bachelor of Science [Hons] in Mechanical Engineering, Middlesex University, UK
- Graduate of the Senior Management Programme, Harvard Business School

Membership of associations

- None

Working experience and occupation

- Mr Urudra joined the ICI/CCM Group on 2 June 1983 as Plant Engineer for ICI Fertilizers [now known as CCM Fertilizers Sdn Bhd]. On 1 July 1989, he was transferred to ICI Industrial Chemicals [now known as CCM Chemicals Sdn Bhd] as Product Manager. Subsequently, on 1 October 1990, he was appointed Personnel Planning Manager of the ICI/CCM Group. He was transferred back to CCM Chemicals Sdn Bhd on 1 April 1992 and promoted to Business Manager, Chlor Alkali. On 7 March 1996, he was appointed Director of CCM Chemicals Sdn Bhd. On 1 February 2003, he was transferred to UPHA Corp [M] Sdn Bhd [now known as CCM Pharmaceuticals Sdn Bhd] as Director and General Manager, Marketing. On 1 July 2004, he was transferred to CCM Berhad as Group Business Development Manager and subsequently was appointed as Senior General Manager, Group Strategic Planning & Business Development on 1 January 2006. He was appointed as Director, Group Strategic Planning & Business Development on 1 July 2007, a position he currently holds.

Haji Mohd Ali Sabri

49, Malaysian

Director, Fertilizers Division

Qualifications

- Bachelor of Agricultural Science, Universiti Putra Malaysia
- Master of Business Administration, ITM-Ohio University
- Currently pursuing a Doctorate in Business Administration with Multimedia University, Cyberjaya

Membership of associations

- Member, Incorporated Society of Planters
- Member, Malaysian Society of Soil Science
- Member, Malaysian Agriculture Plant Protection Society

Working experience and occupation

- Haji Mohd Ali is currently the Director of CCM Fertilizers Division. He started his career with Monsanto [M] Sdn Bhd and joined the CCM Group in 1989. He has held several positions during his career with CCM Fertilizers Sdn Bhd, which were mainly in Sales, Marketing and Operations. He is also a Director of CCM Fertilizers Sdn Bhd since 1995. Prior to his current appointment, he was the Chief Operation Officer of CCM Fertilizers Sdn Bhd.

Leonard Ariff bin Abdul Shatar
43, Malaysian

Director, Pharmaceuticals Division

Qualifications

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

Membership of associations

- Associate Member, Malaysian Institute of Management

Working experience and occupation

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

Lee Yee Chong

52, Malaysian

Managing Director, CCM Pharmaceuticals Sdn Bhd

Qualifications

- BSc [Hons] Electrical & Electronic Engineering, University of Manchester Institute of Science & Technology, UK
- Master of Business Administration, Cranfield Institute of Technology, UK
- Advanced Course in Production Methods and Management University of Cambridge
- ICI International Managers Course, UK
- Senior Managers Development Program, Harvard Business School
- Currently pursuing a Doctorate Degree in Business Administration with the University of South Australia

Membership in associations

- Fellow Member, Chartered Institute of Management Accountants, UK
- Member, Malaysian Institute of Accountants
- Organizing Chairman, World Congress of Accountants [WCOA 2010]
- Past President, CIMA Malaysia Division
- Past President, Malaysian Organisation of Pharmaceutical Industries

Working experience and occupation

- Recruited by ICI Paints UK in 1979, Mr Lee joined ICI Paints [M] Sdn Bhd in 1982 and held various senior positions within the Group as Assistant Chief Accountant of ICI Malaysia Holdings, Manager of Information Technology, ICI Polyurethanes Asia-Pacific's Business Controller, General Manager, Finance & IT of ICI Malaysia. He was appointed Managing Director of CCM Pharmaceuticals Sdn Bhd on 1 April 1997.

Ahmad Mustaffa Abdul Manaf

56, Malaysian

Director, Finance

Qualifications

- Bachelor of Economics, Australia National University

Membership of associations

- Member, Malaysian Institute of Accountants
- Member, CPA Australia

Working experience and occupation

- Encik Ahmad Mustaffa has 28 years of experience in banking, accounting and finance. He joined the CCM Group of Companies in December 2005 and currently heads the Group Finance portfolio.



From L to R: Leonard Ariff bin Abdul Shatar, Lee Yee Chong, Ahmad Mustaffa bin Abdul Manaf



Nurturing
openness,
promoting
communication.

Statement on corporate governance

The Malaysian Code on Corporate Governance [the 'Code'] 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 to the shareholders on the manner the Company has applied the principles of good corporate governance and the extent of compliance with the Best Practices of Good Governance as set out in the Code throughout the year ended 31 December 2007.

Board of directors

Board responsibilities

The Board retains full and effective control of the Group. This includes responsibilities for determining the Group's overall strategic directions as well as development and control of the Group.

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 Board has established the authority limits for Management to manage the business 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. The Board is chaired by a Non-Independent Non-Executive Director and the management of the Group lies with the Group Managing Director. The roles of the Chairman and Group Managing Director are separated and clearly defined. As part of good corporate governance, the Chairman is responsible for ensuring

board effectiveness and conduct. He encourages a healthy debate on issues raised at meetings, gives opportunity to directors who wish to speak on the motions, either for or against them. Every Board resolution is then put to a vote which would reflect the collective decision of the Board and not the views of an individual or an interested group. The Group Managing Director oversees the day-to-day running of the business including organisational effectiveness, implementation of Board policies and strategies and clarifying matters relating to the Group's business to the Board. The Group Managing Director's in-depth and intimate knowledge of the Group's affairs contribute significantly towards the direction of the Group to achieve its goals and objectives.

The Company has in place a succession planning programme which inter alia includes appointing, training, fixing of compensation and replacing senior management of the Group.

Composition

The Group considers that its complement of Non-Executive Directors provide an effective Board with a mix of industry specific knowledge and broad business and commercial experience. The presence of Independent Non-Executive Directors is particularly important in corporate accountability. The Independent Non-Executive Directors provide unbiased and independent views, advice and judgment in ensuring that the strategies proposed by the management are truly deliberated and examined, taking into account the long term interest of the Group, shareholders, employees, customers and the business communities in which the Group conducts its business. This balance enables the Board to provide clear and effective leadership to the Group and to bring informed and independent judgement to many aspects of the Group's strategies and performance so as to ensure that the highest standards of conduct and integrity are maintained.

The Board, as at 31 December 2007, consists of 9 directors, of whom one [1] is an Executive Director, and four [4] out of the eight [8] Non-Executive Directors are independent. Dato' N.Sadasivan is the Senior Independent Non-Executive Director of the Company. A brief profile of each Director is presented on pages 031 to 036 of the Annual Report.

19.07.2007



Champs 50th Merdeka prayer

Commemorating Malaysia's 50th year of independence

Chemical Company of Malaysia Berhad [CCM] launched its CHAMPS 50th Merdeka Prayer television commercial to commemorate the country's 50th year of independence. The commercial featured ten children representing different races, religions and cultural backgrounds offering prayers in Bahasa Malaysia, English, Mandarin and Tamil, expressing their gratitude for the country's peace and prosperity over the past five decades.

Speaking at the launch, CCM Group Managing Director Dato' Dr Mohd Hashim Tajudin said, "We have come a long way since our independence and we hope the younger generation will appreciate

Malaysia's unity and success and continue to promote greater achievement when they grow up and become leaders of tomorrow."

The 30-second commercial was aired on TV3, 8TV, NTV7 and TV9 during the Merdeka celebration period from July to August 2007. A contest was held in conjunction with the launch of the commercial.

Appointment and re-election of directors

Appointment

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

The proposed appointment of a new member to the Board, as well as the proposed re-appointment and re-election of Director seeking re-election at the Annual General Meeting are recommended by the Nomination & Remuneration Committee [NRC] to the Board for their approval.

The Board is constantly reviewing the effectiveness of the Board as a whole, the Committees of the Board and for assessing the contribution of each individual director. All assessments and evaluation carried out by the NRC in the discharge of all its functions are properly documented.

New members of the Board undergo an in-house company training programme to familiarise themselves with the operations of the Group.

Re-election

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

Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129 [6] of the Companies Act, 1965.

Directors training

All Board members have attended the Mandatory Accreditation Programme [MAP] conducted by the Research Institute of Investment Analyst Malaysia [RIIAM] as prescribed by Bursa Malaysia Listing Requirement.

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

The Company has initiated its own comprehensive and formal training programme tailored to the needs of the Board of Directors. During the year, the Directors have attended the Continuing Education Programme on "The Overview of the Listing Requirements of Bursa Malaysia Securities Berhad and Key Continuing Obligations of Public Listed Companies" organised by the Company and facilitated by industry experts.

In addition to the in-house seminars, Directors are also encouraged to attend seminars and/or conferences organized by relevant regulatory authorities and professional bodies to further enhance their skills and knowledge as well as update themselves on new developments in the business environment.

Newly appointed Directors also underwent programme such as plant visits and briefings, to familiarise them with each of the business divisions.

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 is as follows:

	Number of board meetings	
	Held	Attended
Tan Sri Ab Rahman bin Omar	5	5
Dato' Dr. Mohamad Hashim bin Ahmad Tajudin	5	5
Dato' N Sadasivan	5	5
Tan Sri Dato' Dr. Mohamed Yusof bin Hashim	5	5
E. Sreesanthan	5	5
Dato' Kalsom binti Abdul Rahman	5	5
Jamiah binti Abdul Hamid	5	3
Abdul Rahim bin Abdul Hamid	5	4
Tan Sri Dato' Dr Abu Bakar bin Suleiman [appointed 13/09/07]	1	1
Dato' Seri Mohd Hussaini bin Haji Abdul Jamil [retired 28/05/07]	3	1

Relationship between board and senior management

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 the same right of access to all information within the Group and the duty to make further enquiries which they may require in discharging their duties including seeking independent professional advice, if necessary, at the Company's expense. The Directors also have access to the advice and services of the Company Secretaries who is available to provide them with the appropriate advice and services and also to ensure that the relevant procedures are followed.

The Directors are regularly updated on the latest developments in the legislations as well as statutory and regulatory requirements relating to the duties and responsibilities of Directors.

Board committees

The Board of Directors delegates specific responsibilities to the Board Committees, namely the Nomination & Remuneration Committee, Audit Committee, Finance & Investment Committee and Government-Linked Companies Transformation 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 Directors is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise to manage the Group successfully. The component parts of remuneration are structured so as to link rewards to corporate and individual performance, in the case of Executive Director. In the case of Non-Executive Directors, the level of remuneration reflect the experience and level of responsibilities undertaken by the particular Non-Executive Directors concerned.

The Nomination & Remuneration Committee is responsible for setting the policy framework and for making recommendations to the Board on all elements of the remuneration and other terms of employment of the Executive Director. The Executive Director abstains from the deliberations and voting decisions in respect of their remuneration. All Non-Executive Directors are paid directors' remuneration 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 2007 is as follows:

Category of Directors	Fees [RM]	Allowance [RM]	Salaries [RM]	Benefits-in-Kind [RM]	Total [RM]
Executive Director	-	-	891,847.92	186,188.83	1,078,036.75
Non-Executive Directors	441,886.79	53,000	-	-	494,886.79

Range of remuneration [in RM]	Executive	Non-Executive
1 to 50,000	-	2
50,001 to 100,000	-	7
250,000 to 300,000	-	-
700,000 to 750,000	-	-
750,001 to 800,000	-	-
800,001 and above	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 Board recognizes the importance of maintaining a sound system of internal control for the Group in order to safeguard shareholders' interest of the Group's assets.

The Statement on Internal Control on page 062 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 060 to 061 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 050 to 054.

Relationship with the external auditors

The Group has always maintained a close, transparent and professional relationship with its External Auditors i.e Messrs KPMG in seeking professional advice and ensuring compliance with the accounting standards in Malaysia as well as the auditors' professional requirements. Messrs KPMG has continued to report to shareholders of the Company on its opinion which are included as part of the Group's financial reports with respect to their audit on each year's statutory financial statements. The external auditors also highlight to the Audit Committee and Board of Directors on matters that require Board's attention. A meeting was also held between the External Auditors and members of the Audit Committee in the absence of the management during the financial year under review, in line with its previous terms of reference. Going forward, the Audit Committee will hold at least two [2] meetings a year with the External Auditors as promoted by the Amended Code on Corporate Governance and the amended Chapter 15 of the Bursa Malaysia's Listing Requirements.

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 Group Internal Auditor reports to the Audit Committee.

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

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

and cash flows of the Group and the Company for the financial period.

In preparing the financial statements, the Directors have:

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

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

Whistle-blowing policy

As part of good corporate governance practices, the Group has established a "Whistle-Blowing" policy.

This policy is to encourage employees to report any major concerns over any wrongdoing within the Group relating to unlawful conducts, financial malpractices 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 victimisation, 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 dialogue with shareholders. Members of the Board, the Group's Senior Management, as well as the Company's auditors will be present to answer questions about the Company's affairs.

Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf.

Extraordinary General Meeting [EGM] are held as and when required. 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. The full financial results and the Company's announcements/press releases can also be obtained from the Bursa Malaysia's website.

Investors relations

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

Annual report

The Directors believe that an important channel to reach shareholders and investors is through the Annual Report. Besides including comprehensive financial performance and information on the business activities, the Group strives to improve the contents of the Annual Report in line with the developments in corporate governance practices.

The Company's Annual Report can be obtained by accessing the Company's website at www.ccm.com.my.

Compliance to code

The Group has in all material respects complied with the Code of Corporate Governance throughout the financial year ended 31 December 2007.

This statement is made in accordance with a resolution of the Board of Directors dated 28 February 2008.

Report of the audit committee

Composition of audit committee and meetings

The Audit Committee comprises of three [3] members, all of whom are Non-Executive Directors.

A total of six [6] meetings were held during the year. The status and attendance record of each of the members during the year are as follows:

Name	Status of Directorship	Number of meetings attended
Tan Sri Dato' Dr. Mohamed Yusof bin Hashim [Chairman]	Independent Non-Executive	6 out of 6
Dato' N. Sadasivan	Independent Non-Executive	3 out of 6
Abdul Rahim bin Abdul Hamid	Independent Non-Executive	6 out of 6

Terms of reference [amended wef 28 February 2008]

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

Membership

- The Audit Committee shall be appointed by the Board of Directors and shall consist a minimum of three [3] non-executive directors, a majority of whom are independent.
- The Chairman of the Audit Committee shall be approved by the Board and shall be an Independent Non-Executive Director.
- At least one member of the Committee:
 - i. must be a member of the Malaysian Institute of Accountants [MIA]; or
 - ii. if not a member of MIA:
 - he must have at least three years of working experience; and
 - he must have passed the examination specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - he must be a member of one of the Association of Accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - iii. fulfils such other requirements as prescribed or approved by the Exchange

20.07.2007



Handing over of Malayan Pharmaceutical's premises

Glenmarie facility will house new R&D centre

The Malayan Pharmaceutical's Glenmarie facility was officially handed over to Chemical Company of Malaysia Berhad (CCM) three months after the Sale & Purchase Agreement between the two parties was signed.

CCM's acquisition of Malayan Pharmaceutical expanded the range of products offered by the Group as well as gave it ownership of the latter's

registered intellectual property and a 60,000 sq.ft three-storey Good Manufacturing Practice pharmaceutical manufacturing facility.

The Glenmarie premises will house Innovax Sdn Bhd, a subsidiary of Chemical Company of Malaysia Berhad, research and development centre, which will also have a pilot manufacturing facility.

10.09.2007

CICM Responsible Care Awards 2006

CCM Chemicals emerge with five Gold and one Merit Awards

Twenty-two companies in the petrochemicals, oleochemicals, agricultural chemicals and general chemicals sub-sectors of the Malaysian chemical industry were short-listed for various categories of the CICM Responsible Care Awards 2006, organised annually by the Chemical Industries Council of Malaysia (CICM) since 2002.

CCM Chemicals Sdn Bhd, a pioneer Responsible Care signatory in Malaysia since 1994, sponsored the CICM Responsible Care Awards 2006. The Company was amongst the winners, emerging with five Gold Awards and one Merit Award. The awards were presented by YB Dato' Seri Azmi Khalid, Minister of Natural Resources and Environment, during the CICM Dinner.

The awards were organised to honour and recognise the efforts and commitment of Responsible Care signatory companies that had made the most progress in implementing the Six Codes of Management Practices. The signatories were audited to determine their level of compliance to the Responsible Care Codes of Management Practices.

Meetings

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

Authority

The Audit Committee is authorised by the Board:

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

Responsibilities

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

- iii. To review the quarterly and year-end financial statements of the Board, focusing particularly on:
 - any change in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements.
- iv. To discuss problems and reservations arising from the interim and final audits, and any matter the external auditor may wish to discuss [in the absence of management where necessary];
- v. To review the external auditor's management letter and management's response;
- vi. To carry out the following, in relation to the internal audit and risk management function of the Group:
 - review and approve the annual audit and risk management plan;
 - review the adequacy of the scope, functions, competency and resources of internal audit and risk management functions and that it has the necessary authority to carry out its work;
 - review the internal audit and risk management reports and where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit and risk management function;
 - review and endorse the audit charter which outlines the purpose, authority, and responsibility of the Group Internal Audit;
 - review the annual budget for Group Internal Audit;
 - review any appraisal or assessment of the performance as well as competency of the Group Internal Audit;

- approve any appointment or termination of senior staff members of the Group Internal Audit; and
 - take cognisance of resignations of members of the Group Internal Audit and provide the resigning staff member an opportunity to submit his reasons for resigning.
- vii. To review any related-party transactions that may arise within the Group;
 - viii. To review the major findings of internal investigations and management's response; and
 - ix. To consider other topics as defined by the Board.

Activities during the year

- i. Reviewed and approved the internal audit and risk management plan of the Group.
- ii. Reviewed the status report of internal audit and risk management activities of the Group for the year to ensure that all the planned activities were properly carried out.
- iii. Reviewed the summary of the internal audit and risk assessment reports prepared by Group Internal Audit and monitoring the status of corrective actions taken by the Management to ensure all audit and risk management issues and concerns are adequately resolved on timely basis.
- iv. Reviewed the Group Risk Profile and the management process for identifying, evaluating and managing the significant risks faced by the Group.
- v. Reviewed the management letters, reports and fees of the external auditors.

- vi. Evaluated the performance of the external auditors and made recommendations to the Board on their re-appointment and audit fees.
- vii. Reviewed the quarterly and annual reports of the Group prior to the submission to the Board for consideration and approval.
- viii. Reviewed the quarterly and annual reports of the Group prior to the submission to the Board for consideration and approval.
- ix. 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.

Statement on internal audit function

The Group has an in-house Internal Audit Department whose principal responsibility is to undertake regular and systematic risk based assessments on the operations of the CCM Group of Companies so as to provide reasonable assurance that such internal control systems are adequate and continue to operate effectively in managing the key risks of the Group.

Activities during the year

The Group Internal Audit had conducted various operational audits as well as follow up audit exercises for the CCM Group of Companies in accordance with the Audit Committee approved Audit Plan for 2007. Among the areas covered were Finance, Sales and Marketing, Production, Quality Control, Transport, Warehouse and Distribution, Engineering, Procurement, Good Manufacturing Practices and Plant Operations of CCM Berhad, CCM Fertilizers Sdn Bhd, CCM Chemicals Sdn Bhd, CCM Pharmaceuticals Sdn Bhd, CCM Duopharma Biotech Berhad and also overseas operation offices in Indonesia, Singapore, Thailand and Vietnam.

The total expenditure incurred for Group Internal Audit for the financial year, which amongst others includes departmental expenditures such as office running expenses, training expenses, travelling expenses, staff remuneration etc. is estimated at RM 1.095 million.

Report of the government-linked companies transformation committee

The Board is pleased to issue the following report on the Government-Linked Companies Transformation [GLCT] Committee and its activities during the financial year ended 31 December 2007.

Terms of reference

Objectives

- To provide high level advisory and monitoring of GLC Transformation in CCM.
- To evaluate and approve recommendations proposed by the Transformation Working Group [TWG].
- To fully implement the ten initiatives as laid out in the GLC Transformation Manual by end of 2007.
- To regularly update and report the progress of GLC Transformation to the respective Government-Linked Investment Companies [GLIC], in case of CCM, to report and update Permodalan Nasional Berhad every quarter.
- To consider other matters as referred to the Committee by the Board.

Members and meeting

The GLCT Committee consists of four [4] members, all of whom are Non-Executive Directors. A total of four [4] meetings were held during the year.

The attendance record of each member during the year is as follows:

Name	Status of Directorship	Number of Meetings Attended
Tan Sri Ab Rahman bin Omar [Chairman]	Non-Independent Non-Executive	3/4
Dato' Kalsom binti Abdul Rahman	Independent Non-Executive	4/4
E. Sreesanthan	Non-Independent Non-Executive	4/4
Jamiah binti Abdul Hamid	Non-Independent Non-Executive	1/4
Dato' Seri Mohd Hussaini bin Haji Abdul Jamil [retired w.e.f. 28/5/07]	Non-Independent Non-Executive	2/2

Activities during the year

During the year, the Committee:

- reviewed and approved the Group's GLC Transformation Plans for 2007.
- recommended for approval the 2007 Headline KPIs for the Group.
- reviewed and approved the Quarterly Reporting to PNB on the progress of GLC Transformation in the Group.
- implemented the GLCT guidelines on the initiative for Enhancing Board Effectiveness, through the completion of a Board Effectiveness Assessment and the formulation of a Board Improvement Plan.
- tracked and monitored the progress of implementation for all GLCT initiatives and reviewed the results and benefits achieved for year 2007.

26.10.2007

CCM - one of the largest fertilizer producers in ASEAN

Cock's Head brand well known amongst planters and growers

Chemical Company of Malaysia Berhad (CCM) will be one of the largest producers of compound fertilizers in ASEAN when its RM50 million plant in Medan, Indonesia, becomes operational in January 2009. The plant will increase CCM's manufacturing capacity by 30% and help to reduce logistics, storage and handling costs for overall efficiency and long-term competitiveness.

With two other new plants, one under construction in Bintulu, Sarawak, and the other in Lahad Datu, Sabah, CCM will have a combined capacity of 670,000 tonnes of fertilizers per year.

CCM's Cock's Head brand has become well known amongst planters and growers in Sumatra, Jawa and Kalimantan.

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 2007.

Terms of reference

Objectives

- i. to recommend to the Board of Directors, candidates for all directorships in the Company and Group to be appointed by the shareholders or the Board;
- ii. to recommend to the Board, directors to fill seats on Board Committees;
- iii. to consider candidates for directorships proposed by the Group Managing Director and, within bounds of practicability, by any other senior executive or any director or shareholder;
- iv. to evaluate the effectiveness of the Board and Board Committees with regard to their structure, size, balance and composition including the required mix of skills, knowledge, expertise, experience, professionalism, integrity including core competencies which non-executive directors should bring to the board, and contributions of each individual director;
- v. to evaluate the candidates' ability to discharge such responsibilities / functions as expected from non-executive directors, in the case of candidates for the position of independent non-executive directors;
- vi. to provide adequate training and orientation to new Directors as well as continuous training to current Directors with respect to business, structure and management of the Group as well as the expectations of the Board;
- vii. to recommend to the Board whether Directors retiring by rotation should be put forward for re-election;
- viii. to ensure an appropriate framework and plan for Board and management succession in the Group;
- ix. to review management's recommendation on appointment or promotions of senior management personnel of the Group;
- x. to review and ensure that the policy on Directors' fees for the Company and Group are in line with market an industry practice and are reflective of the contribution of each individual director;
- xi. to review and approve/ratify policies on the remuneration package of executive directors and Divisional Directors of the Company as well as Managing Directors, Chief Executive Officer and Chief Operating Officers of subsidiary companies;
- xii. to review and approve/ratify the annual global increment and bonus package for non-unionized employees in the CCM Group of Companies;
- xiii. to review and recommend to the Board on any new Employees' Share Options Scheme of the CCM Group and/or amendments to the existing scheme.

Members and meeting

The Nomination and Remuneration Committee consists of three [3] members, all of whom are Non-Executive Directors.

A total of four [4] meetings were held during the year. The attendance record of each member during the year is as follows:

Name	Status of Directorship	Number of Meetings Attended
Dato' N. Sadasivan [Chairman]	Independent Non-Executive	3/4
Tan Sri Ab Rahman bin Omar	Non-Independent Non-Executive	4/4
Tan Sri Dato' Dr Mohamed Yusof bin Hashim	Independent Non-Executive	4/4

Activities during the year

During the year, the Committee:

- i. conducted Board's effectiveness assessment and recommended improvement plans for the same.
- ii. recommended for approval the appointment of new Directors to the Board.
- iii. reviewed policy on Directors' fees for the Company and Group.
- iv. recommended for approval the remuneration package of the CCM Group Managing Director and Divisional Directors and Managing Directors / Chief Executive Officer / Chief Operating Officers of Subsidiary Companies.
- v. recommended to the Board the appointment of Directors to the Board Committees.
- vi. reviewed and approved the annual global increment and bonus package for non-unionized employees of the Group.
- vii. ensured that all Directors received appropriate continuous training programmes in order to keep abreast with developments in the financial industry and with changes in the relevant statutory and regulatory requirements.
- viii. reviewed the management's recommendation on appointment or promotions of senior management personnel of the Group.
- ix. reviewed and monitored the succession planning in the Company and Group.
- x. reviewed the implementation of the Employees' Share Option Scheme 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 2007.

Terms of reference

- i. To review and approve all capital expenditure in excess of RM1 million and up to RM20 million as proposed by companies within the Group.
- ii. To review and recommend to the Board of Directors all capital expenditure in excess of RM20 million as proposed by companies within the Group.
- iii. To review and recommend to the Board of Directors all acquisitions and divestments of companies [excluding dormant companies] and setting up of new business, irrespective of value.
- iv. To review and recommend to the Board of Directors all acquisitions and disposal of company's assets and properties within the Group.

Composition

- Members of the Committee should constitute only Non-Executive Directors.
- The Committee shall have a minimum of three [3] Directors.
- The quorum shall be two [2] members.
- The Company Secretary shall be the secretary of the Committee.

Meetings

The Committee met ten [10] times in the year. The attendance record of members during the year [in the case of Director appointed after 1 January 2007, since the date of their appointment] is as follows:

Name	Membership	Number of Meetings Attended
E. Sreesanthan [Chairman]	Non-Independent Non-Executive	9/10
Dato' Kalsom binti Abdul Rahman	Independent Non-Executive	9/10
Jamiah binti Abdul Hamid	Non-Independent Non-Executive	7/10
Tan Sri Dato' Dr Abu Bakar bin Suleiman [appointed on 13/9/07]	Non-Independent Non-Executive	2/2
Dato' Seri Mohd Hussaini bin Haji Abdul Jamil [retired on 28/5/07]	Non-Independent Non-Executive	5/5

Report on risk management

Risk management

Risk is inherent in all businesses and the effective management of risk is a core competence within the Group. The Group has formally established an ERM framework since 2001 and it forms an integral part of the Group's corporate governance structure and a key management tool. The Group's Risk Management Facilitation Team provides the main support to the Risk Management Council, chaired by the Group Managing Director and comprises Senior Management staff of the Group.

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

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

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

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

Risk management process

The Group's risk management processes 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 in diagram B.

Diagram A



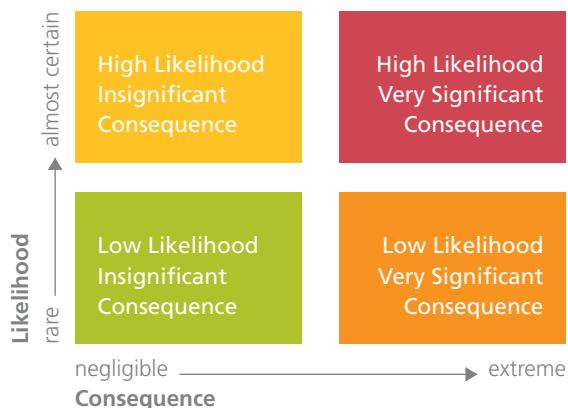
Diagram B



The Group's risk management process is described further in the "Statement on Internal Control" on page 062 of this Annual Report.

Risk analysis and mitigation

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



■ risk A

The risk must be managed by senior management with a detailed action plan or significant senior management attention is required. Extensive management of the risk is essential with focus on both reducing the likelihood of the risk and mitigating its consequence.

■ risk B

Considerable management attention is required including specifying management responsibility. Given the significant consequences of the risk, preventive control measures must be maintained effectively with regular assessment thereof in order to maintain the likelihood of the risk occurring at a low level. Ideally, contingency measures should also be maintained to mitigate the consequence of the risk should it eventuate.

■ risk C

While the consequence of the risk is insignificant, its high likelihood of occurrence should be reduced. Management should monitor the risk; identify its root causes; and design and implement corrective measures to reduce its likelihood of occurrence.

■ risk D

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

The Board confirms that as an integral part of the system of internal control, there is an 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 up to the date of approval of the annual report; and the process is subjected to regular review by the Board. The Group has a Risk Management Council which is chaired by the Group Managing Director and comprises Senior Management of the Group, to provide oversight and added impetus to the risk management process.

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

The Risk Management Facilitators maintain regular communication and consultation with management and also 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; facilitate analysis of "just-in-case" risk scenarios; 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.

The Group Internal Audit independently reviews the adequacy and integrity of the system of internal control in managing the key risks and report accordingly to

the Audit Committee on a quarterly basis. Where significant weaknesses have been identified as a result of the reviews, improvement measures are recommended to strengthen controls; and follow-up audits are conducted by Group Internal Audit to assess the status of implementation thereof by management. In carrying out its work, the Group 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 Council ["PRC"] to provide added assurance in the feasibility evaluation of project/investment proposals and subsequent evaluation of the progress and results of endorsed project/investment through a process of due scrutiny. The PRC reviews and approves all projects to be submitted to the Finance and Investment Committee of the Board. 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 Finance and 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 pages 070 to 074 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 2007.

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 28 February 2008.

19.11.2007



Signing ceremony for Lahad Datu site

Plan for new NPK compound fertilizer plant

CCM Agriculture (Sabah) Sdn Bhd signed a Sale & Purchase Agreement with state-owned POIC Sabah Sdn Bhd for a 16.65-acre plot in the palm oil industrial cluster in Lahad Datu, Sabah.

A new NPK compound fertilizer plant with a capacity of 130,000 tonnes per annum will be built on this site. The plant will supply the high quality Cock's Head brand fertilizer to customers in and around

the surrounding areas at affordable prices arising from savings from transportation and logistics costs.

The Minister of Industrial Development of Sabah, YB Datuk Dr Ewon Ebin, witnessed the signing of the agreement at POIC Sabah's Head Office at the Sabah Trade Centre. CCM Agriculture (Sabah) and POIC Sabah were represented by Haji Mohd Ali Sabri and Dato' Dr Pang Teck Wai respectively.

Other disclosures

Material contracts

Save as disclosed below, there were no other material contracts, which have been entered into by the Company and its subsidiaries involving directors', and major shareholders' interests during the financial year ended 31 December 2007:

- i. Sale and Purchase Agreement dated 2 April 2007 between CCM Pharma Sdn Bhd, a wholly-owned subsidiary of the Company, with Malayan Pharmaceutical Sdn Bhd [MPSB] in respect of the purchase of brands, product rights and fixed assets of MPSB for a total consideration of RM22.0 million.
- ii. Conditional Share Sale Agreement dated 25 January 2008 between the Company and Enersave Water Sdn Bhd, for the acquisition of 9,567,502 ordinary shares of RM1.00 each representing approximately 97.14% of the issued and fully paid up ordinary shares in Enersave Water Sdn Bhd for a total purchase consideration of RM38.28 million.

Employees Share Option Scheme [ESOS]

On 18 December 2002, the Group established an ESOS that entitles Directors and employees to subscribe for a total of 17,608,000 new ordinary shares of RM1.00 each in the Company at an option price of RM1.36 per ordinary share. The Executive Directors have opted not to participate in this ESOS scheme. The ESOS has expired on 18 December 2007.

For the financial year under review, 608,000 options have been exercised and a total of 15,740,000 options have been exercised during the option period from 18 December 2002 until 17 December 2007.

The Audit Committee has verified that the options granted were made in accordance with the By-laws of the ESOS.

Recurrent related party transaction of a revenue nature

As at the Extraordinary General Meeting held on 28 May 2007, the Company had obtained a shareholders mandate to allow the Company to enter into Recurrent Related Party Transactions of a revenue or trading nature.

In accordance to the Bursa Malaysia Securities Berhad Listing Requirements, details of the Recurrent Related Party Transactions audited during the year financial year ended 31 December 2007 pursuant to the shareholders mandate are as follows:

Transaction	Vendor/ Provider	Purchaser/ Recipient	Aggregate Value ¹ [in RM'000]	Interested Party
Purchase of raw material for pharmaceutical products	CCM Chemicals Sdn Bhd	Duopharma [M] Sdn Bhd	20	Dato' Hj Mizanur Rahman bin S. M Abdul Ghani ³
Purchase/Sale of raw materials	CCM Chemicals Sdn Bhd	CCM Fertilizers Sdn Bhd	77,000	Dato' Hj Mizanur Rahman bin S. M Abdul Ghani ³

Recurrent related party transaction of a revenue nature [contd.]

Transaction	Vendor/ Provider	Purchaser/ Recipient	Aggregate Value ¹ [in RM'000]	Interested Party
Purchase/Sale of chemicals	CCM Chemicals Sdn Bhd	CCM Singapore Pte Ltd	13,000	Yeoh Keat Chye ²
Purchase/Sale of chemicals	CCM Chemicals Sdn Bhd	P.T. CCM Indonesia	2,000	Yeoh Keat Chye ² Dato' Hj Mizanur Rahman bin S.M. Abdul Ghani ³
Purchase/Sale of fertilizers	P.T. CCM Agripharma	P.T. Multigambut Industri	47,000	Lembaga Tabung Haji
Sale of Nitric Acid	CCM Fertilizers Sdn Bhd	CCM Chemicals Sdn Bhd	8,000	Dato' Hj Mizanur Rahman bin S.M. Abdul Ghani ³
Purchase/Sale of chemicals	CCM Chemicals Sdn Bhd	Usaha Kimia [M] Sdn Bhd	12,000	Yeoh Keat Chye ² Dato' Hj Mizanur Rahman bin S.M. Abdul Ghani ³
Tenancy ⁵ of land at Lot PT 200, Persiaran Selangor, 40000 Shah Alam, Selangor. [Total area - 988,743 sq.ft.]	CCM	CCMF	RM3,315,000 [@RM276,156 rental per month]	LTH ⁴
Tenancy ⁵ of land at Lot PT 200, Persiaran Selangor, 40000 Shah Alam, Selangor. [Total area - 47,210 sq.ft.]	CCM	CCMC	RM275,000 [@RM22,912 rental per month]	Yeoh Keat Chye ² Dato' Mizanur Rahman bin S.M Ab. Ghani
Tenancy ⁵ of land at Lot PT 200, Jalan Asam Jawa, 16/15 Off Persiaran Kemajuan, 40000 Shah Alam Selangor. [Total area - 4,611 sq.ft.]	CCM	CCMC	RM90,000 [@RM7,377 rental per month]	Yeoh Keat Chye ² Dato' Mizanur Rahman bin S.M Ab. Ghani

Notes

1. The values are estimates based on the audited financial statements for the financial year ended 31 December 2007. Due to the nature of the transactions, the actual value of transactions may vary from the estimated value disclosed above. Disclosure will be made in CCM's 2007 Annual Report of the actual breakdown of the aggregate value of transactions conducted as required under Paragraph 4.1.5 of Practice Note 12/2001 of the Listing Requirements, pursuant to the Proposed Renewal of Shareholders' Mandate.
2. Yeoh Keat Chye is a Director of CCMC, CCMSPL and PTCl. He has indirect interest in CCMC and PTCl, a wholly owned subsidiary of CCMC, by virtue of his shareholding in LSSB, which holds 10% of the issued share capital of CCMC. He also has direct interest of 346,000 ordinary shares in CCM or equivalent to 0.09%.
3. Dato' Haji Mizanur Rahman bin S.M Abdul Ghani is deemed interested in the proposal Shareholders' Mandate under the definition of Director of this Circular. He was the Managing Director of CCMD and Director of DMSB, UKSB, CCMF and PTCCMA, prior to cessation of his employment with effect from 1 January 2008. He has indirect interest of 242,800 ordinary shares in CCM or equivalent to 0.06% and indirect interest of 2,500 ordinary shares held through sons, Shazli Ghani and Shahreza Ghani by virtue of Section 122A of the Act.
4. LTH holds direct interest of 49.9% in the issued share capital of CCMF and 2.68% in the issued share capital of CCM. LTH also have interest in P.T. Multigambut Industri.
5. The duration of the tenancy of land is 3 years.

Share buy-back

There were no repurchase of its issued and paid up shares since 2003. During the year, the Company sold 2,890,000 of its treasury shares in the open market. The average resale price of the treasury shares was RM3.14 per share and the total consideration received was RM9,022,000.

As at 31 December 2007, the Company held 2,998,000 of the issued and paid up shares as treasury shares.

Non-audit fees

During the year ended 31 December 2007, the Group has paid a sum of RM24,000 being fee for non-audit work performed.

Variation in results

There is no material variance between the results for the financial period and the unaudited results previously announced by the Company.

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 and 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.

American Depository Receipt (ADR) / Global Depository Receipt (GDR) Programme

During the financial year, the Company did not issue any ADR or GDR programme.

Utilisation of bond proceeds

[in RM'000]	Amount	Utilised	Balance at 31 December 2007
Rationalisation of pharmaceutical manufacturing operations	70,000	35,201	34,799
Refinancing of existing term loans	82,360	82,360	-
Working capital requirements of the Group	47,640	47,640	-
	200,000	165,201	34,799

Options, warrants exercised during the year

[in RM'000]	Balance as at 1 January 2007	Exercised	Lapsed	Balance as at 31 December 2007
Warrant B	66,486	8,978	-	57,508
ESOS*	829	608	221°	-

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

° The ESOS expired on 18 December 2007. The unexercised number of shares as at 17 December 2007 is 221,115 shares.

Ensuring
quality,
attaining
excellence.



FIRST FLOOR PLAN

Directors' report

for the year ended 31 December 2007

and Statement by directors

Pursuant to Section 169[15] of the Companies Act, 1965

The Directors of Chemical Company of Malaysia Berhad present their forty-sixth annual report together with the audited financial statements of the Group and of the Company for the year ended 31 December 2007. This report and the financial statements will be presented to the shareholders at the Annual General Meeting to be held on 28 May 2008.

Principal activities

The Company is principally an investment holding management company with subsidiaries engaged in the manufacture and marketing of fertilizers, chlor-alkali and coagulant products, chemical and pharmaceuticals products as stated in Note 7 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

[in RM'000]	Group	Company
Profit attributable to:		
Shareholders of the Company	62,718	60,370
Minority interest	20,881	-
	<hr/>	<hr/>
	83,599	60,370

Reserves and provisions

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

Dividends

Since the end of the previous financial year, the Company paid:

- i. a final ordinary dividend of 9.0 sen per ordinary share less tax at 27% and a special dividend of 6.0 sen per ordinary share, tax exempt, totalling RM25,988,500 [6.6 sen net per ordinary share] and RM23,734,000, respectively, in respect of the financial year ended 31 December 2006 on 15 June 2007; and
- ii. an interim ordinary dividend of 6.0 sen per ordinary share less tax at 27% totalling RM17,497,300 [4.4 sen net per ordinary share] in respect of the financial year ended 31 December 2007 on 26 October 2007.

The final ordinary dividends recommended by the Directors in respect of the financial year ended 31 December 2007 is 10.0 sen per ordinary share less tax at 26% [7.40 sen net per ordinary shares] which if approved, will be paid on 20 June 2008 to shareholders registered at the close of business on 4 June 2008.

Directors of the company

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

- Tan Sri Ab. Rahman bin Omar, Chairman
- Dato' Dr Mohamad Hashim bin Ahmad Tajudin, Group Managing Director
- Dato' N. Sadasivan

Directors of the company [contd.]

- Tan Sri Dato' Dr Mohamed Yusof bin Hashim
- Sreesanthan a/l Eliathamby
- Dato' Kalsom Abdul Rahman
- Jamiah binti Abdul Hamid
- Abdul Rahim bin Abdul Hamid
- Tan Sri Dato' Dr Abu Bakar bin Suleiman [appointed on 13.09.2007]
- Dato' Seri Mohd Hussaini bin Haji Abdul Jamil [resigned on 28.05.2007]

Directors' interests

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

	Number of ordinary shares of RM1 each			
	At 1.1.2007/ Date of appointment	Bought	Sold	At 31.12.2007
Dato' N. Sadasivan				
Interest in the Company:				
- Own	200,000	-	-	200,000
Dato' Dr Mohamad Hashim bin Ahmad Tajudin				
Interest in CCM Duopharma Biotech Berhad				
- Own	-	5,000	-	5,000
Tan Sri Dato' Dr Abu Bakar bin Suleiman				
Interest in CCM Duopharma Biotech Berhad				
- Own	286,400	-	-	286,400
- Others*	11,000	-	-	11,000

	Number of warrants [B] of RM1 each			
	At 1.1.2007	Bought	Sold	At 31.12.2007
Dato N. Sadasivan				
Interest in the Company:				
- Own	50,000	-	-	50,000

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

By virtue of his interests in the shares of the Company, Dato' N.Sadasivan is 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.

None of the other Directors holding office at 31 December 2007 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit [other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related companies] 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, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business.

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 the Employees' Share Option Scheme ["ESOS"].

Issue of shares

During the financial year, the Company issued 9,585,885 ordinary shares of RM1 each at par for cash arising from:

- i. conversion of 8,977,885 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 608,000 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 authorised, 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 financial year apart from the issue of shares or warrants pursuant to the Employees' Share Option Scheme and 3% Fixed Rate Bonds with Warrants issue 2002/2009.

1. Employees' Share Option Scheme ["ESOS"]

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 preceeding 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.
- 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 each and the exercise option price are as follows:

Number of options over ordinary shares of RM1 each

Date of Offer	Exercise Price	At 1 January 2007	Exercised	Lapsed	At 31 December 2007
18.12.2002	1.36	829,115	608,000	[221,115]	-

The ESOS expired on 18 December 2007. The unexercised number of shares as at 18 December 2007 is 221,115 shares.

2. Warrants

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

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

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

Other statutory information

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

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

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

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

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, the results of the operations of the Group and of the Company for the financial year ended 31 December 2007 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

The Directors of Chemical Company of Malaysia Berhad are of the opinion that the financial statements set out on pages 076 to 136 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2007 and of the results of their operations and cash flows for the year ended on that date.

Holding company

The holding company is Permodalan Nasional Berhad [“PNB”], a company incorporated in Malaysia.

Subsequent event

On 25 January 2008, the Company has entered into a Conditional Share Sale Agreement for the acquisition of 9,567,502 ordinary shares of RM1.00 each representing approximately 97.14% of the issued and fully paid up ordinary shares in Enersave Water Sdn Bhd for a total cash purchase consideration of RM38.28 million.

Auditors

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

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

Tan Sri Ab. Rahman bin Omar

Dato’ Dr Mohamad Hashim
bin Ahmad Tajudin

Kuala Lumpur,
31 March 2008

Statutory declaration

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

I, Ahmad Mustaffa bin Abdul Manaf, 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 076 to 136 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur in the Federal Territory on 31 March 2008.

Ahmad Mustaffa bin Abdul Manaf

Report of the auditors

to the members of Chemical Company of Malaysia Berhad

We have audited the financial statements set out on pages 076 to 136. The preparation of the financial statements is the responsibility of the Company's Directors.

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

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

In our opinion:

- a. the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of:
 - i. the state of affairs of the Group and of the Company at 31 December 2007 and the results of their operations and cash flows for the year ended on that date; and
 - ii. the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- b. the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the 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 7 to the financial statements and we have considered their financial statements and, where audited, the auditors' reports thereon.

We have also considered the unaudited financial statements of CCM Investments Limited and CCM International [Philippines], Inc.

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

Hasman Yusri Yusoff

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

Kuala Lumpur,
31 March 2008

Balance sheets

at 31 December 2007

[in RM'000]	Note	Group		Company	
		2007	2006 restated	2007	2006 restated
Assets					
Property, plant and equipment	3	300,193	243,107	19,089	18,866
Intangible assets	4	212,192	208,192	63	63
Prepaid lease payments	5	116,287	109,269	-	-
Investment properties	6	74,928	76,598	156,213	149,869
Investment in subsidiaries	7	-	-	162,375	161,875
Investment in associates	8	5,230	3,706	-	-
Other investments	9	9,089	9,265	92	92
Development expenditure	10	-	-	-	-
Deferred tax assets	11	3,266	5,427	679	719
Total non-current assets		721,185	655,564	338,511	331,484
Receivables, deposits and prepayments	12	317,804	281,086	568,539	528,649
Inventories	13	237,740	203,076	-	-
Current tax assets		15,538	17,043	13,052	9,512
Assets classified as held for sale	14	-	22,770	-	22,770
Cash and cash equivalents	15	193,490	298,414	116,856	161,629
Total current assets		764,572	822,389	698,447	722,560
Total assets		1,485,757	1,477,953	1,036,958	1,054,044
Equity					
Share capital	16	402,563	392,977	402,563	392,977
Reserves		33,517	56,378	17,131	31,532
Retained earnings		302,476	289,106	270,913	259,907
Total equity attributable to shareholders of the company		738,556	738,461	690,607	684,416
Minority interest		99,856	99,590	-	-
Total equity		838,412	838,051	690,607	684,416

Balance sheets [contd.]

at 31 December 2007

[in RM'000]	Note	Group 2007	Group 2006 restated	Company 2007	Company 2006 restated
Liabilities					
Loans and borrowings [unsecured]	17	270,000	290,000	270,000	290,000
Deferred tax liabilities	11	39,605	42,789	18,788	22,407
Total non-current liabilities		309,605	332,789	288,788	312,407
Provisions	19	24	2,444	-	1,419
Payables and accruals	20	161,732	168,365	37,563	45,802
Current tax liabilities		3,194	2,372	-	-
Loans and borrowings	17	172,790	133,932	20,000	10,000
Total current liabilities		337,740	307,113	57,563	57,221
Total liabilities		647,345	639,902	346,351	369,628
Total equity and liabilities		1,485,757	1,477,953	1,036,958	1,054,044

The notes on pages 085 to 136 are an integral part of these financial statements.

Income statements

for the year ended 31 December 2007

[in RM'000]	Note	Group		Company	
		2007	2006	2007	2006
Revenue	21	1,397,268	1,110,060	4,695	4,976
Cost of goods sold		[1,186,731]	[926,849]	[1,631]	[1,250]
Gross profit		210,537	183,211	3,064	3,726
Other income		19,643	67,118	94,223	121,699
Distribution expenses		[21,530]	[20,823]	-	-
Administration expenses		[66,234]	[60,057]	[3,915]	[8,879]
Other expenses		[30,278]	[27,580]	[12,644]	[3,411]
Results from operating activities		112,138	141,869	80,728	113,135
Interest income		7,460	11,150	5,515	8,978
Finance costs		[15,706]	[15,577]	[10,368]	[10,304]
Operating profit	22	103,892	137,442	75,875	111,809
Share of profit after tax and minority interest of equity accounted associate		1,659	926	-	-
Profit before tax		105,551	138,368	75,875	111,809
Tax expense	24	[21,952]	[17,343]	[15,505]	[8,357]
Profit for the year		83,599	121,025	60,370	103,452

Income statements [contd.]

for the year ended 31 December 2007

[in RM'000]	Note	Group 2007	Group 2006	Company 2007	Company 2006
Attributable to:					
Shareholders of the Company		62,718	104,272	60,370	103,452
Minority interest		20,881	16,753	-	-
Profit for the year		83,599	121,025	60,370	103,452
Basic earnings per ordinary share [sen]	25	15.7	26.9		
Diluted earnings per ordinary share [sen]	25	14.1	23.4		

The notes on pages 085 to 136 are an integral part of these financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2007

[in RM'000]	Note	Attributable to shareholders				
		Share capital	Share premium	Capital redemption reserve	Non-distributable	
					Translation reserve	Revaluation reserve
Group						
At 1 January 2006						
As previously reported		383,520	9,812	73	[100]	55,386
Effect of adopting FRS140		-	-	-	-	[11,564]
At 1 January 2006, restated						
Issue of shares:		383,520	9,812	73	[100]	43,822
Exercise of share options						
the Company		1,814	653	-	-	-
the subsidiary		-	11	-	-	-
Conversion of warrants		7,643	2,783	-	-	-
Foreign exchange translation differences		-	-	-	[1,062]	-
Realisation of revaluation reserve on leasehold properties		-	-	-	-	[176]
Net gains recognised directly in equity		-	-	-	[1,062]	[176]
Profit for the year		-	-	-	-	-
Total recognised income and expense for the year		-	-	-	[1,062]	[176]
Treasury shares sold		-	3,416	-	-	-
Dividends to shareholders	26	-	-	-	-	-
Dividends to minority interest		-	-	-	-	-
At 31 December 2006						
Issue of shares:		392,977	16,675	73	[1,162]	43,646
Exercise of share options						
the Company		608	222	-	-	-
the subsidiary		-	-	-	-	-
Conversion of warrants		8,978	3,232	-	-	-
Foreign exchange translation differences		-	-	-	[8,087]	-
Realisation of revaluation reserve on disposal of property		-	-	-	-	[17,855]
Realisation of revaluation reserve on landed property		-	-	-	-	[373]
Net gains recognised directly in equity		-	-	-	[8,087]	[18,228]
Profit for the year		-	-	-	-	-
Total recognised income and expense for the year		-	-	-	[8,087]	[18,228]
Dividends to shareholders	26	-	-	-	-	-
Dividends to minority interest		-	-	-	-	-
At 31 December 2007						
		402,563	20,129	73	[9,249]	25,418

of the Company

Other capital reserve	Treasury shares	Distributable		Total	Minority interest	Total equity
		Retained earnings				
2,982	[11,443]	242,944		683,174	95,484	778,658
-	-	11,564		-	-	-
2,982	[11,443]	254,508		683,174	95,484	778,658
-	-	-		2,467	-	2,467
-	-	-		11	-	11
-	-	-		10,426	-	10,426
-	-	-		[1,062]	-	[1,062]
-	-	176		-	-	-
-	-	176		[1,062]	-	[1,062]
-	-	104,272		104,272	16,753	121,025
-	-	104,448		103,210	16,753	119,963
-	5,607	-		9,023	-	9,023
-	-	[69,850]		[69,850]	-	[69,850]
-	-	-		-	[12,647]	[12,647]
2,982	[5,836]	289,106		738,461	99,590	838,051
-	-	-		830	-	830
-	-	-		-	-	-
-	-	-		12,210	-	12,210
-	-	-		[8,087]	-	[8,087]
-	-	17,855		-	-	-
-	-	16		[357]	-	[357]
-	-	17,871		[8,444]	-	[8,444]
-	-	62,718		62,718	20,881	83,599
-	-	80,589		54,274	20,881	75,155
-	-	[67,219]		[67,219]	-	[67,219]
-	-	-		-	[20,615]	[20,615]
2,982	[5,836]	302,476		738,556	99,856	838,412

Statement of changes in equity

for the year ended 31 December 2007

[in RM'000]	Note	Non-distributable				Distributable		Total equity
		Share capital	Share premium	Capital redemption reserve	Revaluation reserve	Treasury shares	Retained earnings	
Company								
At 1 January 2006								
As previously reported		383,520	9,812	73	45,136	[11,443]	201,800	628,898
Effect of adopting FRS140		-	-	-	[24,505]	-	24,505	-
At 1 January 2006, restated								
Issue of shares:		383,520	9,812	73	20,631	[11,443]	226,305	628,898
- Exercise of share options		1,814	653	-	-	-	-	2,467
- Conversion of warrants		7,643	2,783	-	-	-	-	10,426
Profit for the year		-	-	-	-	-	103,452	103,452
Treasury shares sold		-	3,416	-	-	5,607	-	9,023
Dividends to shareholders	26	-	-	-	-	-	[69,850]	[69,850]
At 31 December 2006								
As previously reported		-	-	-	-	-	-	-
Effect of adopting FRS140		-	-	-	-	-	-	-
At 1 January 2007, restated								
Issue of shares:		392,977	16,664	73	20,631	[5,836]	259,907	684,416
- Exercise of share options		608	222	-	-	-	-	830
- Conversion of warrants		8,978	3,232	-	-	-	-	12,210
Realisation of revaluation reserve on disposal of property		-	-	-	[17,855]	-	17,855	-
Profit for the year		-	-	-	-	-	60,370	60,370
Dividends to shareholders	26	-	-	-	-	-	[67,219]	[67,219]
At 31 December 2007								
		402,563	20,118	73	2,776	[5,836]	270,913	690,607

The notes on pages 085 to 136 are an integral part of these financial statements.

Cash flow statements

for the year ended 31 December 2007

[in RM'000]	Note	Group		Company	
		2007	2006	2007	2006
			restated		restated
Cash flows from operating activities					
Profit before tax		105,551	138,368	75,875	111,809
Adjustments for:					
Depreciation of property, plant and equipment		30,449	28,735	807	655
Amortisation of prepaid lease payments		2,327	447	-	-
Change in fair value of investment properties		[8,343]	-	[6,006]	-
Dividend income		-	-	[81,636]	[93,621]
Gain on disposal of other investments	9	-	[62,664]	-	[28,598]
Gain on disposal of asset held for sale		[3,910]	-	[3,910]	-
Interest income		[7,460]	[11,150]	[5,264]	[8,978]
Interest expenses		15,706	15,577	10,117	10,304
Loss on disposal investment properties		75	-	75	-
Loss/(Gain) on disposal of property, plant and equipment		193	[1,379]	287	[38]
Loss on disposal of an associate		-	17	-	-
Property, plant and equipment write off		54	1,611	-	-
Write-off of investment		176	-	-	-
Share of profit of equity accounted associates		[1,659]	[926]	-	-
Realisation of revaluation reserve on disposal of properties		[357]	-	-	-
Translation adjustment for prepaid lease payment		993	-	-	-
Translation adjustment		[8,087]	[1,062]	-	-
		125,708	107,574	[9,655]	[8,467]
Operating profit/[loss] before working capital					
Changes in working capital:					
Inventories		[34,664]	[34,376]	-	-
Receivables, deposits and prepayments		[36,718]	[71,626]	[39,890]	[137,345]
Payables and accruals		[9,053]	40,414	[9,658]	[6,558]
Cash generated from/[used in] operations		45,273	41,986	[59,203]	[152,370]
Interest income		7,460	11,150	5,515	8,978
Interest expenses		[15,706]	[15,577]	[10,368]	[10,304]
Income taxes paid		[20,648]	[33,522]	[1,155]	1,453
Net cash from/[used in] operating activities		16,379	4,037	[65,211]	[152,243]

Cash flow statements [contd.]

for the year ended 31 December 2007

[in RM'000]	Note	Group		Company	
		2007	2006	2007	2006
Cash flows from investing activities					
Acquisition of intangible assets		[4,000]	[16,971]	-	-
Acquisition of investment properties		[413]	[9,971]	[413]	[11,291]
Acquisition of other investments		-	[9,173]	-	-
Acquisition of property, plant and equipment	3	[87,805]	[61,336]	[1,344]	[899]
Acquisition of prepaid lease payments		[342]	-	-	-
Acquisition of subsidiaries, net of cash acquired		-	1,046	-	[282]
Dividends received from subsidiaries		-	-	60,167	76,927
Dividends received from associates		135	-	-	-
Increase in investment in subsidiaries		-	-	[500]	119
Proceeds from disposal of an associate		-	1,325	-	-
Proceeds from disposal of property, plant and equipment		378	2,810	27	87
Proceeds from disposal of asset held for sale		26,680	-	26,680	-
Proceeds from disposal of other investments		-	96,890	-	47,952
Proceeds from disposal of commercial papers		-	40,588	-	40,588
Net cash [used in]/ from investing activities		[65,367]	45,208	84,617	153,201
Cash flows from financing activities					
Dividends paid to minority shareholders		[20,615]	[12,647]	-	-
Dividends paid to shareholders of the Company	26	[67,219]	[69,850]	[67,219]	[69,850]
Proceeds from loans and borrowings		28,858	14,218	-	-
Proceeds from sale of treasury shares		-	9,023	-	9,023
Proceeds from exercise of ESOS		830	2,478	830	2,467
Proceeds from exercise of warrants		12,210	10,426	12,210	10,426
Repayment of loans and borrowings		[10,000]	-	[10,000]	-
Net cash used in financing activities		[55,936]	[46,352]	[64,179]	[47,934]
Net [decrease]/increase in cash and cash equivalents		[104,924]	2,893	[44,773]	[46,976]
Cash and cash equivalents at 1 January	[i]	298,414	295,521	161,629	208,605
Cash and cash equivalents at 31 December	[i]	193,490	298,414	116,856	161,629

[i] Cash and cash equivalents

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

	Group		Company	
	2007	2006	2007	2006
Cash and bank balances	75,524	53,087	1,456	2,719
Deposits with licensed banks	117,966	245,327	115,400	158,910
	193,490	298,414	116,856	161,629

The notes on pages 085 to 136 are an integral part of these financial statements.

Notes to the financial statements

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

Principal place of business and Registered office

13th Floor, Menara PNB
201-A Jalan Tun Razak
50400 Kuala Lumpur

The consolidated financial statements of the Company as at and for the year ended 31 December 2007 comprise the Company and its subsidiaries and the Group's interest in an associate. The financial statements of the Company as at and for the year ended 31 December 2007 do not include other entities.

The Company is principally an investment holding management company with subsidiaries and associate engaged in the manufacture and marketing of fertilizers, chlor-alkali and coagulant products, chemicals and pharmaceuticals products as stated in Note 7. There has been no significant change in the nature of these activities during the financial year.

The holding company is Permodalan Nasional Berhad ["PNB"], a company incorporated in Malaysia.

The financial statements were approved by the Board of Directors on 31 March 2008.

1. Basis of preparation

a. Statement of compliance

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

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

FRSs/Interpretations	Effective date
FRS 107, Cash Flow Statements	1 July 2007
FRS 111, Construction Contracts	1 July 2007
FRS 112, Income Taxes	1 July 2007
FRS 118, Revenue	1 July 2007
FRS 120, Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
Amendment to FRS 121, The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
FRS 134, Interim Financial Reporting	1 July 2007
FRS 137, Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
FRS 139, Financial Instruments: Recognition and Measurement	To be announced
IC Interpretation 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007

1. Basis of preparation [contd.]

a. Statement of compliance [contd.]

FRSs/Interpretation	Effective date
IC Interpretation 2, Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7, Applying the Restatement Approach under FRS 129, Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8, <i>Scope of FRS 2</i>	1 July 2007

The Group and the Company plan to apply the rest of the abovementioned FRSs and Interpretations for the annual period beginning 1 January 2008 except for FRS 139, Financial Instruments: Recognition and Measurement which the effective date has yet to be announced.

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

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

b. Basis of measurement

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

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

c. Functional and presentation currency

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

d. Use of estimates and judgements

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

1. Basis of preparation [contd.]

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

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

- Note 4 - measurement of the recoverable amounts of cash-generating units
- Note 6 - valuation of investment properties
- Note 11 - recognition of unutilised tax losses and capital allowances
- Note 19 - provisions and contingencies

2. Significant accounting policies

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

a. Basis of consolidation

i. Subsidiaries

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

ii. Associates

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

Associates are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale [or included in a disposal group that is classified as held for sale]. The consolidated financial statements include the Group's share of the income and expenses of the equity accounted associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

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

Investments in associates are stated in the Company's balance sheet at cost less impairment losses unless it is classified as held for sale [or included in a disposal group that is classified as held for sale].

iii. Changes in Group composition

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

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

2. Significant accounting policies [contd.]

a. Basis of consolidation [contd.]

iv. Minority interest

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

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

v. Transactions eliminated on consolidation

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

b. Foreign currency

i. Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statement.

ii. Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the balance sheet date except for goodwill and fair value adjustments arising from business combinations before 1 January 2006 which are reported using the exchange rates at the dates of the acquisitions. The income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

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

iii. Net investment in foreign operations

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

c. Property, plant and equipment

i. Recognition and measurement

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

Property, plant and equipment under the revaluation model

The Group revalues its property comprising land and building every 5 years and at

2. Significant accounting policies [contd.]

c. Property, plant and equipment [contd.]

shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

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

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

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

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

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

ii. Reclassification to investment property

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

iii. Subsequent costs

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

2. Significant accounting policies [contd.]

c. Property, plant and equipment [contd.]

iv. Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leasehold assets were depreciated over the shorter of the lease term and their useful lives. Freehold land is not depreciated.

Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

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

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

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

d. Leased assets

i. Finance lease

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

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

ii. Operating lease

The Group has previously classified a lease of land as finance lease and had recognised the amount of prepaid lease payments as property within its property, plant and equipment. On adoption of FRS 117, Leases, the Company treats such a lease as an operating lease, with the unamortised carrying amount classified as prepaid lease payments in accordance with the transitional provisions in FRS 117.67A.

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

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

2. Significant accounting policies [contd.]

e. Intangible assets

i. Goodwill

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

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities. With the adoption of FRS 3 beginning 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statement.

ii. Marketing rights

Marketing rights acquired via a purchase consideration are carried at the original cost of purchase and amortised over the period that the rights subsist. Where such rights are continuing over an indefinite period [subject only to revocation or termination by the principal at a non-predeterminable date], they are carried at cost and reviewed and adjusted annually for any impairment.

iii. Other intangible assets

Intangible assets other than goodwill that are acquired by the Group are stated at cost less accumulated amortisation and/or impairment losses.

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

iv. Amortisation

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

Other intangible assets are amortised from the date that they are available for use. Amortisation of intangible assets is charged to the income statements on a straight-line basis over the estimated useful lives of intangible assets.

f. Investment property

i. Investment property carried at fair value

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

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

ii. Reclassification to / from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognized in the income statement.

iii. Determination of fair value

An external, independent valuation company, having appropriate recognised professional qualifications and recent

2. Significant accounting policies [contd.]

experience in the location and category of property being valued, values the Group's investment property portfolio every five years, and at shorter intervals whenever the fair value of the properties is expected to differ materially.

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

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

g. Inventories

Inventories are stated at the lower of cost and net realisable value. The 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. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

h. Receivables

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

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

Receivables are not held for the purpose of trading.

i. Non-current assets held for sale

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

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

j. Cash and cash equivalents

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

2. Significant accounting policies [contd.]

k. Impairment of assets

The carrying amount of assets, except for financial assets, inventories, deferred tax assets, and investment property that is measured at fair value and non-current assets classified as held for sale, are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, their recoverable amount is estimated at each reporting date.

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

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

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

2. Significant accounting policies [contd.]

I. Share capital

i. Shares issue expenses

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

ii. Repurchase of share capital

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

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

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

m. Loans and borrowings

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

n. Employee benefits

i. Short term employee benefits

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

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation

to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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

ii. Share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

The fair value of employee share options is measured using a Black Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility [based on weighted average historic volatility adjusted for changes expected due to publicly available information], weighted average expected life of the instruments [based on historical experience and general option holder behaviour], expected dividends, and the risk-free interest rate [based on government bonds]. Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

2. Significant accounting policies [contd.]

o. Provision

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

i. Warranties

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

ii. Contingent liabilities

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

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

p. Payables

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

q. Revenue recognition

i. Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

ii. Rental income

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

iii. Dividend income

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

r. Interest income and borrowing costs

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

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

s. Tax expense

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

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

2. Significant accounting policies [contd.]

s. Tax expense [contd.]

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

Deferred tax liability is recognised for all taxable temporary differences.

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

t. Earnings per share

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

u. Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services [business segment], which is subject to risks and rewards that are different from those of other segments.

3. Property, plant and equipment

[in RM'000]	Freehold land	Freehold buildings	Long term leasehold land	Long term leasehold buildings	Short term leasehold buildings	Plant, machinery and equipment	Under construction	Total
Group								
Cost/Valuation								
At 1 January 2006	46,757	25,055	98,425	44,673	367	427,497	13,423	656,197
Effect of adopting FRS 117	-	-	[98,425]	-	-	-	-	[98,425]
At 1 January 2006, restated	46,757	25,055	-	44,673	367	427,497	13,423	557,772
Additions	-	138	-	42	-	30,816	19,049	50,045
Acquisition through business combination	-	-	-	-	-	190	-	190
Disposals	[193]	-	-	-	-	[3,581]	-	[3,774]
Write-off	-	-	-	-	-	[4,639]	-	[4,639]
Reclassification	30	273	-	-	-	[303]	-	-
Transfer to assets held for sale	[21,300]	[1,500]	-	-	-	-	-	[22,800]
At 31 December 2006, 1 January 2007, restated	25,294	23,966	-	44,715	367	449,980	32,472	576,794
Additions	7,691	12,739	-	8,656	-	32,507	26,212	87,805
Reclassification from investment properties	-	355	-	-	-	-	-	355
Disposals	-	-	-	-	-	[2,867]	-	[2,867]
Write-off	-	-	-	-	-	[103]	-	[103]
At 31 December 2007	32,985	37,060	-	53,371	367	479,517	58,684	661,984

3. Property, plant and equipment [contd.]

[in RM'000]	Freehold land	Freehold buildings	Long term leasehold land	Long term leasehold buildings	Short term leasehold buildings	Plant, machinery and equipment	Under construction	Total
Group								
Depreciation								
At 1 January 2006	-	116	-	38	196	309,835	-	310,185
Depreciation for the year	-	529	-	1,564	27	26,615	-	28,735
Acquisition through business combination	-	-	-	-	-	168	-	168
Disposals	-	-	-	-	-	[2,343]	-	[2,343]
Write off	-	-	-	-	-	[3,028]	-	[3,028]
Transfer to assets held for sale	-	[30]	-	-	-	-	-	[30]
At 31 December 2006/ 1 January 2007	-	615	-	1,602	223	331,247	-	333,687
Depreciation for the year	-	695	-	1,558	26	28,170	-	30,449
Disposals	-	-	-	-	-	[2,296]	-	[2,296]
Write-off	-	-	-	-	-	[49]	-	[49]
At 31 December 2007	-	1,310	-	3,160	249	357,072	-	361,791
Carrying amounts								
At 1 January 2006	46,757	24,939	-	44,635	171	117,662	13,423	247,587
At 31 December 2006/ 1 January 2007	25,294	23,351	-	43,113	144	118,733	32,472	243,107
At 31 December 2007	32,985	35,750	-	50,211	118	122,445	58,684	300,193

3. Property, plant and equipment [contd.]

[in RM'000]	Freehold land	Freehold buildings	Plant, machinery and equipment	Total
Company				
Cost/Valuation				
At 1 January 2006,	36,700	1,997	5,768	44,465
Additions	-	104	795	899
Disposals	-	-	[104]	[104]
Transfer to assets held for sale	[21,300]	[1,500]	-	[22,800]
At 31 December 2006	15,400	601	6,459	22,460
Additions	-	22	1,322	1,344
Disposals	-	-	[920]	[920]
At 31 December 2007	15,400	623	6,861	22,884
Depreciation				
At 1 January 2006	-	-	3,024	3,024
Depreciation for the year	-	30	625	655
Disposals	-	-	[55]	[55]
Transfer to assets held for sale	-	[30]	-	[30]
At 31 December 2006/1 January 2007	-	-	3,594	3,594
Depreciation for the year	-	24	783	807
Disposals	-	-	[606]	[606]
At 31 December 2007	-	24	3,771	3,795
Carrying amounts				
At 1 January 2006	36,700	1,997	2,744	41,441
At 31 December 2006/1 January 2007	15,400	601	2,865	18,866
At 31 December 2007	15,400	599	3,090	19,089

3. Property, plant and equipment [contd.]

Property, plant and equipment under construction

During the year ended 31 December 2007 the Group incurred the following:

- i. construction of a new building and installation of new plant machinery for manufacturing and marketing of a wide range of fertilizers; costs incurred up to the balance sheet date totalled RM23,201,000 [2006: RM4,654,000].
- ii. installation of new plant machinery for manufacturing and marketing of a wide range of pharmaceutical products; costs incurred up to the balance sheet date totalled RM35,019,000 [2006: RM27,818,000].

Property, plant and equipment under the revaluation model

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

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

[in RM'000]	Group		Company	
	2007	2006 restated	2007	2006
Freehold land and buildings	38,941	48,248	2,997	3,006

4. Intangible assets

[in RM'000]	Goodwill	Marketing rights	Trademark	Brands	Total
Group					
Cost					
At 1 January 2006	189,659	-	63	-	189,722
Acquisition through business combination	1,499	-	-	-	1,499
Acquisition during the year	-	16,971	-	-	16,971
At 31 December 2006/1 January 2007	191,158	16,971	63	-	208,192
Acquisition during the year	-	-	-	4,000	4,000
At 31 December 2007	191,158	16,971	63	4,000	212,192
Impairment losses					
At 1 January 2006/31 December 2007	-	-	-	-	-
Carrying amounts					
At 1 January 2006	189,659	-	63	-	189,722
At 31 December 2006/1 January 2007	191,158	16,971	63	-	208,192
At 31 December 2007	191,158	16,971	63	4,000	212,192

4. Intangible assets [contd.]

[in RM'000] Trademark

Company

Cost

At 1 January 2006	63
Acquisition during the year	-

At 31 December 2006/31 December 2007	63
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Impairment losses

At 1 January 2006/At 31 December 2007	-
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Carrying amount

At 1 January 2006	63
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At 31 December 2006/At 31 December 2007	63
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4.1. Material intangible assets

Goodwill

The carrying amount of the goodwill of a subsidiary in pharmaceutical segment, arising from acquisition through business combination, was assessed for impairment during the year.

The Group does not identify fair values of intangible assets included in goodwill as the intangible assets arose from legal or contractual rights which cannot be measured reliably.

Marketing rights

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

Brands

The carrying amount of brands represents the acquisition of the brand name of the over-the-counter products. The Company has not amortised the brand as the Company is of the opinion that the brands are able to generate such income in the near future based on the

Company's projected cash flows. The Company has assessed the carrying amount for impairment during the year. It is reasonably anticipated that the brands will be recovered through future commercial activity.

4.2. Amortisation and impairment charge

The amortisation and impairment is allocated and recognised in the cost of sales as amortisation cost and impairment loss. However, there are amortisation and impairment recognised during the year.

4.3. Impairment testing for cash-generating units containing goodwill and brands

The recoverable amount of the goodwill arising from consolidation and brand were based on value in use of the investment in the subsidiary ["the subsidiary"] and the operations of the products relate to the brand acquired ["the operations"], respectively. These calculations use pre-tax cash flow projections based on financial budgets approved by management.

The value in use was determined discounting the future cash flows of the subsidiary and the operations and were based on the following key assumptions:

- a. an estimate of the future cash flows projections the subsidiary and the operations expects to derive
- b. the subsidiary and the operations will continue its operations indefinitely
- c. the size of operation will remain with at least not lower than the current results

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

No impairment loss is recognised during the year as the Company is of the opinion that the amount can be recoverable from the operation of the subsidiary and products relate to the brand acquired in the near future.

5. Prepaid lease payments

[in RM'000]	Unexpired period less than 50 years	Unexpired period more than 50 years	Total
Group			
Cost / Valuation			
At 1 January 2006	-	-	-
Effect of adopting FRS 117	23,975	74,450	98,425
At 1 January 2006, restated	23,975	74,450	98,425
Additions	-	11,291	11,291
At 31 December 2006/1 January 2007, restated	23,975	85,741	109,716
Additions	-	342	342
Transfer from investment properties	9,996	-	9,996
Effect of movements in exchange rates	[993]	-	[993]
At 31 December 2007	32,978	86,083	119,061
Amortisation			
At 1 January 2006	-	-	-
Amortisation for the year	447	-	447
At 31 December 2006/1 January 2007	447	-	447
Amortisation for the year	945	1,382	2,327
At 31 December 2007	1,392	1,382	2,774
Carrying amounts			
At 1 January 2006, restated	23,975	74,450	98,425
At 31 December 2006/1 January 2007, restated	23,528	85,741	109,269
At 31 December 2007	31,586	84,701	116,287

6. Investment properties

[in RM'000]	Group		Company	
	2007	2006	2007	2006
At 1 January	76,598	-	149,869	-
Acquisition	-	9,971	-	11,291
Transfer from property, plant and equipment	-	66,627	-	138,578
Addition	413	-	413	-
Disposal	[75]	-	[75]	-
Reclassification to prepaid lease payment	[9,996]	-	-	-
Reclassification to property, plant and equipment	[355]	-	-	-
Change in fair value	8,343	-	6,006	-
At 31 December	74,928	76,598	156,213	149,869
Included in the above are:				
Freehold land	22,087	22,087	25,705	18,245
Leasehold land with unexpired lease period of less than 50 years	3,200	13,171	-	-
Leasehold land with unexpired lease period of more than 50 years	48,641	40,340	116,525	117,641
Buildings	1,000	1,000	13,983	13,983
At 31 December	74,928	76,598	156,213	149,869

Investment properties of the Group and of the Company comprise a number of commercial properties that are leased to third party and subsidiaries. No contingent rents are charged.

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

Malaysia	Yields
Office buildings, warehouses and factory	4.2% - 4.8%
Residential house	1.4%

7. Investment in subsidiaries

	Company	
	2007	2006
Unquoted shares	166,575	166,075
Less: Impairment loss	[4,200]	[4,200]
	162,375	161,875

7. Investment in subsidiaries [contd.]

Details of the subsidiaries are as follows:

Name of subsidiaries	Note	Country of incorporation	Principal activities	Effective ownership interest [%]	
				2007	2006
CCM Fertilizers Sdn Bhd and its subsidiaries:		Malaysia	Manufacture and marketing of fertilizers	50.1	50.1
Max Agriculture Sdn Bhd		Malaysia	Dormant	50.1	50.1
CCMF Agronomic and Technical Services Sdn Bhd*		Malaysia	Dormant	50.1	50.1
CCM Chemicals Sdn Bhd and its subsidiaries:		Malaysia	Manufacture and marketing of chlor-alkali products and coagulant products and marketing of industrial and specialty chemicals	80.0	80.0
CCM Watercare Sdn Bhd		Malaysia	Marketing of water treatment products	80.0	80.0
CCM Singapore Pte Ltd*		Singapore	Marketing of chlor-alkali products and chemicals	80.0	80.0
CCM Chemtrans Sdn Bhd		Malaysia	Dormant	80.0	80.0
PT CCM Indonesia*		Indonesia	Marketing of chemicals	80.0	80.0
CCM Chemtrade Sdn Bhd		Malaysia	Dormant	80.0	80.0
CCM Pharma Sdn Bhd	32	Malaysia	Manufacture of pharmaceutical and healthcare products	100.0	100.0
Usaha Pharma [M] Sdn Bhd [formerly known as Prima Health Pharmacy [Retail] Sdn Bhd]		Malaysia	Dormant	100.0	100.0
CCM Agriculture [Sabah] Sdn Bhd [formerly known as Kibaran Kemas Sdn Bhd]		Malaysia	Investment holding	100.0	100.0
CCM Marketing Sdn Bhd and its subsidiaries:		Malaysia	Trading and marketing of pharmaceuticals products	100.0	100.0
CCM Duopharma Biotech and its subsidiary:		Malaysia	Investment holding	73.4	73.4
Duopharma [M] Sendirian Berhad		Malaysia	Manufacturing, distributing, importing and exporting of pharmaceutical products and medicines	73.4	73.4

7. Investment in subsidiaries [contd.]

Name of subsidiaries	Note	Country of incorporation	Principal activities	Effective ownership interest [%]	
				2007	2006
Euphorex Corporation Sdn Bhd		Malaysia	Investment holding	100.0	100.0
Liberal Wira Sdn Bhd		Malaysia	Investment holding	100.0	100.0
CCM Agriculture Sdn Bhd		Malaysia	Investment holding	100.0	100.0
CCM International Sdn Bhd and its subsidiaries:		Malaysia	Investment holding	100.0	100.0
CCM Pharmaceuticals [S] Pte Ltd*		Singapore	Distribution, wholesaler of medicinal and pharmaceuticals products	100.0	100.00
P.T. CCM AgriPharma*		Indonesia	Importing and trading of fertilizers and pharmaceuticals products	100.0	100.0
CCM Siam Ltd*		Thailand	To engage in the business of fertilizers, chemicals and pharmaceuticals	100.0	-
Usaha Progresif Sdn Bhd		Malaysia	Investment holding	100.0	100.0
Upha Pharmaceutical Manufacturing [M] Sdn Bhd		Malaysia	Manufacture of pharmaceutical and healthcare products	100.0	100.0
CCM Pharmaceuticals Sdn Bhd and its subsidiaries:		Malaysia	Marketing of pharmaceutical and healthcare products	100.0	100.0
Ho Han Medical Company Sdn Bhd		Malaysia	Manufacture and marketing of pharmaceutical and healthcare products	100.0	100.0
Sentosa Pharmacy Sdn Bhd		Malaysia	Marketing of pharmaceutical and healthcare products	100.0	100.0
Unique Pharmacy [Ipoh] Sdn Bhd		Malaysia	Marketing of pharmaceutical and healthcare products	100.0	100.0
Unique Pharmacy [Penang] Sdn Bhd		Malaysia	Marketing of pharmaceutical and healthcare products	100.0	100.0
Negeri Pharmacy Sdn Bhd		Malaysia	Marketing of pharmaceutical and healthcare products	100.0	100.0
CCM Agri-Max Sdn Bhd		Malaysia	Marketing of wide range of fertilizers	100.0	100.0
Innovax Sdn Bhd		Malaysia	Research and development of pharmaceutical products	100.0	100.0

7. Investment in subsidiaries [contd.]

Name of subsidiaries	Note	Country of incorporation	Principal activities	Effective ownership interest [%]	
				2007	2006
Usaha Kimia [M] Sdn Bhd		Malaysia	Marketing of chlor-alkali and chemical products	100.0	100.0
CCM Investments Limited** and its subsidiary		British Virgin Islands	Investment holding	100.0	100.0
CCM International [Philippines], Inc***		Republic of Philippines	Distribution, importing and exporting of pharmaceuticals, chemicals and fertilizers product	99.9	-

* Not audited by KPMG

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

*** Not audited and consolidated based on unaudited financial statements

On 1 October 2007, the Company acquired 300,000 ordinary shares of RM1.00 each in CCM Agriculture [Sabah] Sdn Bhd [formerly known as Kibaran Kemas Sdn Bhd] from another subsidiary for RM300,000 satisfied in cash. Accordingly, CCM Agriculture[Sabah] Sdn Bhd becomes wholly-owned subsidiary of the Company.

On 21 December 2007 the Group through a subsidiary, CCM Investment Ltd, has incorporated a new company in the Republic of Philippines under the name of CCM International [Philippines], Inc. with authorised and paid up share capital of RM661,000 [USD200,000 at USD1 per share].

8. Investment in associates

[in RM'000]	Group		Company	
	2007	2006	2007	2006
At cost:				
Unquoted shares	1,408	1,492	-	-
Share of post acquisition reserves	3,822	2,214	-	-
	5,230	3,706	-	-

8. Investment in associates [contd.]

	Country of of incorporation	Effective ownership interest	Revenue [100%]	Profit/ [Loss] [100%]	Total assets [100%]	Total liabilities [100%]
2007						
Orica-CCM						
Energy Systems Sdn. Bhd.	Malaysia	45.0%	23,867	5,049	13,917	3,885
2006						
Orica-CCM						
Energy Systems Sdn. Bhd.	Malaysia	45.0%	16,438	2,858	10,994	2,889

9. Other investments

[in RM'000]	Group		Company	
	2007	2006	2007	2006
Non-current				
At cost:				
Quoted shares - outside Malaysia	7,753	7,673	-	-
Unquoted shares	1,244	1,500	-	-
Commercial papers	92	92	92	92
	9,089	9,265	92	92
Market value:				
- quoted shares outside Malaysia	8,046	4,328	-	-
- commercial papers	94	97	94	97

No allowance for diminution in value was made as the Directors are of the view that there is no diminution in their value which is other than temporary.

Details of disposed investments stated at cost are as follows:

	Group		Company	
	2007	2006	2007	2006
Proceeds from disposal	-	137,478	-	88,540
Carrying amount of investments disposed	-	[74,814]	-	[59,942]
Gain on disposal of investments	-	62,664	-	28,598

10. Development expenditure

[in RM'000]	Group	
	2007	2006
Cost		
At 1 January/ 31 December	5,239	5,239
Accumulated amortisation		
At 1 January/ 31 December	5,239	5,239
Carrying amount		
At 31 December	-	-

11. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

[in RM'000]	Assets		Liabilities		Net	
	2007	2006	2007	2006	2007	2006
Group						
Property, plant and equipment	396	[462]	38,824	42,712	39,220	42,250
Provisions	[2,301]	[2,977]	[361]	24	[2,662]	[2,953]
Other items	[352]	[640]	1,220	53	868	[587]
Tax losses carried forward	[1,009]	[1,348]	[78]	-	[1,087]	[1,348]
Net tax [assets]/ liabilities	[3,266]	[5,427]	39,605	42,789	36,339	37,362
Company						
Property, plant and equipment	[102]	[456]	17,363	22,354	17,261	21,898
Provisions	[577]	[263]	-	-	[577]	[263]
Other items	-	-	1,425	53	1,425	53
Net tax [assets]/ liabilities	[679]	[719]	18,788	22,407	18,109	21,688

Unrecognised deferred tax assets

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

	Group	
	2007	2006
Tax losses carried forward	24,060	23,388
Other deductible temporary differences	4,770	5,031
	28,830	28,419

The deductible temporary differences do not expire under current tax legislation unless there is a substantial change in shareholders [more than 50%-applicable for dormant subsidiaries only]. If there is substantial change in shareholders [more than 50%-applicable for dormant subsidiaries only], unutilised tax losses carried forward and unutilised capital allowances carried forward amounting to RM23,575,000 and RM4,770,000 will not be available to the Group. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

11. Deferred tax assets and liabilities [contd.]

Movement in temporary differences during the year

[in RM'000]	At 1.1.2006	Recognised in income statement [Note 24]	At 31.12.2006	Recognised in income statement [Note 24]	Recognised in equity [Note 24]	At 31.12.2007
Group						
Property, plant and equipment	39,129	3,121	42,250	[3,030]	-	39,220
Provisions	[3,561]	608	[2,953]	291	-	[2,662]
Other items	267	[854]	[587]	1,455	-	868
Tax losses carried forward	[1,270]	[78]	[1,348]	261	-	[1,087]
	34,565	2,797	37,362	[1,023]	-	36,339

Company

Property, plant and equipment	22,016	[118]	21,898	[4,637]	-	17,261
Provisions	[420]	157	[263]	[314]	-	[577]
Other items	267	[214]	53	1,372	-	1,425
	21,863	[175]	21,688	[3,579]	-	18,109

Movements in unrecognised deferred tax assets during the year

[in RM'000]	At 1.1.2006	Additions	Recognition	At 31.12.2006	Additions	Recognition	At 31.12.2007
Group							
Tax losses carried forward	17,871	5,979	[462]	23,388	672	-	24,060
Other deductible temporary differences	6,507	-	[1,476]	5,031	-	[261]	4,770
	24,378	5,979	[1,938]	28,419	672	[261]	28,830

12. Receivables, deposits and prepayments

[in RM'000]	Note	Group 2007	Group 2006	Company 2007	Company 2006
Current					
Trade					
Trade receivables	a	309,904	282,509	-	-
Less: Allowance for doubtful debts		[12,012]	[12,564]	-	-
		297,892	269,945	-	-
Amount due from subsidiaries	b	-	-	398,987	476,505
Amount due from associate	c	36	72	36	72
		297,928	270,017	399,023	476,577
Non-trade					
Other receivables		12,542	7,367	413	453
Deposits		2,907	3,106	289	1,919
Prepayments		4,310	471	147	24
Amount due from subsidiaries	d	-	-	168,667	49,676
Amount due from associate	c	117	125	-	-
		19,876	11,069	169,516	52,072
		317,804	281,086	568,539	528,649

Note a

Analysis of foreign currency exposure for significant receivables

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

		Group 2007	Group 2006	Company 2007	Company 2006
Functional currency	Foreign currency				
RM	USD	54,671	45,153	-	-
RM	SGD	8,172	12,359	-	-
RM	HKD	437	514	-	-
RM	INR	1,179	5,051	-	-
RM	BHT	814	-	-	-

Note b

During the year, the Company wrote off an amount due from a subsidiary amounting to RM1,251,000 [2006: RM1,850,000].

The receivables due from subsidiaries are subject to normal trade terms.

Note c

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

12. Receivables, deposits and prepayments [contd.]

Note d

The non-trade receivables due from subsidiaries are unsecured and interest-free and all balances are repayable on demand.

13. Inventories

[in RM'000]	2007	Group 2006
Raw materials	37,702	38,373
Work-in-progress	4,624	7,763
Finished products	177,562	137,077
Spares and consumables	17,852	19,863
	237,740	203,076

In 2007, the write-down of inventories to net realisable value amounted to RM654,000 [2006: RM1,005,000] and write-off of inventories amounted to RM1,709,000 [2006: RM1,625,000]. The write-down and write-off are included in cost of sales.

14. Assets classified as held for sale

[in RM'000]	Note	Group and Company 2007	2006
Property, plant and equipment	a	-	22,770

Note a

Property, plant and equipment held for sale comprise the following:

[in RM'000]	Group and Company 2007	2006
Freehold land and buildings:		
Cost	-	22,800
Accumulated depreciation	-	[30]
	-	22,770

15. Cash and cash equivalents

[in RM'000]	Group		Company	
	2007	2006	2007	2006
Deposits are placed with:				
- Licensed banks	117,966	192,727	115,400	106,310
- Other corporations	-	52,600	-	52,600
	117,966	245,327	115,400	158,910
Cash and bank balances	75,524	53,087	1,456	2,719
	193,490	298,414	116,856	161,629

16. Capital and reserves

	Group and Company			
	Number of		Number of	
	Amount	shares	Amount	shares
	2007	2007	2006	2006
	RM'000	'000	RM'000	'000
Share capital				
Authorised:				
Ordinary shares of RM1 each	800,000	800,000	800,000	800,000
Issued and fully paid:				
Ordinary shares of RM1 each				
On issue at 1 January	392,977	392,977	383,520	383,520
Issue of shares under the ESOS	608	608	1,814	1,814
Conversion of warrants	8,978	8,978	7,643	7,643
On issue at 31 December	402,563	402,563	392,977	392,977

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

Capital reserve

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

Translation reserve

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

Revaluation reserve

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

16. Capital and reserves [contd.]

Treasury shares

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

There were no repurchase of its issued and paid up shares since 2003. At 31 December 2007, the Group held 2,998,000 [2006: 2,998,000] of the Company's shares.

Details of the resale of treasury shares were as follows:

	Average resale price	Highest resale price	Lowest resale price	Number of treasury share	Total consideration received
2007					
January	-	-	-	-	-
2006					
January	3.14	3.22	3.10	2,890,000	9,022,000

Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has Section 108 tax credit and tax exempt income to frank RM225,109,000 [2006: RM180,608,000] of its distributable reserves at 31 December 2007 if paid out as dividends.

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

17. Loans and borrowings [unsecured]

This note provides information about the contractual terms of the Group's and the Company's interest-bearing loans and borrowings. For more information about the Group's and the Company's exposure to interest rate and foreign currency risk, see Note 28.

[in RM'000]	Note	Group 2007	2006 Restated	Company 2007	2006 Restated
Non-current					
Unsecured term loan		70,000	90,000	70,000	90,000
Unsecured bond issues	a	200,000	200,000	200,000	200,000
		270,000	290,000	270,000	290,000
Current					
Unsecured bank overdrafts		16,592	1,775	-	-
Unsecured bankers' acceptances		103,115	89,007	-	-
Unsecured revolving credits		31,560	33,150	-	-
Unsecured foreign currency loan		1,523	-	-	-
Unsecured term loan		20,000	10,000	20,000	10,000
		172,790	133,932	20,000	10,000

Note a

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 ["warrants B"] at 100% of the nominal amount of the Bonds.

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

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

17. Loans and borrowings [unsecured] [contd.]

Significant covenants

The unsecured term loan and bond issue are subject to fulfillment of the following significant covenants:

- i. maintenance of consolidated shareholders' funds of not less than RM420,000,000;
- ii. the ratio of total consolidated liabilities to total consolidated shareholders funds does not exceed 1.5;
- iii. the consolidated interest cover ratio is at least 2.0 times.
- iv. without prior written consent:
 - a. not to incur, assume, guarantee or permit any future indebtedness which will result in a breach of its financial covenants;
 - b. not to add to, delete, vary or amend its Memorandum and Articles of Association other than in a manner and for reasons allowed for in the term loan agreement and bond trust deed;
 - c. not to cause, create or permit to exist any lien on any of its assets other than those permitted by the term loan agreement and bond trust deed;
- v. generally to manage and conduct other business affairs of the Group in a manner consistent with the provisions of the term loan agreement and bond trust deed.

Terms and debt repayment schedule

[in RM'000]	Year of maturity	Carrying amount	Under 1 year	1 - 2 years	2 - 5 years	Over 5 years
Group						
2007						
Unsecured term loan	2010	90,000	20,000	35,000	35,000	-
Unsecured bond issues	2009	200,000	-	200,000	-	-
		290,000	20,000	235,000	35,000	-
Unsecured bank overdrafts	2008	16,592	16,592	-	-	-
Unsecured bankers' acceptance	2008	103,115	103,115	-	-	-
Unsecured revolving credits	2008	31,560	31,560	-	-	-
Unsecured foreign currency loan	2008	1,523	1,523	-	-	-
		152,790	152,790	-	-	-
2006						
Unsecured term loan	2010	100,000	10,000	20,000	35,000	35,000
Unsecured bond issues	2009	200,000	-	-	200,000	-
		300,000	10,000	20,000	235,000	35,000
Unsecured bank overdrafts	2007	1,775	1,775	-	-	-
Unsecured bankers' acceptance	2007	89,007	89,007	-	-	-
Unsecured revolving credits	2007	33,150	33,150	-	-	-
		123,932	123,932	-	-	-

17. Loans and borrowings [unsecured] [contd.]

[in RM'000]	Year of maturity	Carrying amount	Under 1 year	1 - 2 years	2 - 5 years	Over 5 years
Company						
2007						
Unsecured term loan	2010	90,000	20,000	35,000	35,000	-
Unsecured bond issues	2009	200,000	-	200,000	-	-
		290,000	20,000	235,000	35,000	-
2006						
Unsecured term loan	2010	100,000	10,000	20,000	35,000	35,000
Unsecured bond issues	2009	200,000	-	-	200,000	-
		300,000	10,000	20,000	235,000	35,000

18. Employee benefits

Share-based payments

On 18 December 2002, the Group established an Employee's Share Option Scheme [ESOS] that entitles Directors and employees to purchase ordinary shares in the Company at an exercise price of RM1.36 per ordinary share of RM1.00 each. The Executive Directors have opted not to participate in this scheme.

Share options arrangement granted before 1 January 2005 exist. As allowed by the transitional provisions in FRS 2, the recognition and measurement principles in FRS 2 have not been applied to these grants.

The terms and conditions of the grants are as follows; all options are to be settled by physical delivery of shares:

Grant date/employees entitled	Number of instruments ['000]	Vesting conditions	Contractual life of options
Option granted to key management on 18 December 2002	17,608*	3 years service and 50% of options exercisable	5 years
		4 years service and 75% of options exercisable	
		5 years service and 100% of options exercisable	

*The recognition and measurement principles in FRS 2 have not been applied to these grants as they were granted prior to the effective date of FRS 2.

18. Employee benefits [contd.]

The number and weighted average exercise prices of share options are as follows:

[in '000]	Number of options 2007	Number of options 2006
Outstanding at 1 January	829	2,643
Exercised during the year	[608]	[1,814]
Lapsed during the year	[221]	-
Outstanding and exercisable at 31 December	-	829

During the year, 608,000 [2006: 1,814,000] share options were exercised. The weighted average share price for the year was RM3.14 [2006: RM3.28].

The ESOS expired on 18 December 2007. The unexercised number of shares as at 18 December 2007 is 221,115 shares.

19. Provisions

[in RM'000]	Warranties		Restructuring		Total	
	2007	2006	2007	2006	2007	2006
Group						
At 1 January 2007	1,025	1,092	1,419	-	2,444	1,092
Provision made during the year	24	-	-	1,419	24	1,419
Provision used during the year	[1,025]	[67]	[1,419]	-	[2,444]	[67]
At 31 December 2007	24	1,025	-	1,419	24	2,444
Company						
					Restructuring	
					2007	2006
At 1 January 2007					1,419	-
Provision made during the year					-	1,419
Provision used during the year					[1,419]	-
At 31 December 2007					-	1,419

Warranties

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

20. Payables and accruals

[in RM'000]	Note	Group		Company	
		2007	2006	2007	2006
Trade					
Trade payables	a	120,270	124,554	-	-
Non-trade					
Other payables		17,848	20,185	379	1,164
Accrued expenses		23,614	23,626	2,388	2,876
Amount due to subsidiaries	b	-	-	34,796	41,762
		41,462	43,811	37,563	45,802
		161,732	168,365	37,563	45,802

Note a

Analysis of foreign currency exposure for significant payables

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

		Group		Company	
		2007	2006	2007	2006
Functional currency	Foreign currency				
RM	USD	27,278	23,804	-	-
RM	SGD	473	1,744	-	-
RM	AUD	496	534	-	-
RM	INR	-	1,000	-	-
RM	Euro	1,203	12,000	-	-
RM	GBP	59	-	-	-
RM	BHT	76	-	-	-

Note b

The non-trade payables due to subsidiaries are unsecured, interest-free, and repayable on demand, except for amount due to CCM Fertilizers Sdn Bhd at interest rate of 3.45% [2006: BLR + 0.25% for the first 3 months].

21. Revenue

[in RM'000]		Group		Company	
		2007	2006	2007	2006
Sales		1,395,844	1,109,005	-	-
Services		401	-	-	-
Rental income from investment properties		1,023	1,055	4,695	4,976
		1,397,268	1,110,060	4,695	4,976

22. Operating profit

[in RM'000]	Note	Group		Company	
		2007	2006 restated	2007	2006
Operating profit is arrived at after charging:					
Allowance for doubtful debts		552	1,698	-	-
Amortisation of prepaid lease payments		2,327	447	-	-
Auditors' remuneration					
- Statutory Audit					
- Auditor of the company		308	274	34	34
- Other auditors		103	45	-	-
- Other services by auditor of the company		24	196	18	190
Bad debts written off		61	2	-	-
Depreciation of property, plant and equipment	3	30,449	28,735	807	655
Loss on disposal of property, plant and equipment		193	-	287	-
Loss on disposal of an associate		-	17	-	-
Inter-company advances written off	12	-	-	1,251	1,850
Interest expense:					
- Subsidiaries		-	-	251	81
- Related companies		-	-	-	204
- Bank overdraft		10,207	10,182	10,117	10,019
- Revolving credits		1,933	1,117	-	-
- Bankers' acceptances		3,248	4,048	-	-
- Foreign currency loan		-	-	-	-
- Other borrowings		318	230	-	-
Loss on damaged goods		10	877	-	-
Property, plant and equipment written off		54	1,611	-	-
Rental expenses on property leases		6,064	6,793	644	650
Rental expenses on equipment		183	846	-	-
Research and development costs expensed as incurred		3,997	435	-	-
Provision for restructuring		-	1,419	-	1,419
Personnel expenses [including key management personnel]					
- Contribution to Employees Provident Fund		9,442	8,531	661	590
- Wages, salaries and others		73,171	57,043	6,298	4,868
Write-down of inventories		654	1,005	-	-
Write-off of inventories		1,709	1,625	-	-
Unrealised loss on foreign exchange		1,782	-	-	-

22. Operating profit [contd.]

[in RM'000]	Note	Group		Company	
		2007	2006	2007	2006
			restated		
and after crediting:					
Bad debts written back		1,558	776	-	-
Claim from damage goods		1,097	27	-	-
Change in fair value of investment properties		8,343	-	6,006	-
Dividend income from:					
- Subsidiaries [unquoted]		-	-	81,636	93,621
- Associate		135	-	-	-
Gain on disposal of other investments	9	-	62,664	-	28,598
Gain on disposal of property, plant and equipment		3,642	1,379	3,548	38
Interest income:					
- Subsidiaries		-	-	30	274
- Associate		4	-	-	-
- Fixed deposits		5,357	10,941	5,327	8,242
- Commercial bonds		128	150	128	462
- Others		1,971	59	-	-
Net foreign exchange gain		-	783	-	-
Rental income from property subleases		1,007	1,163	-	-
Royalty income		-	-	-	43

23. Key management personnel compensation

	2007	Group		2007	2006
		2007	2006	2007	2006
Director					
- Fees		582	534	495	525
- Remuneration		892	1,015	892	1,015
Other short term employee benefits [including estimated monetary value of benefits-in-kind]		186	180	186	180
		1,660	1,729	1,573	1,720

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

Other key management personnel:					
- Remuneration		683	569	683	569
Other short term employee benefits [including estimated monetary value of benefits-in-kind]		15	12	15	12
		698	581	698	581

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

24. Tax expense

Recognised in the income statement

	Note	Group		Company	
		2007	2006	2007	2006
Tax expense		21,952	17,343	15,505	8,357
Share of tax of equity accounted associate		613	224	-	-
Total tax expense		22,565	17,567	15,505	8,357

Major components of tax expense include:

Current tax expense

Malaysian:

- current year	21,817	15,378	19,033	9,387
- prior year	699	[1,423]	51	[855]

Overseas:

- current year	459	661	-	-
- prior year	-	[70]	-	-

Total current tax	22,975	14,546	19,084	8,532
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Deferred tax expense

Origination and reversal of temporary differences

	[1,975]	2,119	[3,579]	[175]
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Overprovision from prior year

	1,138	-	-	-
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[Write-down] / Reversal of a previous write-down of deferred tax assets

	[186]	678	-	-
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Total deferred	11	[1,023]	2,797	[3,579]	[175]
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Share of tax of equity accounted associate		613	224	-	-
--	--	-----	-----	---	---

Total tax expense		22,565	17,567	15,505	8,357
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Reconciliation of effective tax expenses

[in %]	Group		Company	
	2007	2006	2007	2006
Profit before tax	100	100	100	100
Tax calculated using Malaysian tax rate of 27% [2006: 28%]	27	28	27	28
Non-deductible expenses	1	1	-	-
Tax exempt income	[7]	[13]	[9]	[16]
Other items	[3]	[2]	2	[4]
Under/[over] provided in prior years	3	[1]	-	[1]
	21	13	20	7

24. Tax expense [contd.]

With effect from year of assessment 2007, corporate tax rate is at 27%. The Malaysian Budget 2008 also announced the reduction of corporate tax rate to 26% with effect from year of assessment 2008 and to 25% with effect from year of assessment 2009 respectively. Consequently deferred tax assets and liabilities are measured using these tax rates.

Tax savings arising from tax losses

	Note	2007	Group 2006
Tax savings arising from utilisation of prior year tax losses previously unrecognised	11	-	462

25. Earnings per ordinary share

Basic earnings per ordinary share

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

	2007	Group 2006
Profit for the year attributable to ordinary shareholders	62,718	104,272
Weighted average number of ordinary shares		
	2007	Group 2006
Issued ordinary shares at 1 January	392,977	383,520
Effect of treasury shares held	-	[1,886]
Effect of ordinary shares issued in 2007/2006	5,642	5,879
Weighted average number of ordinary shares at 31 December	398,619	387,513
[in sen]	2007	Group 2006
Basic earnings per ordinary share	15.7	26.9

Diluted earnings per ordinary share

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

25. Earnings per ordinary share [contd.]

	Group	
	2007	2006
Profit for the year attributable to shareholders	62,718	104,272
Interest expense on convertible notes, net of tax	1,716	1,976
Profit attributable to ordinary shareholders	64,434	106,248

Weighted average number of ordinary shares diluted

	Group	
	2007	2006
Weighted average number of ordinary shares at 31 December	398,619	387,513
Effect of conversion of warrants	57,508	66,578
Effect of share options on issue	-	701
Weighted average number of ordinary shares [diluted] at 31 December	456,127	454,792

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

	Group	
[in sen]	2007	2006
Diluted earnings per ordinary share	14.1	23.4

26. Dividends

Dividends recognised in the current year by the Company are:

2007	Sen per share [net of tax]	Total amount	Date of payment
Interim 2007 ordinary	4.4	17,497	26 October 2007
Final 2006 ordinary	6.6	25,988	15 June 2007
Special 2006 ordinary	6.0	23,734	15 June 2007
Total amount		67,219	

2006

Interim 2006 ordinary	6.5	25,243	29 September 2006
Final 2005 ordinary	6.5	25,179	8 June 2006
Special 2005 ordinary	5.0	19,428	8 June 2006
Total amount		69,850	

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

	Sen per share [net of tax]
Final 2007 ordinary	7.40

27. Segment reporting

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

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

27. Segment reporting [contd.]

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

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

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, industrial and specialty chemicals and water treatment products.
- Pharmaceuticals - Manufacture and marketing of pharmaceutical and healthcare products.
- Others - Investment holding

[in RM'000]	Fertilizers		Chemicals		Pharmaceuticals	
	2007	2006	2007	2006	2007	2006

Business Segments

Total external revenue	723,387	535,565	456,769	369,357	214,846	204,083
Inter-segment revenue	389	-	54,292	46,422	2,564	714
Total segment revenue	723,776	535,565	511,061	415,779	217,410	204,797
Segment result	37,416	16,224	15,708	22,695	55,381	50,579

Interest income
Finance costs
Share of profit of equity accounted associates
Tax expense

Profit for the year

Others		Eliminations		Consolidated	
2007	2006	2007	2006	2007	2006
2,266	1,055	-	-	1,397,268	1,110,060
6,661	5,362	[63,906]	[52,498]	-	-
8,927	6,417	[63,906]	[52,498]	1,397,268	1,110,060
78,723	145,129	[75,090]	[92,758]	112,138	141,869
				7,460	11,150
				[15,706]	[15,577]
				1,659	926
				[21,952]	[17,343]
				83,599	121,025

27. Segment reporting [contd.]

[in RM'000]	Fertilizers		Chemicals		Pharmaceuticals	
	2007	2006	2007	2006	2007	2006
Segment assets	334,063	289,879	348,228	276,482	355,134	364,850
Investment in associate	-	-	5,159	3,635	-	-
Total assets						
Segment liabilities	204,015	179,185	185,070	155,827	148,359	140,093
Unallocated liabilities						
Total liabilities						
Capital expenditure	21,691	27,815	10,594	8,836	36,614	23,338
Depreciation and amortisation	3,487	2,937	16,357	15,354	9,373	9,326

28. Financial instruments

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

Credit risk

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

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

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

Interest rate risk

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

Effective interest rates and repricing analysis

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

	Others		Eliminations		Consolidated	
	2007	2006	2007	2006	2007	2006
	1,227,654	1,526,551	[784,552]	[983,515]	1,480,527	1,474,247
	-	-	71	71	5,230	3,706
					1,485,757	1,477,953
	394,026	466,569	[612,688]	[642,019]	318,782	299,655
					328,563	340,247
					647,345	639,902
	19,319	12,859	-	[1,587]	88,218	71,261
	3,559	1,565	-	-	32,776	29,182

28. Financial instruments [contd.]

[in RM'000]	Note	Average effective interest rate [%]	2007		
			Total	Less than 1 year	1 - 5 years
Group					
Floating rate instruments					
Bank overdraft	17	7.00	[16,592]	[16,592]	-
Bankers' acceptances	17	3.81	[103,115]	[103,115]	-
Revolving credits	17	4.00	[31,560]	[31,560]	-
Foreign currency loan in SGD	17	-	[1,523]	[1,523]	-
Fixed rate instruments					
Deposits	15	3.50	117,966	117,966	-
Commercial papers	9	6.45	92	92	-
Bonds	17	4.49	[200,000]	-	[200,000]
Unsecured fixed term loan	17	4.19	[90,000]	[20,000]	[70,000]
			[324,732]	[54,732]	[270,000]
Company					
Fixed rate instruments					
Deposits	15	3.50	115,400	115,400	-
Commercial papers	9	6.45	92	92	-
Bonds	17	4.49	[200,000]	-	[200,000]
Unsecured fixed term loan	17	4.19	[90,000]	[20,000]	[70,000]
			[174,508]	95,492	[270,000]

Foreign currency risk

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

In respect of other monetary assets and liabilities held in currencies other than Ringgit Malaysia, the Group and the Company ensure that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

Fair values

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

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

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

2006

Average effective interest rate [%]	Total	Less than 1 year	1 - 5 years
7.00	[1,775]	[1,775]	-
3.76	[89,007]	[89,007]	-
4.44	[33,150]	[33,150]	-
-	-	-	-
3.87	245,327	245,327	-
6.45	92	92	-
4.49	[200,000]	-	[200,000]
4.19	[100,000]	[10,000]	[90,000]
	[178,513]	111,487	[290,000]

3.87	158,910	158,910	-
6.45	92	92	-
4.49	[200,000]	-	[200,000]
4.19	[100,000]	[10,000]	[90,000]
	[140,998]	149,002	[290,000]

28. Financial instruments [contd.]

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

[in RM'000]	2007 Carrying amount	2007 Fair value	2006 Carrying amount	2006 Fair value
Group				
Financial assets				
Investments in quoted shares	7,673	8,046	7,673	4,328
Commercial papers	92	94	92	97
	7,765	8,140	7,765	4,425
Financial liabilities				
Bonds	200,000	192,826	200,000	190,424
Unsecured fixed rate term loan	90,000	90,597	100,000	99,406
	290,000	283,423	300,000	289,830
Company				
Financial assets				
Investments in quoted shares	-	-	-	-
Commercial papers	92	94	92	97
	92	94	92	97
Financial liabilities				
Bonds	200,000	192,826	200,000	190,424
Unsecured fixed rate term loan	90,000	90,597	100,000	99,406
	290,000	283,423	300,000	289,830

Estimation of fair values

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

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

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

29. Capital and other commitments

[in RM'000]	Group		Company	
	2007	2006	2007	2006
Capital expenditure commitments				
Plant and equipment				
Authorised but not contracted for	62,333	35,634	9,603	2,000
Contracted but not provided for	6,983	60,486	564	117
	69,316	96,120	10,167	2,117

30. Related parties

Identity of related parties

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

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

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

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

[in RM'000]	Transactions		Net balance outstanding at 31 December	Allowance for doubtful receivables at 31 December	Bad or doubtful receivables recognised for the year end 31 December
	amount for the year ended 31 December	Gross balance outstanding at 31 December			

Group

2007

Associate

Rental

Orica-CCM Energy Systems Sdn Bhd	240	36	36	-	-
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Balances in respect on non-trade transaction

Orica-CCM Energy Systems Sdn Bhd	-	116	116	-	-
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Subsidiaries of significant investor that have influence over the subsidiary in the Group

Sales

TH Plantations	12,945	2,698	2,698	-	-
P.T. Multigambut Industri	3,632	-	-	-	-

30. Related parties [contd.]

[in RM'000]	Transactions amount for the year ended 31 December	Gross balance outstanding at 31 December	Net balance outstanding at 31 December	Allowance for doubtful receivables at 31 December	Bad or doubtful receivables recognised for the year end 31 December
2006					
Associate					
<i>Balances in respect on non-trade transaction</i>					
Orica-CCM Energy Systems Sdn Bhd	-	197	197	-	-
Subsidiaries of significant investor that have influence over the subsidiary in the Group					
<i>Sales</i>					
TH Plantations	11,553	-	-	-	-
P.T. Multigambut Industri	36,357	-	-	-	-
Company					
2007					
Subsidiaries					
<i>Interest expense</i>					
CCM Fertilizers Sdn Bhd	148	-	-	-	-
CCM Chemicals Sdn Bhd	77	-	-	-	-
<i>Rental income</i>					
CCM Fertilizers Sdn Bhd	3,314	-	-	-	-
CCM Chemicals Sdn Bhd	363	-	-	-	-
<i>Shared cost income</i>					
CCM Fertilizers Sdn Bhd	2,500	276	276	-	-
CCM Chemicals Sdn Bhd	2,500	2,100	2,100	-	-
UPHA Pharmaceuticals Manufacturing [M] Sdn Bhd	2,500				
CCM Duopharma Biotech Berhad	2,500				
<i>Waiver of debt expense</i>					
Usaha Pharma [M] Sdn Bhd [formerly known as Prima Health Pharmacy [Retail] Sdn Bhd]	1,251	-	-	-	-

30. Related parties [contd.]

	Transactions amount for the year ended 31 December	Gross balance outstanding at 31 December	Net balance outstanding at 31 December	Allowance for doubtful receivables at 31 December	Bad or doubtful receivables recognised for the year end 31 December
[in RM'000]					
2007					
Subsidiaries					
Balances in respect of non-trade transaction					
<i>Amount owing from:</i>					
CCM Pharmaceuticals Sdn Bhd	-	13,638	13,638	-	-
UPHA Pharmaceuticals					
Manufacturing [M] Sdn Bhd	-	19,094	19,094	-	-
CCM Pharma [M] Sdn Bhd	-	27,252	27,252	-	-
Usaha Pharma [M] Sdn Bhd					
[formerly known as Prima Health Pharmacy [Retail] Sdn Bhd]	-	17	17	-	-
CCM Fertilizers Sdn Bhd	-	3,305	3,305	-	-
CCM Duopharma Biotech Berhad	-	637	637	-	-
CCM Pharmaceuticals [S] Pte Ltd	-	13	13	-	-
PT CCM Indonesia	-	9,044	9,044	-	-
CCM Chemicals Sdn Bhd	-	9,276	9,276	-	-
CCM Investment Ltd	-	27,041	27,041	-	-
CCM International Sdn Bhd	-	3,364	3,364	-	-
CCM International [Philippines], Inc	-	42	42	-	-
CCM Siam Ltd	-	299	299	-	-
CCM Marketing Sdn Bhd	-	321,678	321,678	-	-
CCM Agriculture Sdn Bhd	-	21,787	21,787	-	-
Usaha Kimia [M] Sdn Bhd	-	82	82	-	-
CCM Agri-Max Sdn Bhd	-	39	39	-	-
Innovax Sdn Bhd	-	1,192	1,192	-	-
<i>Advances owing from:</i>					
CCM Agriculture Sdn Bhd	-	47,193	47,193	-	-
CCM International Sdn Bhd	-	26,861	26,861	-	-
CCM Agri-Max Sdn Bhd	-	35,769	35,769	-	-
<i>Advances owing to:</i>					
CCM Fertilizers Sdn Bhd	-	10,000	10,000	-	-
CCM Singapore Pte Ltd	-	12	12	-	-
CCM International Sdn Bhd	-	16,585	16,585	-	-
CCM Agriculture [Sabah] Sdn Bhd	-	1,300	1,300	-	-
Liberal Wira Sdn Bhd	-	866	866	-	-
Euphorex Corporation Sdn Bhd	-	1,043	1,043	-	-
CCM Agriculture Sdn Bhd	-	2,629	2,629	-	-
Usaha Progresif Sdn Bhd	-	2,360	2,360	-	-

30. Related parties [contd.]

[in RM'000]	Transactions amount for the year ended 31 December	Gross balance outstanding at 31 December	Net balance outstanding at 31 December	Allowance for doubtful receivables at 31 December	Bad or doubtful receivables recognised for the year end 31 December
Company					
2006					
Subsidiaries					
<i>Interest expense</i>					
CCM Fertilizers Sdn Bhd	274	-	-	-	-
CCM Chemicals Sdn Bhd	81	-	-	-	-
<i>Rental income</i>					
CCM Fertilizers Sdn Bhd	3,314	-	-	-	-
CCM Chemicals Sdn Bhd	393	-	-	-	-
<i>Shared cost income</i>					
CCM Fertilizers Sdn Bhd	1,500	-	-	-	-
CCM Chemicals Sdn Bhd	1,500	-	-	-	-
UPHA Pharmaceuticals					
Manufacturing [M] Sdn Bhd	1,500	-	-	-	-
CCM Duopharma Biotech Berhad	1,500	-	-	-	-
<i>Waiver of debt expense</i>					
Usaha Pharma Sdn Bhd					
[formerly known as Prima Health Pharmacy [Retail] Sdn Bhd]	1,850	-	-	-	-
Balances in respect of non-trade transaction					
<i>Amount owing from:</i>					
CCM Pharmaceuticals Sdn Bhd	-	9,482	9,482	-	-
UPHA Pharmaceuticals					
Manufacturing [M] Sdn Bhd	-	23,134	23,134	-	-
CCM Pharma Sdn Bhd	-	315	315	-	-
Usaha Pharma [M] Sdn Bhd					
[formerly known as Prima Health Pharmacy [Retail] Sdn Bhd]	-	5	5	-	-
CCM Fertilizers Sdn Bhd	-	7,420	7,420	-	-
CCM Duopharma Biotech Berhad	-	297	297	-	-
PT CCM Indonesia	-	13,918	13,918	-	-
PT CCM Agripharma	-	7,885	7,885	-	-
CCM Chemicals Sdn Bhd	-	8,350	8,350	-	-
CCM Investment Ltd	-	84,398	84,398	-	-
CCM International Sdn Bhd	-	491	491	-	-
CCM Siam Ltd	-	167	167	-	-

30. Related parties [contd.]

[in RM'000]	Transactions amount for the year ended 31 December	Gross balance outstanding at 31 December	Net balance outstanding at 31 December	Allowance for doubtful receivables at 31 December	Bad or doubtful receivables recognised for the year end 31 December
Balances in respect of non-trade transaction					
<i>Amount owing from:</i>					
CCM Marketing Sdn Bhd	-	319,516	319,516	-	-
Usaha Kimia [M] Sdn Bhd	-	9	9	-	-
CCM Agri-Max Sdn Bhd	-	15	15	-	-
Innovax Sdn Bhd	-	1,103	1,103	-	-
<i>Advances owing from:</i>					
CCM Agriculture Sdn Bhd	-	22,407	22,407	-	-
CCM International Sdn Bhd	-	1,500	1,500	-	-
CCM Agri-Max Sdn Bhd	-	25,769	25,769	-	-
<i>Amount owing to:</i>					
CCM Singapore Sdn Bhd	-	38	38	-	-
CCM International Sdn Bhd	-	16,320	16,320	-	-
CCM Agriculture [Sabah] Sdn Bhd	-	2,618	2,618	-	-
Liberal Wira Sdn Bhd	-	867	867	-	-
Euphorex Corporation Sdn Bhd	-	1,044	1,044	-	-
CCM Agriculture Sdn Bhd	-	308	308	-	-
Usaha Progresif Sdn Bhd	-	2,361	2,361	-	-
CCM Investment Limited	-	18,656	18,656	-	-
Balance in respect of non-trade balance					
<i>Amount owing from:</i>					
Orica-CCM Energy Systems Sdn Bhd	-	72	72	-	-

The terms and conditions for the above transactions are based on normal trade terms. All the amounts outstanding are unsecured and expected to be settled with cash.

Bursa Malaysia Securities Berhad had written a letter dated 11 October 2007 to approve the Company's application for waiver from complying with Paragraph 10.08 or 10.09 of the Listing Requirements in relation to transactions between the CCM Group of Companies and companies in which Permodalan Nasional Berhad ["PNB"] and/or the Unit Trusts Funds managed by PNB companies, have interests.

31. Subsequent events

On 25 January 2008, the Company has entered into a Conditional Share Sale Agreement for the acquisition of 9,567,502 ordinary shares of RM1.00 each representing approximately 97.14% of the issued and fully paid up ordinary shares in Enersave Water Sdn Bhd for a total purchase consideration of RM38.28 million.

32. Significant events

On 2 April 2007, the Group through a subsidiary, CCM Pharma Sdn Bhd, has entered into a Sale and Purchase Agreement with Malayan Pharmaceutical Sdn Bhd ["MPSB"] in respect of the purchase of brands, product rights and fixed assets of MPSB for a total consideration of RM22.0 million.

33. Comparative figures

The following comparative figures have been restated to reflect the effect of adoption of FRS117, Leases on the current year's financial statement.

[in RM'000]	Group		Company	
	As restated	As previously stated	As restated	As previously stated
Balance sheets				
Property, plant and equipment	243,107	352,376	-	-
Prepaid lease payments	109,269	-	-	-
Cash flow statements				
Depreciation on property, plant and equipment	28,735	29,182	-	-
Amortisation on prepaid lease payment	447	-	-	-
Notes to the financial statements				
Operating profit				
Depreciation on property, plant and equipment	28,735	29,182	-	-
Amortisation on prepaid lease payment	447	-	-	-

The leasehold land of the Group with carrying values of RM109,269,000 as at 31 December 2006 respectively was reclassified from property, plant and equipment to prepaid lease payments to comply with requirements of FRS 117, Leases.

The presentation and classification of certain items in the financial statements have been amended. Accordingly, comparative amounts for those items have been reclassified to ensure comparatively with the current year.

[in RM'000]	Group		Company	
	As restated	As previously stated	As restated	As previously stated
Balance sheets				
Current liabilities				
Loans and borrowings [unsecured]	290,000	300,000	290,000	300,000
Non current liabilities				
Loans and borrowings	133,932	123,932	10,000	-
Notes to the financial statements				
Loans and borrowings [unsecured]				
Non-current				
Unsecured term loans	90,000	100,000	90,000	100,000
Current				
Unsecured term loans	10,000	-	10,000	-

Analysis of shareholdings

as at 31 March 2008

Authorized Share Capital	: RM800,000,000
Issued and Paid-up Share Capital	: RM402,594,065
Class of Shares	: Ordinary Shares of RM1.00 each
Voting Rights	: One vote per ordinary share

Distribution of shareholdings as at 31 March 2008

Size of shareholdings	No. of shareholders	% of shareholders	No. of share	% of issued share capital
Less than 100	191	4.60	4,575	0.00
100 - 1,000	718	17.28	580,126	0.14
1,001 – 10,000	2,441	58.73	10,639,522	2.64
10,001 – 100,000	730	17.56	20,324,774	5.05
100,001 to less than 5% of issued shares	73	1.76	91,531,308	22.74
5% and above of issued shares	3	0.07	279,513,760	69.43
	4,156	100.0	402,594,065	100.00

Substantial shareholders as at 31 March 2008

Names	No.	Direct	No.	Indirect
		Holdings %		Holdings %
1. Amanah Raya Nominees [Tempatan] Sdn Bhd Skim Amanah Saham Bumiputera	184,749,500	45.89	-	-
2. Permodalan Nasional Berhad	54,989,660	13.66	-	-
3. Yayasan Pelaburan Bumiputra ^a			54,989,660	13.66
4. Employees Provident Fund Board	39,774,600	9.88	-	-

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

Directors' shareholdings

Names	No.	Direct	No.	Indirect
		%		%
1. Dato' N. Sadasivan	200,000	0.05	-	-

Analysis of shareholdings [contd.]

Thirty [30] largest shareholders as at 31 March 2008

No.	Names	Holdings	%
1.	Amanah Raya Nominees [Tempatan] Sdn Bhd Skim Amanah Saham Bumiputera	184,749,500	45.89
2.	Permodalan Nasional Berhad	54,989,660	13.66
3.	Employees Provident Fund Board	39,774,600	9.88
4.	Citigroup Nominess [Tempatan] Sdn Bhd UBS AG Hong Kong for Billion Victory Sdn Bhd	18,000,000	4.47
5.	Amanah Raya Nomineess [Tempatan] Sdn Bhd Amanah Saham Wawasan 2020	14,543,100	3.61
6.	Lembaga Tabung Haji	10,795,500	2.68
7.	Amanah Raya Nominees [Tempatan] Sdn Bhd Amanah Saham Didik	9,449,900	2.35
8.	Amanah Raya Nominees [Tempatan] Sdn Bhd Amanah Saham Malaysia	7,613,700	1.89
9.	Chemical Company of Malaysia Berhad Share Buy Back Account	2,998,000	0.74
10.	Amanah Raya Nominees [Tempatan] Sdn Bhd Sekim Amanah Saham Nasional	2,523,900	0.63
11.	Cartaban Nominees [Tempatan] Sdn Bhd Petroleum Nasional Berhad [Tading PF]	1,940,000	0.48
12.	Citigroup Nominees [Tempatan] Sdn Bhd Exempt AN for Prudential Fund Management Berhad	1,703,700	0.42
13.	G.T.Y. Holdings Sdn Bhd	1,500,000	0.37
14.	Amanah Raya Nominees [Tempatan] Sdn Bhd Affin Islamic Equity Fund	1,425,700	0.35
15.	HSBC Nominees [Asing] Sdn Bhd Exempt AN for Credit Suisse [SG BR-TST-ASING]	1,252,200	0.31
16.	Affin Nominees [Asing] Sdn Bhd UOB Kay Hian Pte Ltd for Cheng Good Hiang	848,332	0.21

Analysis of shareholdings [contd.]

Thirty [30] largest shareholders as at 31 March 2008 [contd.]

No.	Names	Holdings	%
17.	Amanah Raya Nominees [Tempatan] Sdn Bhd Public Islamic Dividend Fund	807,300	0.20
18.	Malaysian Reinsurance Berhad	800,000	0.20
19.	Amanah Raya Nominees [Tempatan] Sdn Bhd Amanah Saham Nasional 2	774,000	0.19
20.	Universiti Malaya	704,664	0.18
21.	HSBC Nominees [Tempatan] Sdn Bhd HSBC [M] Trustee Bhd for MAAKL AL-Faid [4389]	700,000	0.17
22.	Cartaban Nominees [Tempatan] Sdn Bhd Petronas for Petroliam Research Fund	686,300	0.17
23.	Amanah Raya Nominees [Tempatan] Sdn Bhd Dana Islamiah Affin	636,200	0.16
24.	HSBC Nominees [Tempatan] Sdn Bhd HSBC [M] Trustee Bhd for MAAKL AL-Fauzan [5170]	620,000	0.15
25.	Lebar Daun Constuction Sdn Bhd	550,000	0.14
26.	Citigroup Nominees [Asing] Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	472,600	0.12
27.	Liew Siew Lan	450,000	0.11
28.	Lee Yee Chong	422,000	0.10
29.	Malaysia Nominees [Tempatan] Sdn Bhd Lee Foundation, States of Malaya [00-00197-000]	420,000	0.10
30.	Equity Heights Sdn Bhd	400,000	0.10

Analysis of warrant holdings

as at 31 March 2008

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

Distribution of warrant holdings

Size of Warrant Holdings	No. of Warrant B Holders	% of Warrant B Holders	No. of Warrant B	% of total Warrant B
Less than 100	32	5.36	1,268	0.00
100 - 1,000	217	36.35	179,194	0.31
1,001 – 10,000	293	49.08	1,129,655	1.97
10,001 – 100,000	50	8.38	1,368,737	2.38
100,001 to less than 5% of issued shares	4	0.67	1,976,000	3.44
5% and above of issued shares	1	0.17	52,821,503	91.90
	597	100.00	57,476,357	100.00

Substantial warrant holders

Names	held	Direct No. of Warrant B %	held	Indirect No. of Warrant B %
1. Permodalan Nasional Berhad	52,821,503	91.90	-	-
2. Yayasan Pelaburan Bumiputra ^a			52,821,503	91.90

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

Directors' warrant holdings

Names	No.	Direct Holdings %	No.	Indirect Holdings %
1. Dato' N. Sadasivan	50,000	0.08	-	-

Analysis of warrant holdings [contd.]

Thirty [30] largest warrant-B holders as at 31 March 2008

No.	Names	Holdings	%
1.	Permodalan Nasional Berhad	52,821,503	91.90
2.	Mayban Nominees [Tempatan] Sdn Bhd - <i>Mayban Trustee Berhad for Public Ittikal Fund</i> [N14011970240]	1,341,000	2.33
3.	RC Nominees [Tempatan] Sdn Bhd - <i>Pledged Securities Account for Chin Chin Seong</i> [CO3DSH2SHCO53M]	300,000	0.52
4.	HDM Nominees [Asing] Sdn Bhd - <i>UOB Kay Hian Pte Ltd for Lim Kim Leong</i> [CO3DSH2SHL009M]	205,000	0.36
5.	RC Nominees [Tempatan] Sdn Bhd - <i>Pledged Securities Account for Lee Chong Hoe</i> [CO3DSH2SHL009M]	130,000	0.23
6.	Wan Fauziah binti Wan Ja'afar	97,000	0.17
7.	Lim Eik Hoy	85,000	0.15
8.	TA Nominees [Tempatan] Sdn Bhd - <i>Pledged Securities Account for Koay Ean Chim</i>	70,000	0.12
9.	Tan Ah Kee	57,000	0.10
10.	TA Nominees [Tempatan] Sdn Bhd - <i>Pledged Securities Account for Tong Chin Hen</i>	50,500	0.09
11.	N. Sadasivan a/l N N Pillay	50,000	0.09
12.	Boo Kwie Liang	50,000	0.09
13.	Tan Kim Siw	43,900	0.08
14.	Winnie Hamzah Sendut	42,000	0.07
15.	Tan Ah Kee	40,000	0.07
16.	Lim Teh Realty Sdn Bhd	40,000	0.07
17.	Soh Keh Woei	33,000	0.06
18.	Goh Siew Ngoh	32,500	0.06
19.	Soh Chau Kin	32,100	0.06
20.	K.S. Tan Sdn Bhd	31,000	0.05

Analysis of warrant holdings [contd.]

Thirty [30] largest warrant-B holders as at 31 March 2008 [contd.]

No.	Names	Holdings	%
21.	Mayban Securities Nominees [Tempatan] Sdn Bhd - Pledged Securities Account for Lim Kee Yek <i>[REM 174-MARGIN]</i>	30,000	0.05
22.	Lim Leng Chye	25,000	0.04
23.	Pretam Singh S/O Chanan Singh	25,000	0.04
24.	Citigroup Nominees [Asing] Sdn Bhd - Citigroup GM Inc for Lion Star Ventures Limited	25,000	0.04
25.	Tam Ley Chian	25,000	0.04
26.	HDM Nominees [Asing] Sdn Bhd <i>Phillip Securities Pte Ltd for Ho Poey Wee</i>	22,000	0.04
27.	Lee Ah Swee @ Lee Swee Kee	20,000	0.03
28.	Lim Yong Keat	20,000	0.03
29.	Soon Khiat Voon	20,000	0.03
30.	KE-ZAN Nominees [Asing] Sdn Bhd - Kim Eng Securities Pte Ltd for Lee Keow Jit	20,000	0.03

List of properties

as at 31 December 2007

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	79.30	December 2005
CCM Duopharma GM1391, Lot No. 2599 Mukim and District of Klang Selangor	Freehold	-	11,655	Industrial land, factory and offices	14 years	23.4	November 2005
UPHA Factory Lot 11454, 11458, 11459 Mukim of Kajang	Leasehold	99 years [1987 - 2086]	22,099	Industrial land, factory and offices	14 years	23.4	December 2005
Lot PT 3609 Mukim Teluk Panglima Garang Kuala Langat	Leasehold	99 years [1992 - 2091]	195,509	Industrial land	-	22.92	December 2005
CCM Pharma No. 2 Jalan Saudagar U1/16 Seksyen U1 Hicom Glenmarie Industrial Park 40150 Shah Alam	Freehold	-	5,907	Industrial land, factory and offices	11 years	18.84	March 2007
Nilai Industrial Land P.T. No. 6055 & 6056 Bandar Baru Nilai	Leasehold	99 years [1993 - 2092]	138,236	Industrial land	-	17.05	December 2005
No. 18 & 18A Jalan Tun Ismail Kuala Lumpur	Freehold	-	8,878	Residential land and buildings	35 years	17.00	December 2005
Pasir Gudang Works Pasir Gudang Johor Darul Takzim	Leasehold	60 years [1991 - 2051]	104,599	Industrial land	12 years	16.15	December 2005
No. 16A Jalan Tun Ismail Kuala Lumpur	Freehold	-	8,498	Residential land and buildings	35 years	15.59	December 2005
Kemena Land Bintulu Lot 3121 & Lot 3122 Block 26 Kemena Land District	Leasehold	60 years [1998 - 2058]	243,057	Industrial land	-	11.63	February 2006



Upholding trust,
fostering
confidence

Notice of annual general meeting

Notice is hereby given that the Forty-Sixth Annual General Meeting of the Company will be held at Grand Ballroom, The Legend Hotel, Jalan Putra, Kuala Lumpur on Wednesday, 28 May 2008 at 10.30 a.m for the following purposes:

Agenda

As Ordinary Business

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2007 together with the Reports of the Directors and Auditors thereon.

Ordinary Resolution 1

2. To approve a gross final dividend of 10.0 sen [less 26% tax] for the financial year ended 31 December 2007.

Ordinary Resolution 2

3. To re-elect the following Directors retiring under Article 91 of the Articles of Association of the Company:

a. Tan Sri Ab. Rahman bin Omar

Ordinary Resolution 3

b. Tan Sri Dato' Dr Mohamed Yusof bin Hashim

Ordinary Resolution 4

c. Encik Abdul Rahim bin Abdul Hamid

Ordinary Resolution 5

4. To re-elect Tan Sri Dato' Dr Abu Bakar bin Suleiman retiring by rotation pursuant to Article 96 of the Articles of Association of the Company.

Ordinary Resolution 6

5. To approve the directors' fees of RM1,572,923.54 for the financial year ended 31 December 2007.

Ordinary Resolution 7

6. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration.

Ordinary Resolution 8

7. To transact any other business of which due notice shall have been received.

As Special Business

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

8. **Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ["Proposed Shareholders' Mandate"]**

That subject to the Listing Requirements of the Bursa Malaysia Securities Berhad ["Bursa Securities"],

the Company and/or its subsidiary shall be mandated to enter into the recurrent related party transactions of a revenue or trading nature with the related party as specified in Sections 2.2.1 and 2.2.4 of the Circular to Shareholders dated dd/mm/yy which are necessary for the Company and/or its subsidiary's day-to-day operations subject further to the following:

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

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

Ordinary Resolution 9

Notice of books closure

NOTICE IS HEREBY GIVEN that subject to the approval of the Shareholders at the forthcoming AGM, the proposed gross final dividend of 10.0 sen per ordinary share [less 26% tax] in respect of the Company's financial year ended 31 December 2007 will be paid on 20 June 2008 to shareholders whose names appear in the Record of Depositors on 6 June 2008.

A Depositor shall qualify for entitlement to the Dividend only in respect of:

- a. Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 6 June 2008 in respect of ordinary transfer; and
- b. Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 4 June 2008 in respect of shares which are exempted from mandatory deposit.
- 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

Noor Azwah binti Samsudin [LS 0006071]
Ibrahim Hussin Salleh [LS 0009121]
Company Secretaries

Kuala Lumpur
5 May 2008

Notes

1. A member of the Company, entitled to attend and vote at the meeting is entitled to appoint not more than two [2] proxies to attend and vote instead of him. A proxy may need not be a member of the Company.
2. Where a member of the Company appoints two or more proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized 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, Level 26, Menara Multi Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, not less than forty-eight hours before the time appointed for holding the meeting.

Explanatory notes on special business

- i. Ordinary Resolution 9 - Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The explanatory notes on Ordinary Resolution 9 is set out in the Circular to Shareholders dated 5 May 2008.

Statement accompanying the notice of the Forty-Sixth annual general meeting of Chemical Company of Malaysia Berhad

Pursuant to paragraph 8.28[2] Of the listing requirements of Bursa Malaysia Securities Berhad

The details of the three [3] Directors seeking re-election are set out in their respective profiles which appear in the Directors' Profiles on pages 031 to 037 of this Annual Report.

The details of their interest in the securities of the Company are set out in the Analysis of Shareholdings which appear on page 137 of this Annual Report.

Proxy Form Annual General Meeting
CHEMICAL COMPANY OF MALAYSIA BERHAD [5136-T]
 [Incorporated in Malaysia]

No. of shares held

CDS account no.

Serial number

I/We _____

[Full name in capital letters]

of _____

[full 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-Sixth Annual General Meeting of the Company to be held at Grand Ballroom, The Legend Hotel, Jalan Putra, Kuala Lumpur on Wednesday, 28th May 2008 at 10.30 a.m. and at any adjournment thereof.

Signature of Shareholder

Signed this _____ day of _____ 2008.

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.	<input type="checkbox"/>	<input type="checkbox"/>
2. To approve gross final dividend of 10.0 sen [less 26% tax].	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Tan Sri Ab Rahman bin Omar	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Tan Sri Dato' Dr Mohamed Yusof bin Hashim	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-elect Encik Abdul Rahim bin Abdul Hamid	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-elect Tan Sri Dato' Dr Abu Bakar bin Suleiman	<input type="checkbox"/>	<input type="checkbox"/>
7. To approve the directors' fees for financial year ended 31 December 2007	<input type="checkbox"/>	<input type="checkbox"/>
8. To re-appoint Messrs KPMG as Auditors	<input type="checkbox"/>	<input type="checkbox"/>
9. Special Business	<input type="checkbox"/>	<input type="checkbox"/>
i] Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ["Proposed Shareholders' Mandate"].	<input type="checkbox"/>	<input type="checkbox"/>

Notes

1. A member of the Company, entitled to attend and vote at the meeting, is entitled to appoint not more than two [2] proxies 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 or more 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, 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.

Fold here

Affix
postage
stamp

The Registrar
Chemical Company of Malaysia Berhad [5136-T]
Level 26, Menara Multi-Purpose, Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Malaysia

Fold here

Chemical Company of Malaysia Berhad [5136-T]
13th Floor, Menara PNB
201-A, Jalan Tun Razak
50400 Kuala Lumpur
Tel 603-2612 3888
Fax 603-2612 3999
Url www.ccm.com.my