



CCM



VOICES



CHEMICAL COMPANY
OF MALAYSIA BERHAD
(5136-T)

Financial Calendar

Financial year end	31/12/08
Annual General Meeting	11/06/09
<hr/>	
Interim Dividend	
<hr/>	
Entitlement date	17/10/08
Payment date	05/11/08
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Proposed Final Dividend	
<hr/>	
Entitlement date	09/07/09
Payment date	23/07/09
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Announcement of 2008 Trading Results	
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3 months	27/05/08
6 months	28/08/08
9 months	27/11/08
Full year	25/02/09

Financial Review

Turnover and Profitability

(RM'mil)	Turnover		Profit before tax	
	2008	2007	2008	2007
Fertilizers	1,405.8	723.8	83.5	35.0
Chemicals	606.5	511.1	14.7	15.1
Pharmaceuticals	232.7	217.4	37.2	56.3
Intersegment Eliminations and Others	(79.5)	(55.0)	(15.1)	(0.8)
Group	2,165.5	1,397.3	120.3	105.6

Liquidity

(RM'000)	2008	2007
Net cash (used in)/from operating activities	(256,451)	16,379
Net cash (used in)/from investing activities	(171,336)	(65,367)
Net cash from/(used in) financing activities	389,780	(55,936)
Net decrease in cash and cash equivalents	(38,007)	(104,924)
Cash and cash equivalents at 1 January	193,490	298,414
Cash and cash equivalents at 31 December	155,483	193,490

Financial Highlights as at 31 December Consolidated Balance Sheet

(RM'000)	2008	2007
Total non-current assets	843,219	721,185
Total current assets	1,279,835	764,572
<hr/>		
Total assets	2,123,054	1,485,757

Financial Highlights as at 31 December Consolidated Balance Sheet

(RM'000)	2008	2007
Financed by:		
Share capital	402,849	402,563
Reserves	30,046	33,517
Retained profits	314,621	302,476
<hr/>		
Total equity attributable to equity holders of the company	747,516	738,556
Minority interests	111,075	99,856
<hr/>		
Total equity	858,591	838,412
<hr/>		
Total non-current liabilities	220,588	309,605
Total current liabilities	1,043,875	337,740
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Total liabilities	1,264,463	647,345
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Total equity and liabilities	2,123,054	1,485,757

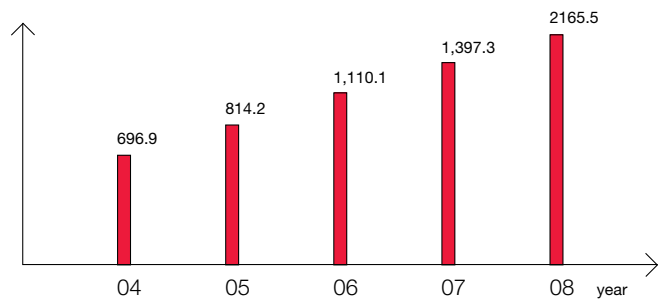
Consolidated Income Statement

(RM'000)	2008	2007
Turnover	2,165,459	1,397,268
<hr/>		
Profit before taxation	120,268	105,551
Taxation	(34,767)	(21,952)
<hr/>		
Profit after taxation	85,501	83,599
Minority interests	20,475	20,881
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Profit attributable to shareholders	65,026	62,718

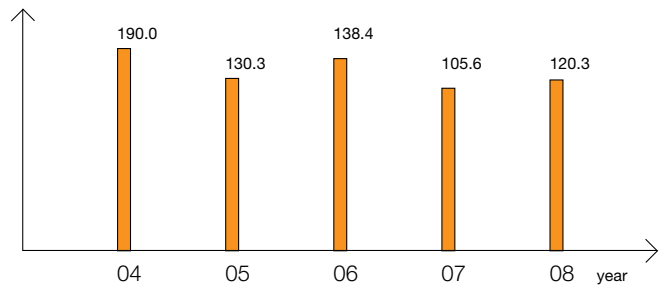
Group Financial Ratios as at 31 December

	2008	2007
Profitability (%)		
Turnover growth rate	54.98	25.87
Profit before taxation as a % of turnover	5.55	7.55
Profit before taxation as a % of shareholders' funds	16.09	14.29
Liquidity (%)		
Current ratio	1.23	2.26
Acid test ratio	0.73	1.56
Market ratios (%)		
Net assets per share	1.86	1.83
Earnings per share	16.1	15.7
Net dividend per share	12.1	11.8
Productivity		
Turnover per employee (RM)	1,145	825
Total Assets per employee (RM)	1,123	877
Number of employees	1,891	1,693

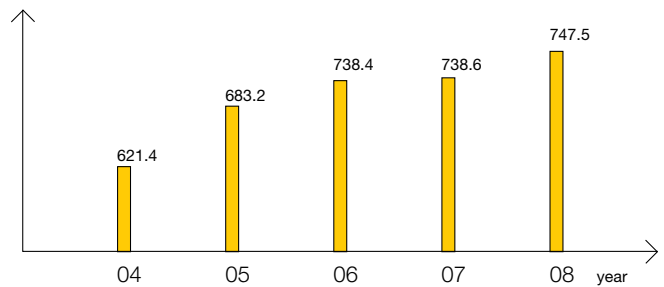
Turnover (RM million)



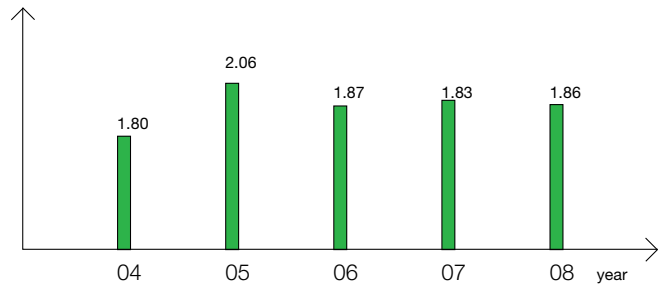
Profit Before Tax (RM million)



Shareholder's Funds (RM million)



Net Assets per Share (RM)



Earnings per Share (Sen)

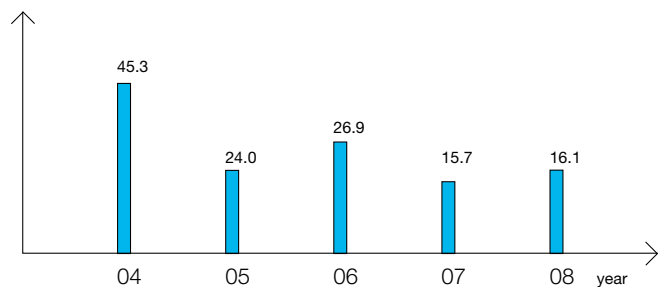


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**Salam
Sejahtera**

2008 was a year that proved the strength and resilience of Chemical Company of Malaysia Berhad. We have performed remarkably and achieved laudable results.

Tan Sri Ab. Rahman bin Omar
Chairman



Chairman's Statement

Dear Shareholders,

2008 was a year that proved the strength and resilience of Chemical Company of Malaysia Berhad (CCM or the Group). We performed remarkably to ensure another year of laudable results. Hence, it is with great pleasure that I present to you the annual report and financial statements of the Group for the financial year ended 31 December 2008.

The Group continued to grow impressively during the year under review. A new achievement was recorded as we have not only met but exceeded our Key Performance Indicators (KPIs). At the same time, we have successfully implemented our strategic business initiatives and performance monitoring to ensure that our three core businesses; Fertilizers, Chemicals and Pharmaceuticals achieve better results. The conclusion of the Group's first 3-year Strategic Plan initiated in 2005 proved its worth and helped us pave our way to achieve better results.

A Commendable Year

CCM achieved a turnover of RM2.2 billion for the year under review which exceeded our KPI target of RM1.7 billion. Compared to RM1.4 billion posted in the previous year, the Group registered a remarkable 55% increase in revenue over the same period in the year before.

The Group achieved an increase in its profit before tax of 13.9% from RM105.6 million in 2007 to RM120.3 million in 2008. This double digit increase has been commendable considering the turbulent market prices caused by the global economic slowdown. CCM grew steadily with its net profit rising 4% to RM65.0 million and earnings per share increasing by 2.9% to 16.15 sen from 15.70 sen in the previous year.

The Group's top revenue earner among our core businesses was the Fertilizers Division with its revenue nearly doubled. The Division registered a 94.2% increase in turnover to RM1.4 billion in 2008 from RM723.8 million the previous year. Profit before tax increased by 138.4% to RM83.5 million from RM35.0 million in the corresponding period the year before. However, the rapid decline in the prices of fertilizers and its demand towards the end of the year led to the impairment of stock values for the Division. Coupled with the falling price of crude palm oil occurring in the fourth quarter, the Group's overall performance was adversely affected but CCM is able to maintain its 30% share of the domestic fertilizer market. We take great pride in being the country's largest compound fertilizer manufacturer.

The Group's Chemicals Division charted a laudable 18.7% growth in revenue in 2008. From RM511.1 million in 2007, the Division generated RM575 million in the year being reported. In January 2009, the Group finalised its purchase of the

Innovative Group of Companies (comprising Innovative Polymer Systems Sdn Bhd, Innovative Resins Sdn Bhd and Delta Polymer Systems Sdn Bhd) from Paramount Discovery Sdn Bhd, a wholly-owned subsidiary of AKN Technology for RM122.7 million. With the 93% acquisition of Innovative Group of Companies, the Group is now the global market leader in this niche segment of manufacturing polymer coatings for the rubber glove industry. Polymer coatings are widely used for the production of powder-free medical examination and surgical gloves.

Earlier in the year, the Group also completed the purchase of Enersave Water Sdn Bhd (now known as CCM Water Systems Sdn Bhd) for RM37.9 million to strengthen its involvement in the water treatment and purification business. However, during the year under review, the Division also incurred substantial year-end-stock impairment charges which resulted in a 3.1% decrease in the Group's Chemicals Division profit before tax to RM14.7 million.

Rising health awareness among the public has immensely helped CCM's Pharmaceuticals Division to experience a significant growth. Turnover for the year under review was recorded at RM232.7 million from RM217.4 million in the corresponding period last year. This marked an increase of 7% and ensured CCM's position as the largest generic pharmaceutical manufacturer in the country where the Group holds a 20% market share. However, due to the increase of raw materials prices coupled with the lower selling prices of its products to the public sector, the Division earned a smaller margin and recorded a 33.9% drop in its profit before tax. As compared to the previous year, its profit before tax decreased from RM56.3 million in 2007 to RM37.2 million in 2008.

Business Outlook and Prospects

The Group derived 30% of its revenue in 2008 from exporting its products in the pharmaceuticals, fertilizers and chemicals businesses. We hope to increase our export revenue to 40% by 2010. With our embedded operations in Singapore, Indonesia, Vietnam, Thailand and the Philippines, we will promote over 700 of our products in these growing markets.

Our fertilizer products will continue to meet the demands of the country as well as those in the region. We now have two fertilizer plants in operation with a third plant targeted for completion in 2009 and the fourth targeted for completion in 2011. With the steady prices of crude palm oil and the dropping prices of fertilizer prices, we foresee an increase in demand for our products as oil palm growers increase their annual expansion of planted acreages in both the domestic and regional markets.

To kickstart 2009, the Chemicals Division of CCM reached new milestones in the specialty chemicals business, particularly in the rubber gloves sector where demand is consistently strong regardless of changes in the economic situation. The Division's expansion plan to be a major player in the water treatment and

Business Outlook and Prospects (cont.)

purification business will be pursued with greater vigour in 2009.

The Group's Pharmaceuticals Division does not expect to experience a dip in public and private healthcare spending because the demand for pharmaceutical products are not adversely affected by economic downturns. People will continue to seek medical treatment and opt for maximum value of such products. The Division foresees to remain profitable in a tougher financial year by enhancing its presence in the regional markets with new products and activities. In line with the country's aim to be the global hub for the Halal industry, we are gaining newer and bigger grounds in the pharmaceutical sector. Our three pharmaceutical factories will ensure we continue to increase our production capacity to meet future demand.

The Group's basic earnings per share for the financial year ended 31 December 2008 increased to 16.15 sen from 15.73 sen in 2007. The Board is, therefore, recommending a final gross dividend declaration of 1.80 sen per ordinary share less tax at 25% and 4.85 sen tax exempt dividend.

Acknowledgement

On behalf of the Board of Directors, I thank our shareholders, customers, business associates and partners for their continued trust and support in ensuring 2008 another commendable year for the Group. I must extend our gratitude to our management and employees at all levels in the Group, for their dedicated services and commitment.

Thank you to my fellow Directors for their invaluable counsel and insights throughout the year under review. I would like to take this opportunity to record our deepest appreciation to YBhg Tan Sri Dato' Dr. Mohamed Yusof bin Hashim and Puan Jamiah binti Abdul Hamid for their years of service as Board members and wish them all the best in their future plans. At the same time, I am happy and proud to welcome YBhg Dato' Dr. Saharan bin Haji Anang and En. Mohd. Nizam bin Zainordin to our Board and eagerly look forward to be working with them in the years ahead.

Together, we shall brave the economic turbulence ahead and work toward realising the Group's vision. We remain committed, more than ever, to strengthen our stakeholders' trust and confidence, enrich the community's wealth and focus on being one of the nation's strategic partners.

Tan Sri Ab. Rahman bin Omar
Chairman



HortiFert fertilizer series are the perfect supplements for healthier, more vigorous and longer lasting plants. Witness how your flowers, fruits and vegetables, bloom magnificently in the comfort of your own home.

Home fertilizers



Building on the achievements of previous years and the unbridled energy, passion and commitment from the employees, all three of our core businesses reached new milestones in their operational results and capabilities.

Dato' Dr. Mohamad Hashim bin Ahmad Tajudin
Group Managing Director



Group Managing Director's Operations Review

The Group continued to perform steadily in the past year. Building on the achievements of previous years and the unbridled energy, passion and commitment from the employees, all three of our core businesses reached new milestones in their operational results and capabilities.

Throughout the year under review, we continued with our business strategies by continuously improving our systems and processes; embarking on new technologies and marketing strategies; and building knowledge and expertise through our people.

Chemicals Division

We performed admirably despite the downturn in the global economy in the past year and achieved a turnover of RM606.5 million. This marked an 18.7% increase from the turnover of RM511.1 million in the previous year. However, the Division's profit before tax decreased by 3.1% from RM15.1 million in 2007 to RM14.7 million in 2008 due to year-end-stock impairment charges incurred reflecting market falls in product prices, and underperformance of its water systems business.

The second half of the year witnessed a combination of higher energy cost, sharp drop of commodity prices and weakening of the Ringgit against major currencies which posed a mixture of challenging market dynamics for the Division. With the global financial meltdown towards the end of the year, like most industries, we experienced a severe drop in demand for our products. The dumping of excess production capacities by manufacturers across the region was another detrimental factor.

The Chemicals business have been expanding through the years into the ASEAN markets, with offices in Singapore, Indonesia, Vietnam, Thailand, and this continued in 2008 with a Sales & Marketing office being set up in the Philippines, to take part in the industrial growth of these countries. To strengthen our Water Business, we have acquired Enersave Water Sdn Bhd (now known as CCM Water Systems Sdn Bhd), whose core competency is in ultra filtration and membrane technology. Coupled with our traditional strength in water treatment chemicals for the potable water industry, this synergy will augur well for the Chemicals business, as the clean and waste water sectors will become even more important in years to come.

During the period under review, we were working toward completing the acquisition of the Innovative Group of Companies which will allow us to enhance our involvement in the specialty chemicals and more so in the rubber chemicals business. The completion of this acquisition exercise took place in January 2009.

These two acquisitions are of strategic significance as it will strengthen the portfolio mix of the Chemicals Division, reducing any over dependence on any product group.

Fertilizers Division

As one of the fundamental materials for the development of a nation's economy, fertilizers continued to be traded actively in local and regional markets. Our sales revenue for 2008 increased remarkably by 94.2% to RM1.4 billion compared to the same period in the past year. Accordingly, profit before tax for the year for the Division improved by 138.4% from RM35.0 million in the previous year to RM83.5 million in the year under review.

In tandem with the price increases for energy and raw materials both at home and abroad, prices of fertilizers also increased accordingly in the first three quarters of the year. But the fourth quarter of 2008 was predominated by rapid declines in fertilizer prices from their peaks in the preceding quarters. Notwithstanding the decline in fertilizer prices in the last quarter, we recorded an unprecedented growth in revenue during the year under review.

As the prices took a nose dive from the global economic meltdown and the downturn in crude palm oil prices in the final quarter of the year, the value of stocks had to be impaired accordingly. Nevertheless, demand for fertilizers is expected to remain strong with annual expansion of planted acreages, both domestically as well as regionally.

Our new RM50 million fertilizer plant in Bintulu, Sarawak became operational in 2008 with an annual capacity of 130,000 tonnes, increasing our production capability by 50%. Together with our plant in Shah Alam, Selangor, we now have an annual capacity of 410,000 tonnes. We are confident to meet the demand of the local markets and are also looking more aggressively into the region, especially in Indonesia, to ensure both our sustainability in the local industry and secure our position as one of the leading manufacturers of fertilizers in the ASEAN region.

The Division entered into a strategic alliance with The Arab Potash Company PLC to ensure security of supply of Muriate of Potash (MOP) or potassium chloride. MOP is one of the most important nutrients used in agriculture which is essential for better yield of plants.

Pharmaceuticals Division

2008 welcomed the appointment of En. Leonard Ariff Abdul Shatar as the Director, Pharmaceuticals Division. He is also the Chief Executive Officer of CCM Duopharma Biotech Berhad. He joined the Group in 1990 and has worked in our Chemicals and Pharmaceuticals Division before leaving for ICI Paints Malaysia in 2003 as its General Manager and subsequently the Managing Director. We are confident that under his leadership, the Group will benefit immensely from his vast experience in the operations of the Division and knowledge in the pharmaceuticals industry.

During the year, the Division saw an increase of almost 7%

Pharmaceuticals Division (cont.)

in revenue to RM232.7 million compared to RM217.4 million in the previous year. This is still a commendable performance considering that in the middle of 2008, the price of fuel skyrocketed globally which affected all industries including ours. The phenomenal fuel price hike increased the prices of raw materials and packaging materials. We immediately responded to the unprecedented price increase with various cost saving measures and at the same time we also started synergising our two major operating pharmaceuticals companies in our Group.

In 2008, we established a regional office in the Philippines, adding to the regional offices we already have in Singapore, Indonesia, Vietnam and Thailand. Over the years, we have paved the way for our brand presence in the region and regional sales have contributed significantly to the Group's revenue. 2008 also saw the commissioning of the Division's Oral Solid Dosage facility in Bangi.

Our pharmaceuticals business consists of Ethicals (prescription drugs) and Over-The-Counter (OTC). Some of our top performing ethical products include *Omesec*, *Vascor*, *Carinox*, *Beamox* and *Uphalexin*. Our best OTC brands are the award winning children range *CHAMPS*, adult multivitamin *Proviton*, *Flavettes*, *Chewies*, *Donna*, *Sloane's* linament and a few others. While there is more re-pricing flexibility on sales to the private sector, we are stepping up our promotion and marketing efforts as the customers are tightening their belts in the wake of a major economic downturn. At the same time, we have secured sales to the government sector under term supply contracts to generate a steady flow of income into 2009.

International Business

One of CCM Group's growth drivers is to expand its businesses outside Malaysia. We recognize that the global markets present huge opportunities for our future business growth. CCM commenced its expansion outside Malaysia in 1998, when it opened its first regional operations in Singapore. Today, CCM has operations in all key ASEAN markets, including Indonesia, Vietnam, Thailand and Philippines, as well as exports to over 25 countries outside ASEAN. Over the years, CCM's businesses outside Malaysia has grown exponentially and in 2008, the international business contributed to about 27% of the Group's total revenue.

In line with CCM Group's growth plans, the Group has set up the International Business Division on 1 January 2009. The purpose of setting up this new Division is to manage and grow its current operations in ASEAN as well as to seek and develop businesses in new international markets. In 2009, CCM is expected to commence operations of its inaugural asset outside Malaysia, a 130,000MT per year compound fertilizer plant in Medan, Indonesia. The Group will continuously be

looking out for opportunities in the international markets to invest and grow its businesses in 2009 and beyond.

Corporate Responsibility

We are committed to ensuring the highest standards of corporate governance are practised throughout the Group. This was further affirmed with CCM being one of the winners for the Corporate Governance Survey 2008 Overall Excellence Award which was awarded by the Minority Shareholder Watchdog and University of Nottingham (Malaysia Campus).

While we direct and manage the Group to achieve profit maximisation and bringing the best value to our stakeholders, our commitment to our customers, community and the nation is embedded in our business and social activities. We believe in enhancing the quality of life for all; from giving the best value to our customers that buy our products and the community we serve to managing the environmental impact of our operations. As always, our Corporate Responsibility (CR) programmes focus on four main areas: Healthcare, Education, Environment and Sports.

In 2008, CCM donated RM260,000 worth of Eye Glo Plus, our eye care solution for the use of some 50,000 personnel of the Royal Malaysian Police. We are proud to offer assistance to the police force so they could comfortably continue to protect and serve the public. For the fourth consecutive year, we also contributed RM700,000 worth of health kits to the pilgrims who were performing the *Haj*.

Throughout the year, we also held events and participated in activities especially for the benefits of the society such as the 9th Minggu Saham Amanah Malaysia (MSAM) in Melaka to educate the public on financial investment and the World Halal Forum 2008 to exchange knowledge, expertise and services with international participants and investors in the Halal pharmaceuticals and health supplements market.

As Malaysia is poised to be the hub of the Halal industry in the world, we have established a Halal Council at the Group level and Halal Committees throughout our subsidiaries to enhance our product exports to the global Islamic community. We also participated in the Malaysian International Halal Showcase (MIHAS) to inform and educate the consumers on the availability and benefits of consuming Halal certified health products.

We also believe in the education and knowledge development of our younger generation. For the second year in a row, CCM's CHAMPS was a major sponsor at the *2008 Knowledge Discovery Spelling Final Competition* to promote spelling skills among school children. Held in Putrajaya, the event was jointly organized by the Ministry of Education and Knowledge Discovery magazine. For the third year in a row, CCM donated RM30,000

Corporate Responsibility (cont.)

worth of books on science, technology and health to 10 primary schools in Perak to inculcate the reading habit among rural school children. These schools were especially selected to provide them with the same opportunities and options as those in urban areas.

Sports is another area of focus for the CCM Group. During the year, the Group continued to sponsor sports in cricket, lawn bowl and 10-pin bowling events at national level.

Human Resource Development

As we believe deeply in the training and development of our human resources, we will continually allocate significant management and financial resources in order to achieve a highly skilled and competent workforce. As an integral part of our organisational development, it is no longer a luxury, but a necessity in an ever increasingly competitive business environment. Human capital is our principal asset and should grow in tandem with the company.

To retain our best talents, various initiatives and training programmes involving more than 32,000 training hours were conducted throughout the year. A Leadership Development Training for Junior, Middle and Senior Management and a Functional Capability Training from the corporate office and divisions of our core businesses were successfully conducted. We want to better equip our management and workforce with core values and introduce best practices which are highly respected by the business and social communities. Through the implementation of a Strategic Human Resource Roadmap 2008-2010, we will enhance our human resources further.

Looking ahead, we always develop a succession planning programme to ensure we retain our pool of management personnel by streamlining the various human resource areas such as benefits and compensation system, and identifying our best talents into a divisional structure. We offered more than RM220,000 worth of scholarships to the most outstanding and deserving students at undergraduate levels in local universities. During the tough employment market in 2008, we have also identified and retained individuals who performed the best under our schemes for unemployed graduates.

GLC Transformation Programme

We have continued with the various initiatives under the Government Linked Company Transformation (GLCT) Programme first set out in 2005. Designed with the objectives to enhance financial performances of all Government-Linked Companies (GLCs) and to accelerate the nation's social and economic development towards Vision 2020, the programme will create better value and directly benefit shareholders, employees and customers. The GLCT Programme consists of four phases

and will be carried out until 2015. By the end of the year under review, we have successfully implemented the third phase of the programme.

As one of the major initiatives, all divisions and subsidiaries have been informed of the Group's Procurement Policy and the importance of Return on Equity for the company. An online vendor database and a Vendor Development Programme were officially launched in 2008. As a result, we have achieved savings through operational cost reductions, better cashflow management and our drive to increase local and regional sales. We will continue to inculcate a culture of excellence and high performance to drive the Group's operational performance in the years to come.

Research and Development

Continuous efforts will be undertaken to promote research and development (R&D) in activities related to our core businesses. To address the national issue of food security, the Fertilizers Division's latest product is to help paddy farmers achieve higher rice yield than the national average. Through collaboration with the Malaysia Agricultural Research and Development Institute (MARDI) and funding by the Ministry of Science, Technology and Innovation, a pilot plant to develop nitro-humic acid liquid fertilizers has been set up.

The Division is also focused on R&D efforts to improve the efficiency and quality of fertilizers for the oil palm sector. To boost the palm oil output, there is a growing shift in demand by oil palm growers for compound fertilizers, away from the traditional straights and mixtures fertilizers. We are also working closely with the Malaysia Palm Oil Board (MPOB) in providing quality and affordable fertilizers for the smallholders.

The year 2008 also saw Innovax Sdn Bhd, CCM Pharmaceutical's research and development arm move to a new dedicated building located in HICOM Glenmarie Industrial Park. This was culminated by an official opening of the Group's RM10 million hi-tech research and development centre held in March 2009 to mark its launch as a place to facilitate the development and creation of new and innovative pharmaceutical products.

We had signed a strategic partnership with MPOB to jointly promote R&D and commercialization of oil palm phenolics-based products in the cosmetic, healthcare and wellness industries. During the year, we have developed various ethical, OTC and herbal pharmaceuticals products, of which a total of 15 products have been approved for marketing by National Pharmaceutical Controlled Bureau of the Ministry of Health.

Safety, Health and Environment

Our efforts towards achieving standards of excellence in Safety, Health & Environment (SHE) is reflected in the numerous initiatives and continuous programmes undertaken at all our

Safety, Health and Environment (cont.)

business operations in the Chemicals, Fertilizers and Pharmaceuticals Divisions. On-going initiatives and continuous improvement programmes in the areas of energy management, business process re-engineering, conservation programmes and the implementation of 3Rs (Reduce, Recycle, Reuse), ensure sustainability targets are achieved.

Environmental Impact Assessments (EIA) and Risk Analyses are also carried out for all of our new projects initiatives. The ultimate goal is sustainability and the progressive reduction of carbon and environmental footprints along the value chain that CCM operates in.

We have also instituted diligent controls and extensive internal audit programmes for the management of chemicals, particularly in those facilities that fall under the category of Major Hazard Installations under CIMAH (Control of Industrial Major Accident Hazards) regulations. We abide by the strictest SHE standards consistent with best practice and the requirements of the various legislative statutes.

Our commitment towards SHE is affirmed through our active involvement in the Responsible Care Programme (RCP) promoted by the Chemical Industries Council of Malaysia (CICM). We are the pioneer signatory of the RCP since its inception in 1994, playing a significant leadership role in the key area of corporate responsibility.

CCM Chemicals Division won six (6) Gold and two (2) Platinum awards for the various Codes of Management Practices under the CICM RCP Awards programme for 2007. The Company was also a recipient of the MSOSH (Malaysian Society for Occupational Safety & Health) Gold Award for 2007, for very good performance in the area of occupational safety and health management.

The Group also won the inaugural ICR StarBiz CSR Award in the Environmental category for companies with market capitalization of RM1 billion and above. Winning these prestigious awards is a demonstration of our commitment on the importance of safety, health and environmental practices in business operations and the acknowledgement of the need to excel and be competitive in the face of global challenges.

SHE is a core value and an integral part of the strategic objectives that drives the Group forward. We will continue to play a leadership role in the road towards sustainability and business excellence.

Dato' Dr. Mohamad Hashim bin Ahmad Tajudin

Group Managing Director

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Group Structure

Chemical Company



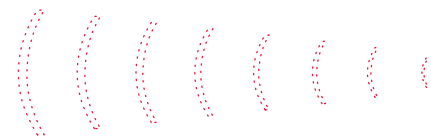
of Malaysia Berhad



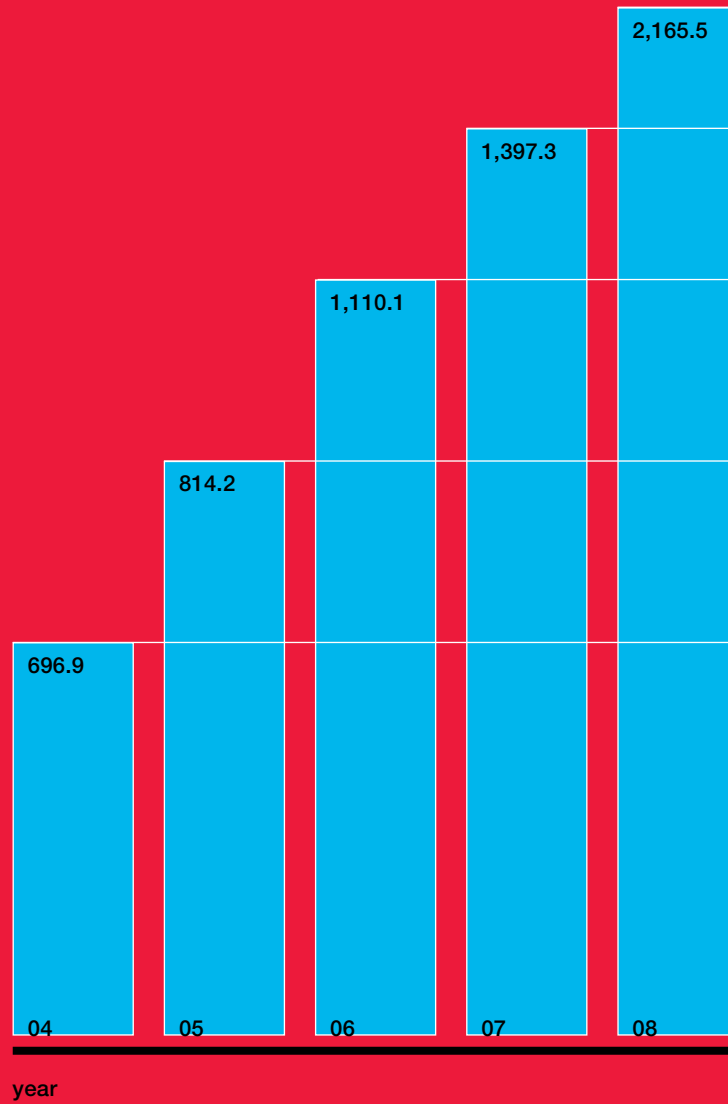
- █ Chemicals Division
- █ Fertilizers Division
- █ Pharmaceuticals Division
- █ Others

In the face of changing global economic conditions and challenges, CCM Berhad registered a remarkable 55% increase in turnover to RM2.2 billion and exceeded its KPI target of RM1.7 billion.

Turnover and profitability



Turnover (RM million)



Board of Directors



Dato' Dr. Mohamad Hashim bin
Ahmad Tajudin



Tan Sri Ab. Rahman bin Omar



Tan Sri Dato' Dr. Abu Bakar
bin Suleiman



Dato' N. Sadasivan



Dato' Kalsom binti Abdul Rahman

Datuk Dr. Saharan bin Haji Anang



E. Sreesanthan



Abdul Rahim bin Abdul Hamid

(Note: Tan Sri Dato' Dr. Mohamed Yusof bin Hashim resigned from the Board on 9/12/2008

Jamiah binti Abdul Hamid resigned from the Board on 5/5/2009)

Mohd. Nizam bin Zainordin appointed to the Board w.e.f. 11/5/2009

Board of Directors

Tan Sri Ab. Rahman bin Omar / 62, Malaysian
Chairman

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 bin Omar started his career in the Administration and Diplomatic Services in the Statistic Department, Ministry of Commerce & Industry and the Ministry of Primary Industry from 1970 to 1973. He then joined the Pineapple Cannery Malaysia Sdn Bhd (PCM) as Finance and Administration Manager in 1973 and was appointed as a Director in April 1980. Subsequent to that, he joined Perusahaan Sadur Timah Malaysia (PERSTIMA) Berhad in 1980 as Director/General Manager and is presently its Chairman. He was also the Managing Director of Perusahaan Otomobil Kedua Sdn Bhd from 1996 to 2004.

Membership of Board Committees

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

Directorships of Other Public Companies

- Wah Seong Corporation Berhad
- Perusahaan Sadur Timah Malaysia (PERSTIMA) Berhad

Securities Holdings in the Company and its Subsidiaries

- None

Family Relationship with any Director and/or Major Shareholder

- None

Conflict of Interest with the Company

- None

List of Convictions for Offences Within The Past 10 years Other than Traffic Offences

- None

Dato' Dr. Mohamad Hashim bin Ahmad Tajudin
/ 54, Malaysian
Group Managing Director

Qualifications

- Bachelor of Science, Agriculture, Universiti Putra Malaysia
- Master of Science, 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

- Committee Member, Cluster Working Group, Biotechnology & Bioindustry
- Chairman, Sub-Cluster Working Group Industrial Biotechnology
- Vice Chairman, Sub-Cluster Working Group Healthcare Biotechnology
- Member, Cluster Working Group Agribusiness
- Board of Director, MARDI
- Chairman, Planters Editorial Committee for the Incorporated Society of Planters
- Council Member, Federation of Malaysian Manufacturers
- Chairman, Branding and Intellectual Property Committee, Federation of Malaysian Manufacturers
- Board Member, Universiti Putra Malaysia
- Council Member, Outward Bound School Trust
- Member, University Industry Advisory Panel, Universiti Malaysia Kelantan

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 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

Dato' Dr. Mohamad Hashim bin Ahmad Tajudin (cont.)**Securities Holdings in the Company and its Subsidiaries**

- 15,000 ordinary shares directly in CCM Duopharma Biotech Berhad

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 / 65, Malaysian**Qualifications**

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

Membership of Associations

- 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 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, Nomination & Remuneration Committee
- Member, Finance & 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

- 286,400 ordinary shares directly in CCM Duopharma Biotech Berhad
- 11,000 ordinary shares indirectly in CCM Duopharma Biotech Berhad

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 / 69, 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

Dato' N. Sadasivan (cont.)

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. Upon his retirement, he set up a consulting firm, SKA Management Consultants Sdn Bhd where he is the Executive Chairman. He currently sits on the Board of Bank Negara Malaysia.

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
- Yeo Hiap Seng (Malaysia) Berhad

Securities Holdings in the Company and its Subsidiaries

- 200,000 ordinary shares directly in Chemical Company of Malaysia Berhad
- 50,000 Warrant-B directly in Chemical Company of Malaysia Berhad

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' Kalsom binti Abdul Rahman / 60, 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 May 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

Datuk Dr. Saharan bin Haji Anang / 61, Malaysian**Qualifications**

- Bachelor of Agriculture Science, Universiti Malaya
- Master of Science in Agriculture, State Agriculture, University Ghent, Belgium
- Ph.D in Weed Science, University of London, England

Membership of Associations

- Member, Agriculture Institute of Malaysia
- Fellow, Academy of Sciences, Malaysia
- Member, Society of Horticultural Science, Malaysia
- Member, Selangor & Wilayah Persekutuan Orchid Society
- Member, Garden Society of Federal Territory and Selangor
- Member, Malaysian Association of Research Scientists

Datuk Dr. Saharan bin Haji Anang (cont.)**Position on the Board**

- Independent Non-Executive Director

Date Appointed to the Board

- 1 January 2009

Working Experience and Occupation

- Datuk Saharan joined MARDI in 1971 as a Research Officer and subsequently headed various divisions in MARDI. In 2000, he was made the Director General until his extended retirement in 2005. He was involved in many international projects such as Food and Agriculture Organisation, International Rice Research Institute, Asian Vegetables Research and Development Centre and Malaysia Technical Cooperation Programme. He currently sits on the Board of AgroBank Malaysia.

Membership of Board Committees

- Member, Audit Committee

Directorships of Other Public Companies

- None

Securities Holdings in the Company and its Subsidiaries

- None

Family Relationship with any Director and/or Major Shareholder

- None

Conflict of Interest with the Company

- None

List of Convictions for Offences Within The Past 10 years Other than Traffic Offences

- None

E. Sreesanthan / 48, Malaysian**Qualifications**

- LLB (Hons), Universiti Malaya
- B.C.L., University of Oxford, United Kingdom

Membership of Associations

- None

Position on the Board

- Non-Independent Non-Executive Director

Date Appointed to the Board

- 11 September 2003

Working Experience and Occupation

- Mr. E. Sreesanthan is an Advocate and Solicitor and he is currently a Partner at Messrs Kadir, Andri & Partners. He was formerly a Legal Assistant and later a Partner at Messrs Zain & Co. Subsequent to that, he was a Partner at Zul Rafique & Partners. He is a member of 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 Listing 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

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

Abdul Rahim bin Abdul Hamid (cont.)**Working Experience and Occupation**

- En. 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 at the Faculty of Accountancy, UiTM and a member of the Advisory Panel at the Economics & Business Faculty, Universiti Kebangsaan Malaysia.

Membership of Board Committees

- Chairman, Audit Committee

Directorships of Other Public Companies

- MIMOS 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

Mohd. Nizam bin Zainordin / 45, Malaysian**Qualifications**

- Fellow, Association of Chartered Certified Accountants (ACCA), Huddersfield Polytechnic, United Kingdom
- Member, Malaysian Institute of Accountants
- Executive MBA, Asian Institute of Management
- Certified Financial Planner

Membership of Associations

- None

Position on the Board

- Non-Independent Non-Executive Director

Date Appointed to the Board

- 11 May 2009

Working Experience and Occupation

- En. Mohd. Nizam has an extensive career in Finance spanning over 20 years. En. Mohd. Nizam started his career working as an Audit Trainee at Lim, Chen & Chang in 1988. He was attached to several other companies in the field of finance before joining Permodalan Nasional Berhad in 1994 as Assistant Manager, Finance Department. He has held various positions in PNB before assuming his current role as Senior Vice President I, Finance and Investment Processing Division.

Membership of Board Committees

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

Directorships of Other Public Companies

- UMW Holdings Berhad
- Pengurusan Pelaburan ASW 2020 Berhad
- Pengurusan Pelaburan ASN Berhad
- Lanjut Golf Berhad

Securities Holdings in the Company and its Subsidiaries

- None

Family Relationship with any Director and/or Major Shareholder

- None

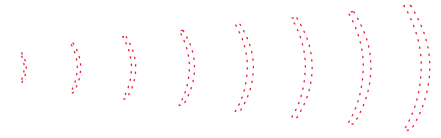
Conflict of Interest with the Company

- None

List of Convictions for Offences Within The Past 10 years Other than Traffic Offences

- None

Senior Management



Billy Urudra

Ahmad Mustaffa bin Abdul Manaf



YC Lee

Yeoh Keat Chye



Leonard Ariff bin Abdul Shatar

Haji Mohd Ali Sabri bin Mohd Ali Jaafar

Senior Management

Billy Urudra / 48, Malaysian

Director, International Business Division

Qualifications

- Bachelor of Science (Hons) Degree in Mechanical Engineering, Middlesex University, UK
- Graduate of the Senior Management Development 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 ICI/CCM Group. He was transferred back to CCM Chemicals 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 Corpn. (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 and Business Development on 1 January 2006. He was then appointed as Director, Group Strategic Planning & Business Development on 1 July 2007. On 1 January 2009, Mr. Urudra was appointed as Director, International Business Division, the position he currently holds.

Ahmad Mustafa bin Abdul Manaf / 57, Malaysian

Director, Finance

Qualifications

- Bachelor of Economics, Australia National University

Membership of Associations

- Member, Malaysian Institute of Accountants

Working Experience and Occupation

- En. Ahmad Mustafa 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 and Strategic Planning portfolio.

Y C Lee / 54, Malaysian

Director, Group Information Technology and Systems

Qualifications

- Bachelor of Science (Hons), Electrical & Electronic Engineering, University of Manchester Institute of Science & Technology (UMIST), 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 (SMDP), Harvard Business School
- Currently pursuing a Doctorate Degree in Business Administration (DBA) with the University of South Australia (UniSA)

Membership of Associations

- Fellow, Chartered Institute of Management Accountants, UK
- Member, Malaysian Institute of Accountants (MIA)
- Organizing Chairman, World Congress of Accountant (WCOA 2010)
- Past President, CIMA Malaysia Division
- Past President, Malaysian Organization 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 and General Manager, Finance & IT of ICI Malaysia. He was formerly the Managing Director of CCM Pharmaceuticals Sdn Bhd from 1 April 1997 until 31 December 2008. He assumed the role of Director, Group Information Technology and Systems on 1 January 2009.

Yeoh Keat Chye / 59, 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 (CICM)

Yeoh Keat Chye (cont.)**Working Experience and Occupation**

- Mr. Yeoh has 34 years of experience in ICI/CCM. He began his illustrious 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. Mr. Yeoh is currently the Director of CCM's Chemicals Division.

**Leonard Ariff bin Abdul Shatar / 44, Malaysian
Director, Pharmaceuticals Division**
Qualifications

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

Membership of Associations

- Associate Member, Malaysia Institute of Management
- Co Vice President, Malaysia Organisation of Pharmaceutical Industries (MOPI)

Working Experience and Occupation

- En. Leonard Ariff was appointed the Director of CCM's Pharmaceuticals Division 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 of Managing Director of Usaha Pharma (M) Sdn Bhd (formerly known as Prima Health Pharmacy (Retail) Sdn Bhd), CCM's pharmaceuticals 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. He also holds directorship on the Board of several companies within the CCM Group.

**Haji Mohd Ali Sabri bin Mohd Ali Jaafar / 50, Malaysian
Director, Fertilizers Division**
Qualifications

- Bachelor of Agricultural Science, Universiti Putra Malaysia
- Master of Business Administration, ITM-Ohio University

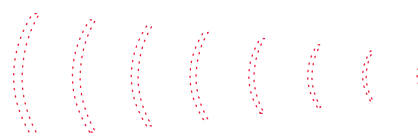
Membership of Associations

- Member, Incorporated Society of Planters (ISP)
- Member, Malaysian Society of Soil Science (MSSS)
- Member, Malaysian Agriculture Plant Protection Society (MAPPS)

- Chairman, Fertilizer Industry Association of Malaysia (FIAM)

Working Experience and Occupation

- Haji Mohd Ali Sabri is currently the Director of CCM's Fertilizers Division. He started his career with Monsanto (M) Sdn Bhd and joined CCM Group in 1989. He has held several positions during his career with CCM Fertilizers Sdn Bhd mainly in the Sales, Marketing and Operations. Prior to his appointment as the Director of CCM Fertilizers Division, he was the Chief Operating Officer of CCM Fertilizers Sdn Bhd. He also sits on the Board of various subsidiaries within the CCM Group.



I am greatly honoured to be awarded the MPS-CCM Gold Medalist Award. This award is a form of recognition and a great encouragement to me as a young professional in the pharmaceutical industry.

Hanis Hanum Binti Zulkifli





Calendar of Events

15/01/2008

CCM contributed RM260,000 worth of Eye Glo Plus, its eye care solution, to the Royal Malaysian Police (PDRM) for the use of its 50,000 personnel in the country.

18-29/04/2008

In conjunction with Permodalan Nasional Berhad's (PNB) 30th anniversary, CCM participated in the 9th MSAM (Minggu Saham Amanah Malaysia) in Melaka.

25/02/2008

CCM acquired a 97% equity stake in Enersave Water Sdn Bhd (now known as CCM Water Systems Sdn Bhd), a water purification and waste water management for RM38.28 million.

23/04/2008

CCM signed an agreement to acquire a 94% stake in the Innovative Group of Companies, a polymer coating solutions specialist, from Paramount Discovery Sdn Bhd for RM126.9 million.

14/03/2008

CCM held an Investors Relation Networking Session to provide insights into the Group's plans and strategies.

12-13/05/2008

With the forum's theme of Sustained Development through Investment and Integration, CCM participated in the World Halal Forum 2008 held in Kuala Lumpur.



25/02/2008



18-29/04/2008



12-13/05/2008

15/05/2008

CCM signed an MOU for a strategic alliance with The Arab Potash Company PLC to guarantee the supply of Muriate of Potash (MOP) or Potassium Chloride.

17/06/2008

Innovax Sdn Bhd, CCM's research and development arm, signed a strategic partnership with the Malaysian Palm Oil Board (MPOB).

03/11/2008

CCM's *CHAMPS* became a major sponsor at the 2008 Knowledge Discovery Spelling Final Competition in Putrajaya.

21/05/2008

CCM's subsidiary, CCM Duopharma Biotech Berhad held its 7th Annual General Meeting in Port Klang.

20/08/2008

YABhg Tun Dato' Seri Ahmad Sarji bin Abdul Hamid, Chairman of Permodalan Nasional Berhad launched the CCM Coffee Table Book: The Inside Story 1930-2007 to mark the company's historic milestones.

11/11/2008

CCM donated RM30,000 worth of books on science, technology and health to 10 primary schools in rural areas of Perak Darul Ridzuan.

28/05/2008

CCM Berhad held its 46th Annual General Meeting in Kuala Lumpur.

21/10/2008

CCM donated 28,000 sets of personal health kits worth RM700,000 to pilgrims preparing for the Haj for the fifth consecutive year.



21/10/2008



03/11/2008



11/11/2008

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 shareholders' 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 shareholders' 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 2008.

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 will 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 Chairman and the management of the Group lies with the Group Managing Director. There is a division of responsibility between the Chairman and Group Managing Director to ensure a balance of power and authority. 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 and 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 organizational 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 Non-Executive Directors provide considerable depth of knowledge collectively gained from experiences in a variety of public and private companies and public service. The Independent Non-Executive Directors provide unbiased and independent views in ensuring that the strategies proposed by the Management are fully deliberated and examined, in the interest of not only of the Group but also of minority shareholders, employees and the business communities in which the Group conducts its business.

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.

Board Composition and Balance

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 judgement in ensuring that the strategies proposed by the management are fully 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.

During the financial year under review, one (1) Independent Non-Executive Director resigned from the Board. In maintaining the number of Independent Non-Executive Directors on the Board, an Independent Non-Executive Director was appointed to the Board on 1 January 2009. To-date, there are nine (9) directors, of whom four (4) are independent directors. The composition of the Board was maintained so that not less than one-third (1/3) were independent directors at all times. Dato' N. Sadasivan is the Senior Independent Non-Executive Director of the Company. A brief profile of each Director is presented on pages 024 to 028 of the Annual Report.

Appointment and Re-election of Directors

Appointment

The Board has established a formal and transparent policy on the appointment and selection process of its members, 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 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

The Board acknowledges the importance of continuous education and training to enable effective discharge of their responsibility.

All Board members have attended the Mandatory Accreditation Programme (MAP) 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 "Directors' Duties and Responsibilities in respect of the recent Amendments to the Companies Act, 1965" and "Directors

Training on Asia Pacific Emerging Pharma Markets" 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 programmes 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 (4) 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.

During the financial year, ten (10) Board Meetings were held where the Board deliberated and considered a variety of matters including the Company's financial results, the business plan, direction and potential acquisitions.

Details of the Directors' meeting attendances during the financial year are as follows:

Name of Directors and Status	Number of Meetings Attended
Tan Sri Ab. Rahman bin Omar Chairman, Non-Independent Non-Executive Director	10/10
Dato' Dr. Mohamad Hashim bin Ahmad Tajudin Group Managing Director	10/10
Dato' N. Sadasivan Senior Independent Non-Executive Director	10/10
E. Sreesanthan Non-Independent Non-Executive Director	8/10
Dato' Kalsom binti Abdul Rahman Independent Non-Executive Director	8/10
Abdul Rahim bin Abdul Hamid Independent Non-Executive Director	10/10

Board Meetings (cont.)

Tan Sri Dato' Dr. Abu Bakar bin Suleiman Non-Independent Non-Executive Director	10/10
Datuk Dr. Saharan bin Haji Anang (appointed w.e.f. 1/1/2009) Independent Non-Executive Director	N/A
Mohd. Nizam bin Zainordin (appointed w.e.f. 11/5/2009) Non-Independent Non-Executive Director	N/A
Tan Sri Dato' Dr. Mohamed Yusof bin Hashim (resigned w.e.f. 9/12/2008) Independent Non-Executive Director	4/10
Jamiah binti Abdul Hamid (resigned w.e.f. 5/5/2009) Non-Independent Non-Executive Director	7/10

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. In line with this, the Company has established a board paper rating process whereby all board papers tabled at Board Meetings will be rated based on contents and presentation to ensure sufficient information are provided to the Board members for them to make an informed decision.

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. Minutes of proceedings and resolutions passed at each Board and Board Committees are kept in the statutory register at the Registered Office of the Company and are accessible to all Directors. The Company also provides a platform for dialogue between the Board and the Divisional Directors either at Board meetings or during the business units visits. This will assist the Board in arriving at business and strategic decisions relating

to the Group. The Directors also have access to the advice and services of the Company Secretaries who are 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. When necessary, the Directors also visit locations of business units which would assist the Board to make effective decisions relating to the Group. During the financial year under review, the Board were given the opportunity to visit the Group's regional office in Jakarta.

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. These Committees have the authority to examine particular issues 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 Directors. The Executive Directors abstain 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 Association.

Directors' Remuneration (cont.)

The aggregate remuneration of Directors categorised into appropriate components for the financial year ended 31 December 2008 is as follows:

(RM)	Group Managing Director	Non- Executive Directors
Fees	-	448,624.62
Allowance	-	73,500.00
Salaries	516,000.00	-
Bonus	510,840.00	-
Benefits-in-kind	191,447.87	-
Other Emoluments	172,396.20	-
Total	1,390,684.07	522,124.62
Range of Remuneration	Executive	Non-Executive
RM1-RM50,000	-	-
RM50,001 to RM100,000	-	8
RM250,000 to RM300,000	-	-
RM700,000 to RM750,000	-	-
RM750,001 to RM800,000	-	-
RM800,001 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 052 of the Annual Report provides an overview on the state of internal control within the Group.

Risk Management

The report on Risk Management on pages 050 to 051 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 045 and 047.

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. The Audit Committee held two meetings with the External Auditors without the presence of the management during the financial year under review.

Internal Audit

The Group has established an internal audit function which is performed in-house by the Group Internal Audit Department that reports to the Audit Committee.

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

Directors' Responsibilities in Relation to the Preparation of the Audited Financial Statements

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

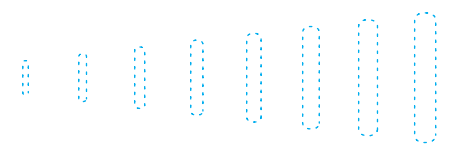
In preparing the financial statements, the Directors have:

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

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

The Water Business includes the design, build, engineering, project management, installation, commissioning and maintenance services for water and waste water treatment systems. We aspire to become the leader in the water industry.

CCM's accomplished services at customers' facilities





Whistle-Blowing Policy

As part of best practices of good corporate governance, 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 victimization, recrimination, discrimination or disadvantage to the employee reporting the concern. It provides a formal channel to encourage and enable employees to report serious concerns so that such concerns can be properly addressed.

Shareholders

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

The Annual General Meeting (AGM) provides a forum for 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.

Announcement of Quarterly Results for the Financial Year Ended 31 December 2008

The Directors view the timely announcement of the quarterly financial results as vital to the dissemination of information to the shareholders and investors community. The Company has consistently announced its quarterly results before the Bursa Malaysia’s deadlines as indicated below:

Announcement of Quarterly Results 2008	Date of Announcement
1st Quarter	27 May 2008
2nd Quarter	28 August 2008
3rd Quarter	27 November 2008
4th Quarter	25 February 2009

Continuing Disclosure of Material Information

The Group has long observed the continuing disclosure obligation imposed upon a listed issuer by Bursa Malaysia. The Group has consistently adopted and applied the principles of best practices in Corporate Disclosure Policy and Procedures as laid down by Bursa Malaysia.

The following material information and the material development thereof have been released to shareholders via Bursa Malaysia on a timely basis:

- i. Proposed acquisitions by CCM of :
 - a. 480,000 ordinary shares of RM1.00 each in Innovative Polymer Systems Sdn Bhd (“IPSSB”);
 - b. 99,999 ordinary shares of RM1.00 each in Innovative Resins Sdn Bhd (“IRSB”); and
 - c. 1,000 ordinary shares of RM1.00 each in Delta Polymer Systems Sdn Bhd (“DPSSB”)

from Paramount Discovery Sdn Bhd (“PDSB”) for an aggregate purchase consideration of RM126,900,000 to be satisfied via cash. (Collectively referred to as the ‘Proposed Acquisitions”):

- On 23 April 2008, CCM entered into a Shares Sale Agreement and Conditional Profit Guarantee Agreement and thereby proposed to implement the Proposed Acquisitions.
- On 3 July 2008, CCM and PDSB entered into a Supplemental Shares Sale Agreement and a Supplemental Conditional Profit Guarantee Agreement to vary certain terms of the Shares Sale Agreement dated 23 April 2008 for the Proposed Acquisitions and the Conditional Profit Guarantee Agreement dated 23 April 2008, in particular the variation to the purchase consideration.

i. **Proposed acquisitions by CCM of : (cont.)**

Based on the Adjusted Profit After Tax, the purchase consideration for the Proposed Acquisitions shall be reduced to RM122,190.00 and profit guarantee sum shall be revised accordingly from RM21,000,000 for each guaranteed year to a minimum of RM20,220,000 for each guaranteed year.

- On 21 August 2008, the Securities Commission approved the proposed exemption from the obligation to make a mandatory offer for the remaining shares in IPSSB not held by CCM in accordance with Practice Note 2.9.6 of the Malaysian Code on Take-overs and Mergers.
- On 3 November 2008, CCM agreed to the extension of time for the Prescribed Period for Other Conditions Precedent (as defined in the Share Sale Agreement dated 23 April 2008) of one (1) month expiring on 2 December 2008.
- On 2 December 2008, all the applicable conditions precedent to the Proposed Acquisitions as set out in the Share Sale Agreement dated 23 April 2008 (as amended, modified and supplemented by the Supplemental Shares Sale Agreement dated 3 July 2008) have been duly fulfilled and satisfied and/or deemed to have been duly fulfilled and satisfied.
- On 20 January 2009, CCM and PDSB, pursuant to the completion audit, agreed by way of Letter of Agreement dated 20 January 2009, to inter-alia, adjust the purchase price for the Proposed Acquisitions from RM122,190,000 to RM122,733,000.

Consequently, the Proposed Acquisitions have been completed on 20 January 2009.

ii. **Proposed issuance of Musyarakah Commercial Papers ("MCP") and Musyarakah Medium Term Notes ("MMTN") pursuant to a MCP Programme of up to RM250 million in nominal value ("MCP Programme") and a MMTN Programme of up to RM500 million in nominal value ("MMTN Programme"), respectively to be established under the shariah principle of Musyarakah with a combined master limit of RM500 million in nominal value by Chemical Company of Malaysia Berhad (collectively referred to as "Proposed Sukuk Issuance"):**

- On 19 November 2008, CCM received the Securities Commission's approval in relation to the Proposed Sukuk Issuance in accordance with the SCs Guidelines on the Offering of Islamic Securities and Section 212(4) of the Capital Markets and Services Act 2007.

- On 28 November 2008, CCM completed the initial issuance of the MMTN with a nominal value of RM150 million pursuant to the MMTN Programme.

Compliance to Code

The Group has in all material respects complied with the Code of Corporate Governance throughout the financial year ended 31 December 2008. This statement is made in accordance with a resolution of the Board of Directors dated 25 February 2009.

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 five (5) meetings were held during the year. The status of directorship and attendance record of each of the members during the year are as follows:

Name of Directors and Status	Number of Meetings Attended
Abdul Rahim bin Abdul Hamid Chairman, Independent Non-Executive Director	5/5
Dato' N. Sadasivan Senior Independent Non-Executive Director	5/5
Dato' Kalsom binti Abdul Rahman (appointed to the Committee w.e.f. 1/10/2008 and subsequently resigned w.e.f. 1/1/2009) Independent Non-Executive Director	0/1
Tan Sri Dato' Dr. Mohamed Yusof bin Hashim (resigned w.e.f. 9/12/2008) Independent Non-Executive Director	3/5
Datuk Dr. Saharan bin Haji Anang (appointed w.e.f. 1/1/2009) Independent Non-Executive Director	N/A



Terms of Reference

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

Membership

- The Audit Committee shall be appointed by the Board of Directors and shall consist 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.

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 and the Group Chief Internal Auditor shall normally be invited to 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, in the absence of other directors or 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. To procure the necessary resources required to carry out its duties and to obtain independent professional advice it considers necessary.
- iii. To have 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;

Responsibilities (cont.)

- review and endorse the audit charter which outlines the purpose, authority, and responsibility of the Group Internal Audit Department;
 - review the annual budget for the Group Internal Audit Department;
 - review any appraisal on performance as well as competency of the Group Internal Audit Department;
 - approve any appointment or termination of senior staff members of the Group Internal Audit Department; and
 - take cognisance of resignations of members of the Group Internal Audit Department 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 Department 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 a 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 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 Group Internal Audit Department whose principal responsibility is to undertake regular and systematic audit 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 and efficiently in achieving the objectives of the Group.

The total expenditure incurred for the Group Internal Audit Department 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 RM1.4 million.

The Group Internal Audit Department had conducted various operational audits, follow up audits as well as ad-hoc assignments for the CCM Group of Companies in accordance with the Audit Committee approved Audit Plan for 2008. Among the areas covered were Finance, Logistic & Distribution, Maintenance, Sales and Marketing, Quality Assurance, Legal, Corporate Affairs, Quality Control, Procurement, Human Resources, 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 oversees regional operations in Indonesia, Singapore, Thailand, Vietnam and Philippines.

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 2008.

Terms of Reference**Objectives**

- i. To provide high level advisory and monitoring of GLC (Government-Linked Companies) Transformation in CCM.
- ii. To evaluate and approve recommendations proposed by the Transforming Working Group (TWG).

Objectives (cont.)

- iii. To fully implement the ten initiatives as laid out in the GLC Transformation Manual by end of 2007.
- iv. 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.
- v. To consider other matters as referred to the Committee by the Board.

Members and Meetings

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 of Directors and Status	Number of Meetings Attended
Tan Sri Ab. Rahman bin Omar Chairman, Non-Independent Non-Executive Director	4/4
E. Sreesanthan Non-Independent Non-Executive Director	3/4
Dato' Kalsom binti Abdul Rahman (resigned from the Committee w.e.f. 1/10/2008 and reappointed w.e.f. 1/1/2009) Non-Independent Non-Executive Director	3/3
Mohd. Nizam bin Zainordin (appointed w.e.f. 11/5/2009) Non-Independent Non-Executive Director	N/A
Jamiah binti Abdul Hamid (resigned from the Committee w.e.f. 5/5/2009) Non-Independent Non-Executive Director	2/4

Activities During the Year

During the year, the Committee:

- i. Reviewed and approved the Group's GLC Transformation Plans for 2008.
- ii. Recommended for approval the 2008 Headline Key Performance Indicators (KPIs) for the Group.
- iii. Reviewed and approved the Quarterly Reporting to PNB on the progress of GLC Transformation in the Group.
- iv. Implemented the GLCT guidelines on the initiative for Enhancing Board Effectiveness, through the completion

of a Board Effectiveness Assessment and the formulation and implementation of a Board Improvement Plan.

- v. Tracked and monitored the progress of implementation for all GLCT initiatives and reviewed the results and benefits achieved for year 2008.

Report of the Nomination & Remuneration Committee

The Board is pleased to issue the following report on the Nomination & Remuneration Committee and its activities during the financial year ended 31 December 2008.

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;

Objectives (cont.)

- 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 and 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 of the Company as well as Managing Directors, Chief Executive Officer and Chief Operating Officers and General Managers of the CCM Group of 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 Meetings

The Nomination & Remuneration Committee consists of three (3) members, all of whom are Non-Executive Directors.

During the year, Tan Sri Dato' Dr. Abu Bakar bin Suleiman was appointed as a Committee Member with effect from 1 October 2008. Tan Sri Dato' Dr. Mohamed Yusof bin Hashim, who resigned from the Board of the Company effective 9 December 2008, also resigned from the Committee on even date.

A total of six (6) meetings were held during the year. The attendance record of each member during the year is as follows:

Name of Directors and Status	Number of Meetings Attended
Dato' N. Sadasivan Chairman, Independent Non-Executive Director	6/6
Tan Sri Ab. Rahman bin Omar Non-Independent Non-Executive Director	6/6
Tan Sri Dato' Dr. Mohamed Yusof bin Hashim (resigned w.e.f. 9/12/2008) Independent Non-Executive Director	3/6
Tan Sri Dato' Dr. Abu Bakar bin Suleiman (appointed w.e.f. 1/10/2008) Non-Independent Non-Executive Director	2/2

Activities During the Year

During the year, the Committee:

- i. Conducted the Board's effectiveness assessment and recommended improvement plans for the same.
- ii. Recommended for approval the appointment of new Directors to the Group.
- iii. Reviewed policy on Directors' fees for the Company and Group.
- iv. Recommended for approval the remuneration package of the Group Managing Director and Managing Directors/ Chief Executive Officer / Chief Operating Officer of the CCM Group of 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 relevant 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.

Report of the Finance & Investment Committee

The Board is pleased to issue the following report on the Finance & Investment Committee and its activities during the financial year ended 31 December 2008.

Terms of Reference

- To review and recommend to the Board of Directors the Group's operational plan and budget;
- To review and approve all capital expenditure in excess of RM1 million and up to RM20 million as proposed by companies within the Group;
- To review and recommend to the Board of Directors all capital expenditure in excess of RM20 million as proposed by companies within the Group;

Terms of Reference (cont.)

- 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;
- To review and recommend to the Board of Directors all acquisition and disposal of company's assets and properties within the Group;
- To consider other matters as referred to the Committee by the Board.

Members and Meetings

The Committee shall have a minimum of three (3) members, all of whom are Non-Executive Directors.

A total of eleven (11) meetings were held during the year. The attendance record of each member during the year (in the case of Director appointed after 1 January 2008 since the date of their appointment) is as follows:

Name of Directors and Status	Number of Meetings Attended
E. Sreesanthan Chairman, Non-Independent Non-Executive Director	11/11
Tan Sri Dato' Dr. Abu Bakar bin Suleiman Non-Independent Non-Executive Director	10/11
Dato' Kalsom binti Abdul Rahman (resigned from the Committee w.e.f. 1/10/2008 and reappointed w.e.f. 1/1/2009) Independent Non-Executive Director	9/9
Mohd. Nizam bin Zainordin (appointed w.e.f. 11/5/2009) Non-Independent Non-Executive Director	N/A
Jamiah binti Abdul Hamid (resigned w.e.f. 5/5/2009) Non-Independent Non-Executive Director	8/11

Risk Management

Risk is inherent in all businesses and the effective management of risk is a core competency within the Group. The Group has formally established an Enterprise Risk Management (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 follows:



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;

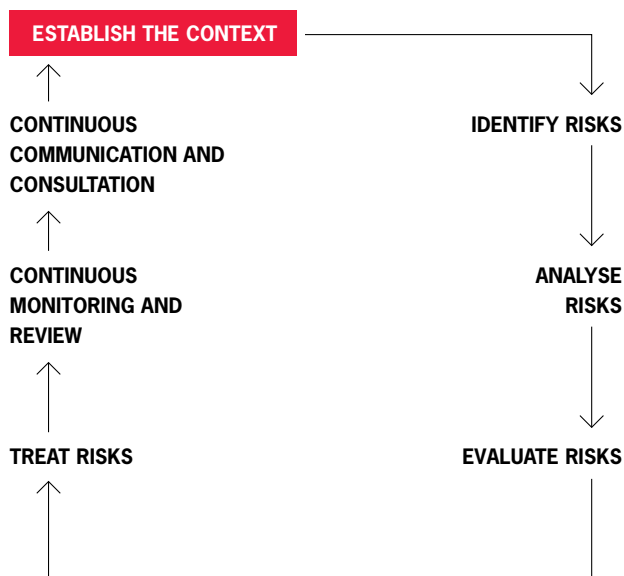
Risk Management (cont.)

- 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 Audit Committee. 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 involve establishing the context of risk in relation to the Group and thereon risk identification, analysis, evaluation and treatment. Throughout this process, there is continuous monitoring and review; and communication and consultation. The process is illustrated as follows:



The Group's risk management process is described further in the "Statement on Internal Control" on page 052 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. Guidance from Board of Directors may be required where appropriate.

Risk B

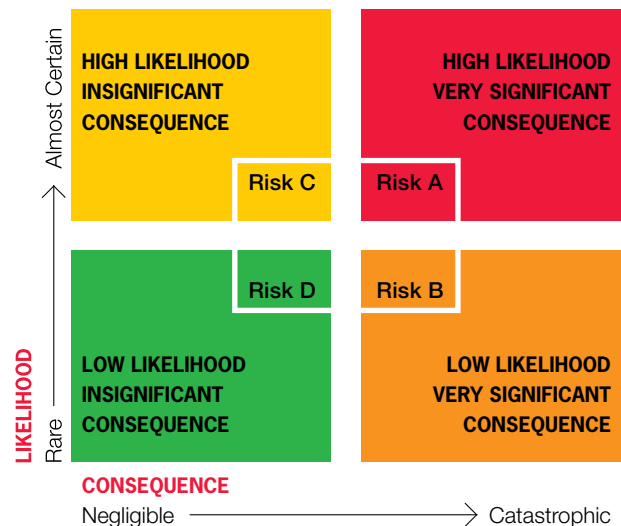
Considerable management attention is required including specifying management responsibility. Given the significant consequences of the risk, preventive control measures must be maintained effectively with regular assessment thereof in order to maintain the likelihood of the risk occurring at a low level.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

Risk C

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

Risk D

The risk may be managed by routine procedures or may be worth accepting with monitoring by management. The risk may also not need specific application of resources in which case the risk is accepted by management.



Statement on Internal Control

The Board is responsible for the 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 Department 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 Department to assess the status of implementation thereof by management. In carrying out its work, the Group Internal Audit Department focuses on areas of priority 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 & 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 & 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 024 to 028 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 2008.

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 25 February 2009.

Other Disclosures

Material Contracts

Save as disclosed below, there are no other material contracts entered into by the CCM Group during the two (2) years preceding the date of this Circular, other than contracts entered into in the ordinary course of business:

- a. 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.

Material Contracts (cont.)

- b. Shares Sale Agreement dated 25 January 2008 made between Chemical Company of Malaysia Berhad (“CCM”) (the “Purchaser”) and Lai Wai Kun (the “Vendor”) for the sale and purchase of 9,567,502 ordinary shares of RM1.00 each in Enersave Water Sdn Bhd (now known as CCM Water Systems Sdn Bhd) for a purchase price of RM38,280,000.00;
- c. Shareholders Agreement dated 17 April 2008 made between CCM and CCM Usaha Kimia (M) Sdn Bhd (formerly known as Usaha Kimia (M) Sdn Bhd), Lai Wai Kun and Aloysius Lai Min Yun governing for the new allotment of 151,248 new ordinary shares in Enersave Water Sdn Bhd) to Aloysius Lai Min Yun, the future purchase by CCM of Lai Wai Kun’s remaining shares and Aloysius Lai Min Yun’s shares in Enersave Water Sdn Bhd, and the relationship between the shareholders of Enersave Water Sdn Bhd;
- d. Letter of Counter Indemnity dated 17 April 2008 issued by CCM pursuant to the terms of the Shares Sale Agreement referred to in Section 6.1(a) above to YM Tunku Tan Sri Dato’ Seri Ahmad Yahaya (a former director of Enersave Water Sdn Bhd) indemnifying him in respect of his liabilities under the Guarantee and Indemnity previously given by him (of which at the time of issuing the said Guarantee and indemnity, he was still a director of Enersave Water Sdn Bhd) to United Overseas Bank (Malaysia) Berhad (Company No. 271809-K) (“UOB”) to guarantee and indemnify UOB in respect of the credit facilities of RM18,800,000.00 granted by UOB to Enersave Water Sdn Bhd;
- e. Letter of Counter Indemnity dated 17 April 2008 issued by CCM pursuant to the terms of the Shares Sale Agreement referred to in Section 6.1(a) above to Tan Eng Chin (a former director of Enersave Water Sdn Bhd) indemnifying him in respect of his liabilities under the Guarantee and Indemnity previously given by him (of which at the time of issuing the said Guarantee and Indemnity, he was still a director of Enersave Water Sdn Bhd) to Bangkok Bank Berhad (Company No.299740-W) (“Bangkok Bank”) to guarantee and indemnify Bangkok Bank in respect of the credit facilities of RM36,000,000.00 granted by Bangkok Bank to Enersave Water Sdn Bhd;
- f. Shares Sale Agreement dated 23 April 2008 made between Paramount Discovery Sdn Bhd (“PDSB”) (Company No. 687108-M) and CCM whereby PDSB had agreed to sell and CCM had agreed to purchase 480,000 ordinary shares of RM1.00 each in Innovative Polymer Systems Sdn Bhd (Company No. 620696-D), 99,999 ordinary shares of RM1.00 each in Innovative Resins Sdn Bhd (Company No. 517494-T), and 1,000 ordinary shares of RM1.00 each in Delta Polymer Systems Sdn Bhd (Company No. 525946-P) (collectively known as “Sale Shares”) for a purchase consideration of RM126,900,000.00 and upon the terms and conditions contained therein (“Proposed Acquisitions”);
- g. Shareholders Agreement dated 23 April 2008 made between CCM Usaha Kimia (M) Sdn Bhd (formerly known as Usaha Kimia (M) Sdn Bhd), Mar Hung Than, Low Kim Choong and Chieng Diing Yaw (“the Key Personnel”) governing, inter alia, the relationship of the parties in their capacities as shareholders in Innovative Polymer Systems Sdn Bhd (Company No. 620696-D), Innovative Resins Sdn Bhd (517494-T) and Delta Polymer Systems Sdn Bhd (Company No. 525946-P) (“Target Companies”) and the future purchase by CCM of the Key Personnel’s shares in the Target Companies;
- h. Conditional Profit Guarantee Agreement dated 23 April 2008 made between AKN Technology Berhad (“Guarantor”) and CCM whereby the Guarantor had agreed to guarantee that the aggregate net profit after tax of the Target Companies for the period of two (2) years from the date of completion of the sale and purchase of the Sale Shares under the Shares Sale Agreement referred to in Section 6.1 (e) above shall not be less than the sum of RM42,000,000.00 (“Aggregate Profit Guaranteed Sum”) upon the terms and conditions contained therein;
- i. Supplemental Shares Sale Agreement dated 3 July 2008 made between CCM and PDSB whereby the parties had agreed to vary the Shares Sale Agreement referred to in Section 6.1(e) above upon the terms and conditions contained therein, including, inter alia, the variation of the purchase price from RM126,900,000.00 to RM122,190,000.00. Subsequent to this, on 20 January 2009, CCM and PDSB had, pursuant to the completion audit, agreed by way of Letter of Agreement dated 20 January 2009, to inter-alia, adjust the purchase price for the Proposed Acquisitions from RM122,190,000 to RM122,733,000. The Proposed Acquisitions have been completed on 20 January 2009; and
- j. Supplemental Conditional Profit Guarantee Agreement dated 3 July 2008 made between the Guarantor and CCM whereby the parties had agreed to vary the Aggregate Profit Guaranteed Sum guaranteed in the Conditional Profit Guarantee Agreement referred to in Section 6.1(g) above from RM42,000,000.00 to RM40,440,000.00.
- As at 31st December 2008 (unaudited), the Group has material commitments for capital expenditure of RM1,786,000 (contracted for) and RM106,769,000 (not contracted for), amounting to a total of RM108,555,000.

CCM : The Inside Story 1930-2007 chronicles on the company's roots and its evolution over the decades.

CCM Coffee Table Book



Recurrent Related Party Transaction of A Revenue Nature

As at the Annual General Meeting held on 28 May 2008, 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 2008 pursuant to the shareholders mandate are as follows:

Transaction	Vendor/ Provider	Purchaser/ Recipient	Aggregate Value ¹ (RM'000)	Related Parties
Purchase/Sale of chemicals	CCM Chemicals Sdn Bhd ("CCMC")	CCM Singapore Pte Ltd ("CCMSPL")	13,000	<i>Person connected:</i> Yeoh Keat Chye ²
Purchase/Sale of chemicals	CCMC	P.T. CCM Indonesia ("PTCCMI")	2,200	<i>Person connected:</i> Yeoh Keat Chye ²
Sale of fertilizers	P.T. CCM Agripharma ("PTCCMA")	P.T. Multigambut Industri	47,000	<i>Interested Major Shareholder:</i> Lembaga Tabung Haji ⁴ ("LTH")
Tenancy ⁶ of land at Lot PT 200, Persiaran Selangor, 40000 Shah Alam, Selangor (Total area - 988,743 sq.ft.)	Chemical Company of Malaysia Berhad ("CCM")	CCM Fertilizers Sdn Bhd ("CCMF")	3,315	<i>Interested Major Shareholder:</i> "LTH" <i>Person connected:</i> Dato' Dr. Mohamad Hashim bin Ahmad Tajudin ⁵
Tenancy ⁶ of land at Lot PT 200, Persiaran Selangor, 40000 Shah Alam, Selangor (Total area - 47,210 sq.ft.)	CCM	CCMC	275	<i>Persons connected:</i> Yeoh Keat Chye ² Dato' Dr. Mohamad Hashim bin Ahmad Tajudin ⁵
Tenancy ⁶ of land at Lot PT 200, Jalan Assam Jawa, 16/15 Off Persiaran Kemajuan, 40000 Shah Alam, Selangor (Total area - 4611 sq.ft.)	CCM	CCMC	90	<i>Persons connected:</i> Yeoh Keat Chye ² Dato' Dr. Mohamad Hashim bin Ahmad Tajudin ⁵

Notes:

- The values are estimates based on the audited financial statements for the financial year ended 31 December 2008. 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 2008 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 Shareholders' Mandate.
- Yeoh Keat Chye is a Director of CCMC, CCMSPL, PTCCMI and Innovative Group (collectively consist of Innovative Polymer Systems Sdn Bhd, Innovative Resins Sdn Bhd and Delta Polymer Systems Sdn Bhd). He is currently CCM's Director, Chemicals Division. He has indirect interest in CCMC and PTCCMI, a wholly owned subsidiary of CCMC, by virtue of his shareholding in Lanjut Setia Sdn Bhd ("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%.

Notes: (cont.)

3. Lee Yee Chong is deemed interested in the Proposed Shareholders' Mandate under the definition of Director of this Circular. He was the Director of UPHA Pharmaceutical Mfg. (M) Sdn Bhd until 31 March 2009. He has direct interest in CCMC by virtue of his shareholding in LSSB, which holds 10% of the issued share capital of CCMC. He has direct interest of 422,000 ordinary shares in CCM or equivalent to 0.1% and indirect interest of 200,000 ordinary shares held through his wife, Boo Kwie Liang 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 and TH Plantations Group.
5. Dato' Dr. Mohamad Hashim bin Ahmad Tajudin is the Group Managing Director of CCM. He is a Director of CCMC, CCMF and CCM Duopharma Biotech Berhad ("CCMD"). He has direct interest in CCMD of 15,000 ordinary shares.
6. The duration for the tenancy of land is less than 3 years.

Share Buy-back

There were no repurchase of its issued and paid up shares since 2003.

As at 31 December 2008, 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 2008, the Group has paid a sum of RM341,000 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) or Global Depository Receipt (GDR) Programme

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

Musarakah Commercial Paper and Musarakah Medium Term Notes (collectively Sukuk)

On 28 November 2008, the company issued RM150,000,000 nominal amount of 3 year 5.95% fixed rate Musarakah Medium Term Notes (MMTN).

Utilisation of Sukuk Proceeds

(RM'000)	Amount	Utilised	Balance as at 31/12/08
To refinance, wholly or partly the existing external borrowings which may include the existing bonds	300,000	-	300,000
To finance the Group's capital expenditure and/or any investment/acquisitions and/or working capital requirements and for payment of fees arising from the programmes	200,000	150,000	50,000

Utilisation of Bond Proceeds

(RM'000)	Amount	Utilised	Balance as at 31/12/08
Rationalisation of pharmaceutical manufacturing operations	70,000	70,000	0
Refinancing of existing term loans	82,360	82,360	0
Working capital requirements of the Group	47,640	47,640	0
	200,000	200,000	0

Warrants Exercised During the Year

(RM'000)	Balance as at 1/1/08	Exercised	Lapsed	Balance as at 31/12/08
Warrant B	57,508	287	-	57,221

Directors' Report for the year ended 31 December 2008 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-seventh annual report together with the audited financial statements of the Group and of the Company for the year ended 31 December 2008. This report and the financial statements will be presented to the shareholders at the Annual General Meeting to be held on 11 June 2009.

Principal Activities

Chemical Company of Malaysia Berhad is an investment holding and management company with subsidiaries engaged in the manufacturing, marketing and/or supply of fertilizers, chemicals and pharmaceutical products and services 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

(RM'000)	Group	Company
Profit attributable to:		
Shareholders of the Company	65,026	44,407
Minority interest	20,475	-
	85,501	44,407

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 financial statements.

Dividends

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

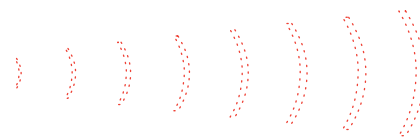
- a final ordinary dividend of 10.00 sen per ordinary share less tax at 26% totalling RM29,582,844 (7.40 sen net per ordinary share), in respect of the financial year ended 31 December 2007 on 20 June 2008; and
- an interim ordinary dividend of 8.00 sen per ordinary share less tax at 26% totalling RM23,671,200 (5.90 sen net per ordinary share) in respect of the financial year ended 31 December 2008 on 5 November 2008.

The final ordinary dividends recommended by the Directors in respect of the financial year ended 31 December 2008 is 1.80 sen per ordinary share less tax at 25% (1.35 sen net per ordinary shares) and 4.85 sen per ordinary share, exempt dividends, which if approved, will be paid on 23 July 2009 to shareholders registered at the close of business on 9 July 2009.

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
- E. Sreesanthan
- Dato' Kalsom binti Abdul Rahman
- Jamiah binti Abdul Hamid
- Abdul Rahim bin Abdul Hamid
- Tan Sri Dato' Dr Abu Bakar bin Suleiman
- Datuk Dr. Saharan bin Haji Anang
(appointed on 1/1/2009)
- Tan Sri Dato' Dr Mohamed Yusof bin Hashim
(resigned on 9/12/2008)



Issue of Shares and Debentures

During the financial year, the Company issued 286,000 ordinary shares of RM1 each at par for cash arising from conversion of 286,000 Warrants-B on the basis of one ordinary shares at the price of RM1.36 per ordinary share for every warrant held.

There were no other changes in the authorised, issued and paid-up capital of the Company during the financial year. There were no debentures issued during the 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 warrants pursuant to 3% Fixed Rate Bonds with Warrants issue 2002/2009.

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 the 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 2008 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 statement set out on pages 064 to 120 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia and so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flow for the year ended.

Holding Company

The holding company is Permodalan Nasional Berhad ("PNB"), a company incorporated in Malaysia.

Subsequent Event

On 23 April 2008, the Company entered into a Shares Sale Agreement to acquire the following companies from Paramount Discovery Sdn Bhd ("PDSB") for an aggregate purchase consideration of RM126,900,000 to be satisfied by cash:

- a. 480,000 ordinary shares of RM1.00 each in Innovative Polymer Systems Sdn Bhd ("IPSSB");
- b. 99,999 ordinary shares of RM1.00 each in Innovative Resins Sdn Bhd ("IRSB"); and
- c. 1,000 ordinary shares of RM1.00 each in Delta Polymer Systems Sdn Bhd ("DPSSB")

Pursuant to a completion audit, the purchase consideration was revised to RM122,733,000. The acquisition were completed on 20 January 2009.

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,
27 March 2009

Independent Auditors' Report to the members of Chemical Company of Malaysia Berhad

Report on the Financial Statements

We have audited the financial statements of Chemical Company of Malaysia Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 064 to 119.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a. In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b. We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in note 7 to the financial statements. We have also considered the unaudited financial statements of CCM Investment Limited.
- c. We are satisfied that the accounts 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d. The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG

Firm number:
AF 0758
Chartered Accountants

Hasman Yusri Yusoff

Approval number:
2583/08/10(J)
Chartered Accountant

Petaling Jaya,
27 March 2009

Balance Sheets at 31 December 2008

(RM'000)	Note	Group		Company	
		2008	2007	2008	2007
Assets					
Property, plant and equipment	3	388,540	300,193	20,392	19,089
Intangible assets	4	234,054	212,192	63	63
Prepaid lease payments	5	129,308	116,287	-	-
Investment properties	6	72,724	74,928	160,313	156,213
Investment in subsidiaries	7	-	-	205,408	162,375
Investment in associate	8	7,196	5,230	-	-
Other investments	9	7,073	9,089	-	92
Development expenditure	10	-	-	-	-
Deferred tax assets	11	4,324	3,266	-	679
Total non-current assets		843,219	721,185	386,176	338,511
Receivables, deposits and prepayments	12	569,901	317,804	871,984	568,539
Inventories	13	514,455	237,740	-	-
Current tax assets		31,865	15,538	16,640	13,052
Assets classified as held for sale	14	8,131	-	-	-
Cash and cash equivalents	15	155,483	193,490	85,846	116,856
Total current assets		1,279,835	764,572	974,470	698,447
Total assets		2,123,054	1,485,757	1,360,646	1,036,958
Equity					
Share capital		402,849	402,563	402,849	402,563
Reserves		30,046	33,517	17,234	17,131
Retained earnings		314,621	302,476	262,066	270,913
Total equity attributable to equity holders of the Company		747,516	738,556	682,149	690,607
Minority interest		111,075	99,856	-	-
Total equity	16	858,591	838,412	682,149	690,607
Liabilities					
Loans and borrowings	17	187,120	270,000	185,000	270,000
Deferred tax liabilities	11	33,468	39,605	18,109	18,788
Total non-current liabilities		220,588	309,605	203,109	288,788
Provisions	18	656	24	-	-
Payables and accruals	19	303,246	161,732	50,750	37,563
Current tax liabilities		14,078	3,194	4,638	-
Loans and borrowings	17	725,895	172,790	420,000	20,000
Total current liabilities		1,043,875	337,740	475,388	57,563
Total liabilities		1,264,463	647,345	678,497	346,351
Total equity and liabilities		2,123,054	1,485,757	1,360,646	1,036,958

The notes on pages 064 to 119 are an integral part of these financial statements.

Income Statements for the year ended 31 December 2008

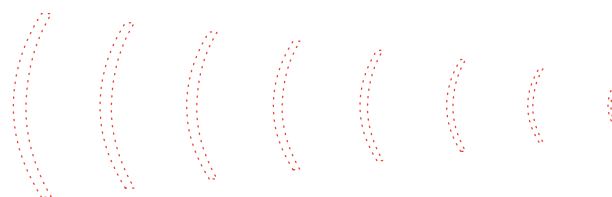
(RM'000)	Note	Group		Company	
		2008	2007	2008	2007
Revenue	20	2,165,459	1,397,268	4,530	4,695
Cost of goods sold		(1,865,590)	(1,186,731)	(1,086)	(1,631)
Gross profit		299,869	210,537	3,444	3,064
Other income		6,703	19,643	61,023	94,223
Distribution expenses		(40,524)	(21,530)	-	-
Administrative expenses		(76,984)	(66,234)	(9,499)	(3,915)
Other expenses		(47,844)	(30,278)	(2,461)	(12,644)
Results from operating activities		141,220	112,138	52,507	80,728
Interest income		2,740	7,460	11,313	5,515
Finance costs		(25,658)	(15,706)	(14,775)	(10,368)
Operating profit	21	118,302	103,892	49,045	75,875
Share of profit after tax and minority interest of equity accounted associate		1,966	1,659	-	-
Profit before tax		120,268	105,551	49,045	75,875
Tax expense	23	(34,767)	(21,952)	(4,638)	(15,505)
Profit for the year		85,501	83,599	44,407	60,370
Attributable to:					
Equity holders of the Company		65,026	62,718	44,407	60,370
Minority interest		20,475	20,881	-	-
Profit for the year		85,501	83,599	44,407	60,370
Basic earnings per ordinary share (sen)	24	16.1	15.7		
Diluted earnings per ordinary share (sen)	24	14.5	14.1		

The notes on pages 064 to 119 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity for the year ended 31 December 2008

	Note	←			←
		Share capital	Share premium	Capital redemption reserve	Attributable to equity Non-distributable Translation reserve
(RM'000)					
Group					
At 1 January 2007		392,977	16,675	73	(1,162)
Foreign exchange translation differences		-	-	-	(8,087)
Realisation of revaluation reserve on disposal of property		-	-	-	-
Realisation of revaluation reserve on landed property		-	-	-	-
Net gains recognised directly in equity		-	-	-	(8,087)
Profit for the year		-	-	-	-
Total recognised income and expense for the year		-	-	-	(8,087)
Issue of shares:					
Exercise of shares options		608	222	-	-
Conversion of warrants		8,978	3,232	-	-
Dividends to shareholders	25	-	-	-	-
Dividends to minority interest		-	-	-	-
At 31 December 2007		402,563	20,129	73	(9,249)
Foreign exchange translation differences		-	-	-	(3,190)
Realisation of revaluation reserve on landed property		-	-	-	-
Net gains recognised directly in equity		-	-	-	(3,190)
Profit for the year		-	-	-	-
Total recognised income and expense for the year		-	-	-	(3,190)
Issue of shares:					
Conversion of warrants		286	92	-	-
Dividends to shareholders	25	-	-	-	-
Dividends to minority interest		-	-	-	-
Acquisition of subsidiary		-	-	-	-
At 31 December 2008		402,849	20,221	73	(12,439)
		Note 16		Note 16	Note 16

holders of the Company						
Revaluation reserve	Other capital reserve	Treasury shares	Distributable Retained earnings	Total	Minority interest	Total equity
43,646	2,982	(5,836)	289,106	738,461	99,590	838,051
-	-	-	-	(8,087)	-	(8,087)
(17,855)	-	-	17,855	-	-	-
(373)	-	-	16	(357)	-	(357)
(18,228)	-	-	17,871	(8,444)	-	(8,444)
-	-	-	62,718	62,718	20,881	83,599
(18,228)	-	-	80,589	54,274	20,881	75,155
-	-	-	-	830	-	830
-	-	-	-	12,210	-	12,210
-	-	-	(67,219)	(67,219)	-	(67,219)
-	-	-	-	-	(20,615)	(20,615)
25,418	2,982	(5,836)	302,476	738,556	99,856	838,412
-	-	-	-	(3,190)	-	(3,190)
(373)	-	-	373	-	-	-
(373)	-	-	373	(3,190)	-	(3,190)
-	-	-	65,026	65,026	20,475	85,501
(373)	-	-	65,399	61,836	20,475	82,311
-	-	-	-	378	11	389
-	-	-	(53,254)	(53,254)	-	(53,254)
-	-	-	-	-	(10,009)	(10,009)
-	-	-	-	-	742	742
25,045	2,982	(5,836)	314,621	747,516	111,075	858,591
Note 16	Note 16	Note 16				



Statement of Changes in Equity for the year ended 31 December 2008

	Note	Non-distributable				Treasury shares	Distributable	Total equity
		Share capital	Share premium	Capital redemption reserve	Revaluation reserve		Retained earnings	
(RM'000)								
Company								
At 1 January 2007		392,977	16,664	73	20,631	(5,836)	259,907	684,416
Profit for the year		-	-	-	-	-	60,370	60,370
Issue of shares:								
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	-
Dividends to shareholders	25	-	-	-	-	-	(67,219)	(67,219)
At 31 December 2007		402,563	20,118	73	2,776	(5,836)	270,913	690,607
At 1 January 2008		402,563	20,118	73	2,776	(5,836)	270,913	690,607
Profit for the year		-	-	-	-	-	44,407	44,407
Issue of shares:								
Conversion of warrants		286	103	-	-	-	-	389
Realisation of revaluation reserve on disposal of property		-	-	-	-	-	-	-
Dividends to shareholders	25	-	-	-	-	-	(53,254)	(53,254)
At 31 December 2008		402,849	20,221	73	2,776	(5,836)	262,066	682,149

The notes on pages 064 to 119 are an integral part of these financial statements.

Cash Flow Statements for the year ended 31 December 2008

(RM'000)	Note	Group		Company	
		2008	2007	2008	2007
Cash flows from operating activities					
Profit before tax		120,268	105,551	49,045	75,875
Adjustments for:					
Amortisation of prepaid lease payments		2,370	2,327	-	-
Change in fair value of investment properties		(5,559)	(8,343)	(3,917)	(6,006)
Depreciation of property, plant and equipment	3	35,655	30,449	1,210	807
Dividend income		-	-	(53,681)	(81,636)
Gain on disposal of asset held for sale		-	(3,910)	-	(3,910)
Interest income		(2,740)	(7,460)	(11,313)	(5,264)
Interest expenses		25,658	15,706	14,775	10,117
Loss on disposal of investment properties		-	75	-	75
Loss on disposal of property, plant and equipment		1	193	-	287
Realisation of revaluation reserve on disposal of properties		-	(357)	-	-
Share of profit of equity accounted associate		(1,966)	(1,659)	-	-
Translation adjustment for prepaid lease payment		-	993	-	-
Translation adjustment		-	(8,087)	-	-
Write-off of property, plant and equipment		11,883	54	-	-
Write-off of investment		-	176	-	-
Operating profit/(loss) before working capital		185,570	125,708	(3,881)	(9,655)
Changes in working capital:					
Inventories		(275,398)	(34,664)	-	-
Payables and accruals		136,154	(9,053)	13,187	(9,658)
Receivables, deposits and prepayments		(232,454)	(36,718)	(303,445)	(39,890)
Cash (used in)/generated from operations		(186,128)	45,273	(294,139)	(59,203)
Interest received		2,740	7,460	11,313	5,515
Interest paid		(25,658)	(15,706)	(14,775)	(10,368)
Income taxes paid		(47,405)	(20,648)	(3,588)	(22,624)
Net cash (used in)/from operating activities		(256,451)	16,379	(301,189)	(86,680)

Cash Flow Statements for the year ended 31 December 2008 (cont.)

(RM'000)	Note	Group		Company	
		2008	2007	2008	2007
Cash flows from investing activities					
Acquisition of intangible assets		-	(4,000)	-	-
Acquisition of investment properties		(368)	(413)	(183)	(413)
Acquisition of property, plant and equipment	3	(128,860)	(87,805)	(2,513)	(1,344)
Acquisition of prepaid lease payments		(8,699)	(342)	-	-
Acquisition of subsidiaries, net of cash acquired		(33,734)	-	(43,033)	-
Dividends received from subsidiaries		-	-	53,681	81,636
Dividends received from associate		-	135	-	-
Increase in investment in subsidiaries		-	-	-	(500)
Proceeds from disposal of property, plant and equipment		233	378	-	27
Proceeds from disposal of asset held for sale		-	26,680	-	26,680
Proceeds from disposal of commercial papers		92	-	92	-
Net cash (used in)/from investing activities		(171,336)	(65,367)	8,044	106,086
Cash flows from financing activities					
Dividends paid to minority shareholders		(10,009)	(20,615)	-	-
Dividends paid to shareholders of the Company	25	(53,254)	(67,219)	(53,254)	(67,219)
Proceeds from loans and borrowings		643,015	18,858	335,000	-
Proceeds from exercise of ESOS		-	830	-	830
Proceeds from exercise of warrants		389	12,210	389	12,210
Repayment of loans and borrowings		(190,361)	-	(20,000)	(10,000)
Net cash from/(used in) financing activities		389,780	(55,936)	262,135	(64,179)
Net decrease in cash and cash equivalents		(38,007)	(104,924)	(31,010)	(44,773)
Cash and cash equivalents at 1 January	i.	193,490	298,414	116,856	161,629
Cash and cash equivalents at 31 December	i.	155,483	193,490	85,846	116,856

Cash and Cash Equivalents

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

(RM'000)	Note	Group		Company	
		2008	2007	2008	2007
Cash and bank balances		49,604	75,524	2,366	1,456
Deposits with licensed banks		105,879	117,966	83,480	115,400
		155,483	193,490	85,846	116,856

The notes on pages 064 to 119 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 2008 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 2008 do not include other entities.

Chemical Company of Malaysia Berhad is an investment holding and management company with subsidiaries and an associate company engaged in the manufacturing, marketing and/or supply of fertilizers, chemicals and pharmaceuticals products and services 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 27 March 2009.

1. Basis of Preparation

a. Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted and the Companies Act, 1965 in Malaysia.

The Group and the Company have not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

FRSs / Interpretations	Effective date
<i>FRS 4, Insurance Contracts</i>	1 January 2010
<i>FRS 7, Financial Instruments: Disclosures</i>	1 January 2010
<i>FRS 8, Operating Segment</i>	1 July 2009
<i>FRS 139, Financial Instruments: Recognition and Measurement</i>	1 January 2010
<i>IC Interpretation 9, Reassessment of Embedded Derivatives</i>	1 January 2010
<i>IC Interpretation 10, Interim Financial Reporting and Impairment</i>	1 January 2010

The Group and the Company plan to apply the above-mentioned FRSs /Interpretations from the annual period beginning 1 January 2010.

The impact of applying FRS 4, FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* is not disclosed by virtue of the exemptions given in the respective FRSs. Other than the implications as discussed below, the initial application of the above standards (and its consequential amendments) and interpretations is not expected to have any material impact on the financial statements of the Group and the Company.

FRS 8 will become effective for financial statements for the year ending 31 December 2010. FRS 8, which replaces FRS 114, *Segment Reporting*, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its business and geographical segments (see note 26). Under FRS 8, the Group will present segment information in respect of its operating segments: fertilizers, chemicals, pharmaceuticals and investment holdings.

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 the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

d. Use of Estimates and Judgements

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

Estimates and underlying assumptions are reviewed on an on-going 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 18 - 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, unless the investment 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 profit and loss 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 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.

iii. Changes in Group Composition

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statement.

When the 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

iii. **Changes in Group Composition (cont.)**

Group's interest 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.

iv. **Minority Interest**

Minority interest at the balance sheet date, being the portion of the net identifiable assets 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 interest and the equity holders 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 are translated at exchange rates at the dates of the transactions except for those that are measured at fair value, which 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, are translated to RM at exchange rates at the balance sheet date.

The income and expenses of operations in functional currencies other than RM, 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 accumulated impairment losses.

Property, Plant and Equipment Under the Revaluation Model

The Group revalues its property comprising land and building every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying 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, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour 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. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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 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 the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

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 unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

iv. Depreciation (cont.)

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 or the Company assume 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

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the Group's balance sheet. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated

as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments, except for leasehold land classified as investment property.

Certain leasehold land were revalued in 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.

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.

For business acquisitions 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

ii. **Marketing Rights (cont.)**

carried at cost and reviewed and adjusted annually for any impairment.

iii. **Brand Names**

Brand name is stated at cost less accumulated impairment losses, if any. Brand name has an indefinite useful life as it is maintained through continuous marketing and upgrading.

iv. **Other Intangible Assets**

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

v. **Subsequent Expenditure**

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.

vi. **Amortisation**

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

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. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

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 recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statements. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through the income statements.

iii. **Determination of Fair Value**

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio every year, 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.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, where appropriate: the types of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Group and the lessee; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed

iii. **Determination of Fair Value (cont.)**

that all notices and where appropriate counter-notices have been served validly and within the appropriate time. Significant assumptions in arriving at the fair value of investment properties are disclosed in note 6.

g. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on a weighted average cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In case of finished goods, costs includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

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 allocated to goodwill, and then to remaining assets and

liabilities on pro rata basis, except that no loss is allocated assets which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held or 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. Construction Work in Progress

Construction work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profits recognised to date less progress billing and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction work in progress is presented as part of receivables, deposits and repayments in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as deferred income in the balance sheet.

k. 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.

l. Impairment of Assets

The carrying amount of assets, except for financial assets, inventories, deferred tax assets, assets arising from construction contracts 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 at each reporting date. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, their recoverable amount is estimated usually at each reporting date.

i. Impairment of Assets (cont.)

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.

m. Equity Instruments

All equity instruments are stated at cost on initial recognition and are not re-measured subsequently.

i. Issue Expenses

Incremental costs directly attributable to issue of equity instruments 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.

n. 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.

o. Employee Benefits

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.

o. Employee Benefits (cont.)

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.

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

q. 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.

r. 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. Services

Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed.

iii. Construction Contracts

As soon as an outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the income statements in proportion to the stage of completion of the contract. Contract revenue includes the initial amount agreed in the contracts plus any variations in contracts work, claims and incentives payments to the extent that it is probable that they will result in revenue and can be measured reliably.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the income statements.

iv. 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.

r. **Revenue Recognition (cont.)**

v. **Dividend Income**

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

s. **Interest Income and Borrowing Costs**

Interest income is recognised as 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.

t. **Tax Expense**

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

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.

u. **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.

v. **Segment Reporting**

A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

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3. Property, Plant and Equipment

(RM'000)	Freehold land	Freehold buildings	Long term leasehold buildings
Group			
Cost/Valuation			
At 1 January 2007	25,294	23,966	44,715
Additions	7,691	12,739	8,656
Reclassification from investment properties	-	355	-
Disposals	-	-	-
Write-off	-	-	-
At 31 December 2007/1 January 2008	32,985	37,060	53,371
Additions	480	4,929	174
Acquisition through business combination	-	-	4,902
Reclassification	-	464	54,765
Disposals	-	-	-
Write-off	-	-	-
At 31 December 2008	33,465	42,453	113,212
Depreciation			
At 1 January 2007	-	615	1,602
Depreciation for the year	-	695	1,558
Disposals	-	-	-
Write-off	-	-	-
At 31 December 2007/1 January 2008	-	1,310	3,160
Depreciation for the year	-	1,186	2,563
Disposals	-	-	-
Write-off	-	-	-
At 31 December 2008	-	2,496	5,723
Carrying amounts			
At 1 January 2007	25,294	23,351	43,113
At 31 December 2007/1 January 2008	32,985	35,750	50,211
At 31 December 2008	33,465	39,957	107,489

Short term leasehold buildings	Plant, machinery and equipment	Under construction	Total
367	449,980	32,472	576,794
-	32,507	26,212	87,805
-	-	-	355
-	(2,867)	-	(2,867)
-	(103)	-	(103)
367	479,517	58,684	661,984
-	102,466	20,811	128,860
-	2,357	-	7,259
-	10,404	(65,633)	-
-	(1,460)	-	(1,460)
-	(58,768)	-	(58,768)
367	534,516	13,862	737,875
223	331,247	-	333,687
26	28,170	-	30,449
-	(2,296)	-	(2,296)
-	(49)	-	(49)
249	357,072	-	361,791
26	31,880	-	35,655
-	(1,226)	-	(1,226)
-	(46,885)	-	(46,885)
275	340,841	-	349,335
144	118,733	32,472	243,107
118	122,445	58,684	300,193
92	193,675	13,862	388,540

3. Property, Plant and Equipment (cont.)

(RM'000)	Freehold land	Freehold buildings	Plant, machinery and equipment	Total
Company				
Cost/Valuation				
At 1 January 2007	15,400	601	6,459	22,460
Additions	-	22	1,322	1,344
Disposals	-	-	(920)	(920)
At 31 December 2007/1 January 2008	15,400	623	6,861	22,884
Additions	-	-	2,513	2,513
Disposals	-	-	(2)	(2)
At 31 December 2008	15,400	623	9,372	25,395
Depreciation				
At 1 January 2007	-	-	3,594	3,594
Depreciation for the year	-	24	783	807
Disposals	-	-	(606)	(606)
At 31 December 2007/1 January 2008	-	24	3,771	3,795
Depreciation for the year	-	12	1,198	1,210
Disposals	-	-	(2)	(2)
At 31 December 2008	-	36	4,967	5,003
Carrying amounts				
At 1 January 2007	15,400	601	2,865	18,866
At 31 December 2007/1 January 2008	15,400	599	3,090	19,089
At 31 December 2008	15,400	587	4,405	20,392

Property, Plant and Equipment Under Construction

During the year ended 31 December 2008 the Group incurred the following:

- i. construction of a new building and installation of new plant machinery for manufacturing of a wide range of fertilizers; costs incurred up to the balance sheet date totalled RM8,679,000 (2007 - RM23,201,000).
- ii. installation of new plant machinery for manufacturing of a wide range of pharmaceutical products; costs incurred up to the balance sheet date totalled RM5,183,000 (2007 - RM35,019,000).

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:

(RM'000)	Group		Company	
	2008	2007	2008	2007
Freehold land and buildings	75,853	38,941	2,887	2,997

4. Intangible Assets

(RM'000)	Goodwill	Marketing rights	Trademark	Brands	Total
Group					
Cost					
At 1 January 2007	191,158	16,971	63	-	208,192
Acquisition during the year	-	-	-	4,000	4,000
At 31 December 2007/1 January 2008	191,158	16,971	63	4,000	212,192
Acquisition through business combinations	21,480	-	-	-	21,480
Effect of movement in exchange rates	-	382	-	-	382
At 31 December 2008	212,638	17,353	63	4,000	234,054
Amortisation and impairment loss					
At 1 January 2007/At 31 December 2007					
/1 January 2008/At 31 December 2008	-	-	-	-	-
Carrying amounts					
At 1 January 2007	191,158	16,971	63	-	208,192
At 31 December 2007/1 January 2008	191,158	16,971	63	4,000	212,192
At 31 December 2008	212,638	17,353	63	4,000	234,054

(RM'000)	Trademark
Company	
Cost	
At 1 January 2007/At 31 December 2007	
/1 January 2008/At 31 December 2008	63
Amortisation and impairment losses	
At 1 January 2007/At 31 December 2007	
/1 January 2008/At 31 December 2008	-
Carrying amounts	
At 1 January 2007/At 31 December 2007	
/1 January 2008/At 31 December 2008	63

4.1 Material Intangible Assets

Goodwill

The carrying amount of the goodwill of a subsidiary in pharmaceutical and chemicals 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 Group has not amortised the products. The Group will amortise once the products are fully commercialised. The management made an assumption the marketing rights will be recovered through future commercial activity when the products are fully commercialised in the future.

Brands

The carrying amount of brands represents the acquisition of the brand name of the over-the-counter products. The Group has not amortised the brand as the Group is of the opinion that the brands are able to generate such income in the near future based on the Group's projected cash flows. The Group 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 no amortisation and impairment recognised during the year.

4.3 Impairment Testing for Cash-generating Units Containing Goodwill and Brands

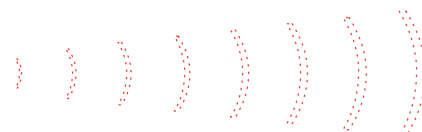
The recoverable amount of the goodwill arising from consolidations and brand were based on value in use of the investment in the respective subsidiaries ("the subsidiaries") and the operations of the products relate to the brand acquired ("the operations"), respectively. These calculations use pre-tax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

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

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

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

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



5. Prepaid Lease Payments

(RM'000)	Unexpired period less than 50 years	Unexpired period more than 50 years	Total
Group			
Cost/Valuation			
At 1 January 2007	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 2007/1 January 2008	32,978	86,083	119,061
Additions	-	8,699	8,699
Acquisition through business combination	-	7,765	7,765
Effect of movements in exchange rates	(893)	-	(893)
At 31 December 2008	32,085	102,547	134,632
Amortisation			
At 1 January 2007	447	-	447
Amortisation for the year	945	1,382	2,327
At 31 December 2007/1 January 2008	1,392	1,382	2,774
Acquisition through business combinations	-	180	180
Amortisation for the year	851	1,519	2,370
At 31 December 2008	2,243	3,081	5,324
Carrying amounts			
At 1 January 2007	23,528	85,741	109,269
At 31 December 2007/1 January 2008	31,586	84,701	116,287
At 31 December 2008	29,842	99,466	129,308

6. Investment Properties

(RM'000)	Group		Company	
	2008	2007	2008	2007
At 1 January	74,928	76,598	156,213	149,869
Additions	368	413	183	413
Disposals	-	(75)	-	(75)
Reclassification to prepaid lease payment	-	(9,996)	-	-
Reclassification to property, plant and equipment	-	(355)	-	-
Reclassification to assets held for sale	(8,131)	-	-	-
Change in fair value	5,559	8,343	3,917	6,006
At 31 December	72,724	74,928	160,313	156,213
Included in the above are:				
Freehold land	22,846	22,087	25,132	25,705
Leasehold land with unexpired lease period of less than 50 years	3,200	3,200	-	-
Leasehold land with unexpired lease period of more than 50 years	45,102	48,641	121,059	116,525
Buildings	1,576	1,000	14,122	13,983
At 31 December	72,724	74,928	160,313	156,213

All the investment properties are determined based on market values.

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	4.19% - 5.65%
Residential house	0.3%

7. Investment in Subsidiaries

(RM'000)	Company	
	2008	2007
At cost:		
Unquoted shares	209,608	166,575
Less: Impairment loss	(4,200)	(4,200)
	205,408	162,375

Details of the subsidiaries are as follows:

Name of subsidiaries	Note	Country of incorporation	Principal activities	Effective ownership interest (%)	
				2008	2007
CCM Fertilizers Sdn Bhd and its subsidiaries:		Malaysia	Manufacture and marketing of fertilizers	50.1	50.1

7. Investment in Subsidiaries (cont.)

Name of subsidiaries	Note	Country of incorporation	Principal activities	Effective ownership interest (%)	
				2008	2007
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		Malaysia	Dormant	100.0	100.0
Innovax Sdn Bhd		Malaysia	Research and development of pharmaceutical products	100.0	100.0
Usaha Pharma (M) Sdn Bhd		Malaysia	Dormant	100.0	100.0
CCM Agriculture (Sabah) 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	100.0
P.T. CCM AgriPharma*		Indonesia	Importing and trading of fertilizers and pharmaceuticals products	100.0	100.0
CCM Siam Ltd*		Thailand	Engage in the business of fertilizers, chemicals and pharmaceuticals	100.0	100.0
CCM Marketing Sdn Bhd and its subsidiaries:		Malaysia	Investment holding, trading and marketing of pharmaceuticals products	100.0	100.0

7. Investment in Subsidiaries (cont.)

Name of subsidiaries	Note	Country of incorporation	Principal activities	Effective ownership interest (%)	
				2008	2007
CCM Duopharma Biotech Berhad and its subsidiary:		Malaysia	Investment holding	73.7	73.4
Duopharma (M) Sdn Bhd		Malaysia	Manufacturing, distributing, importing and exporting of pharmaceutical products and medicines	73.7	73.4
Euphorex Corporation Sdn Bhd		Malaysia	Investment holding	100.0	100.0
Liberal Wira Sdn Bhd		Malaysia	Investment holding	100.0	100.0
Usaha Progresif Sdn Bhd		Malaysia	Investment holding	100.0	100.0
Upha Pharmaceutical Manufacturing (M) Sdn Bhd		Malaysia	Manufacture of pharmaceutical products and sales of medicine	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	Dormant	100.0	100.0
CCM Agri-Max Sdn Bhd		Malaysia	Marketing of wide range of fertilizers	100.0	100.0
CCM Usaha Kimia (M) Sdn Bhd (formerly known as Usaha Kimia (M) Sdn Bhd) and its subsidiary:		Malaysia	Marketing of chlor-alkali and chemical products	100.0	100.0

7. Investment in Subsidiaries (cont.)

Name of subsidiaries	Note of incorporation	Country activities	Principal ownership interest (%)	Effective	
				2008	2007
CCM Water Systems Sdn Bhd* (formerly known as Enersave Water Sdn Bhd)	31	Malaysia	Designing, manufacturing, installing, commissioning and providing maintenance services for water purification and waste water treatment plant systems and sale of its related products	95.7	-
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	-
Yayasan CCM (Limited by Guarantee)		Malaysia	To receive and administer funds for education and charitable purposes, all for the public welfare	100.0	100.0

* Not audited by KPMG

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

On 2 June 2008, the Company acquired 300,000 ordinary shares of RM1.00 each in CCM International Sdn Bhd from CCM Marketing Sdn Bhd for RM40,477,149 satisfied in cash.

On 27 June 2008, the Company acquired 300,000 ordinary shares of RM1.00 each in CCM Agriculture Sdn Bhd, from CCM Marketing Sdn Bhd for RM2,555,066 satisfied in cash.

Accordingly, both CCM International Sdn Bhd and CCM Agriculture Sdn Bhd become a wholly-owned subsidiaries of the Company.

No impact to the Group as acquisitions and disposals were within the Group.

8. Investment in Associate

(RM'000)	Group		Company			
	2008	2007	2008	2007		
At cost:						
Unquoted shares	1,408	1,408	-	-		
Share of post acquisition reserves	5,788	3,822	-	-		
	7,196	5,230	-	-		
	Country of incorporation	Effective ownership interest	Revenue (100%)	Profit/(Loss) (100%)	Total assets (100%)	Total liabilities (100%)
2008						
Orica-CCM Energy Systems Sdn Bhd	Malaysia	45.0%	29,968	5,905	23,370	7,537
2007						
Orica-CCM Energy Systems Sdn Bhd	Malaysia	45.0%	23,867	5,049	13,917	3,885

9. Other Investments

(RM'000)	Group		Company	
	2008	2007	2008	2007
Non-current				
At cost:				
Quoted shares - outside Malaysia	7,073	7,753	-	-
Unquoted shares	-	1,244	-	-
Commercial papers	-	92	-	92
	7,073	9,089	-	92
Market value:				
• Quoted shares outside Malaysia	25,894	8,046	-	-
• Commercial papers	-	94	-	94

Details of disposed investments stated at cost are as follows:

(RM'000)	Group		Company	
	2008	2007	2008	2007
Proceeds from disposal	92	-	92	-
Carrying amount of investments disposed	92	-	92	-
Gain on disposal of investments	-	-	-	-

10. Development Expenditure

(RM'000)	Group and Company	
	2008	2007
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:

(RM'000)	Assets		Liabilities		Net	
	2008	2007	2008	2007	2008	2007
Group						
Property, plant and equipment	-	396	27,700	38,824	27,700	39,220
Provisions	(3,123)	(2,301)	9,571	(361)	6,448	(2,662)
Other temporary difference	(2,533)	(352)	1,311	1,220	(1,222)	868
Tax losses carried forward	(1,206)	(1,009)	(2,576)	(78)	(3,782)	(1,087)
Tax (assets)/liabilities	(6,862)	(3,266)	36,006	39,605	29,144	36,339
Set off	2,538	-	(2,538)	-	-	-
Net tax (assets)/liabilities	(4,324)	(3,266)	33,468	39,605	29,144	36,339
Company						
Property, plant and equipment	-	(102)	3,109	17,363	3,109	17,261
Provisions	(392)	(577)	-	-	(392)	(577)
Other temporary difference	-	-	15,392	1,425	15,392	1,425
Net tax (assets)/liabilities	(392)	(679)	18,501	18,788	18,109	18,109

11. Deferred Tax Assets and Liabilities (cont.)

Unrecognised Deferred Tax Assets

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

(RM'000)	Group	
	2008	2007
Tax losses carried forward	(15,068)	(24,060)
Other deductible temporary differences	4,145	(4,770)
	(10,923)	(28,830)

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 RM15,068,000 and RM1,572,000 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.

Movement in Temporary Differences During the Year

(RM'000)	At 1/1/2007	Recognised in income statement (Note 23)	At 31/12/2007	Recognised in income statement (Note 23)	At 31/12/2008
Group					
Property, plant and equipment	42,250	(3,030)	39,220	(11,520)	27,700
Provisions	(2,953)	291	(2,662)	9,110	6,448
Other items	(587)	1,455	868	(2,090)	(1,222)
Tax loss carried-forward	(1,348)	261	(1,087)	(2,695)	(3,782)
	37,362	(1,023)	36,339	(7,195)	29,144

Company

Property, plant and equipment	21,898	(4,637)	17,261	(14,152)	3,109
Provisions	(263)	(314)	(577)	185	(392)
Other items	53	1,372	1,425	13,967	15,392
	21,688	(3,579)	18,109	-	18,109

Movements in Unrecognised Deferred Tax Assets During the Year

(RM'000)	At 1/1/2007	Additions	Recognition	At 31/12/2007	Additions	Recognition	At 31/12/2008
Group							
Tax losses carried forward	(23,388)	(672)	-	(24,060)	8,992	-	(15,068)
Other deductible temporary differences	(5,031)	-	261	(4,770)	8,915	-	4,145
	(28,419)	(672)	261	(28,830)	17,907	-	(10,923)

12. Receivables, Deposits and Prepayments

(RM'000)	Note	Group		Company	
		2008	2007	2008	2007
Current Trade					
Trade receivables	a	417,296	309,904	-	-
Less: Allowance for doubtful debts	b	(8,950)	(12,012)	-	-
		408,346	297,892	-	-
Progress billings receivables	c	7,717	-	-	-
Amount due from subsidiaries	d	-	-	-	398,987
Amount due from associate	e	36	36	36	36
		416,099	297,928	36	399,023
Non-trade					
Amount due from subsidiaries	f	-	-	748,468	168,667
Amount due from associate	f	114	117	-	-
Deposits		2,250	2,907	123,328	289
Other receivables		146,331	12,542	72	413
Prepayments		5,107	4,310	80	147
		153,802	19,876	871,948	169,516
		569,901	317,804	871,984	568,539

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:

(RM'000)	Functional currency	Foreign currency	Note	Group		Company	
				2008	2007	2008	2007
	RM	USD		45,199	54,671	-	-
	RM	SGD		13,079	8,172	-	-
	RM	HKD		389	437	-	-
	RM	INR		260	1,179	-	-
	RM	BHT		1,449	814	-	-
	IDR	USD		-	32,056	-	-
	BHT	USD		2,015	176	-	-
	BHT	RM		1,452	-	-	-

Note b

The Group's bad debts amounting to RM3,928,000 (2007 - Nil) were written off against allowance for doubtful debts.

12. Receivables, Deposits and Prepayments (cont.)

Note c

Construction Work in Progress

(RM'000)	Group		Company	
	2008	2007	2008	2007
Aggregate costs incurred to date	83,883	-	-	-
Add: Attributable profits	7,365	-	-	-
	91,248	-	-	-
Less: Progress billings	(84,301)	-	-	-
	6,947	-	-	-
Amount due from receivables contracts	7,717	-	-	-
Amount due to payables on contracts	(770)	-	-	-
	6,947	-	-	-

Note d

During the year, the Company wrote off an amount due from a subsidiary amounting to RM900,000 (2007: RM1,251,000).

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

Note e

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

Note f

The non-trade receivables due from subsidiaries and associates are unsecured and interest bearing ranging from 4.08% to 4.77% (2007: interest-free) and repayable on demand.

13. Inventories

(RM'000)	Group	
	2008	2007
Raw materials	73,147	37,702
Work-in-progress	5,505	4,624
Finished goods	420,044	177,562
Spares and consumables	15,757	17,852
	514,453	237,740

In 2008, the write-down of inventories to net realisable value amounted to RM57,655,000 (2007: RM654,000) and write-off of inventories amounted to RM8,473,000 (2007: RM1,709,000). The write-down and write-off are included in cost of sales.

Due to the rapid decline in fertilizers and chemicals prices globally at the end of 2008, the Group wrote down the affected inventories to their net realisable value by RM54,177,000. The write down is included in cost of sales.

14. Assets Classified as Held for Sale

(RM'000)	Group	
	2008	2007
Reclassified from investment property	8,131	-

15. Cash and Cash Equivalents

(RM'000)	Group		Company	
	2008	2007	2008	2007
Deposits are placed with:				
Licensed banks	105,879	117,966	83,480	115,400
Cash and bank balances	49,604	75,524	2,366	1,456
	155,483	193,490	85,846	116,856

16. Capital and Reserves

Share Capital	Group and Company			
	Amount 2008	Number of shares ('000) 2008	Amount 2007	Number of shares ('000) 2007
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	402,563	402,563	392,977	392,977
Issue of shares under the ESOS	-	-	608	608
Conversion of warrants	286	286	8,978	8,978
On issue at 31 December	402,849	402,849	402,563	402,563

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, prior to its classification on investment property.

16. Capital and Reserves (cont.)

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 2008, the Group held 2,998,000 (2007 - 2,998,000) of the Company's shares.

Section 108 Tax Credit of the Company

Subject to agreement by the Inland Revenue Board, the Company has Section 108 tax credit and tax exempt income of RM10,204,000 and RM160,118,000, respectively to frank RM170,322,000 of its distributable reserves at 31 December 2008 respectively if paid out as dividends.

The Finance Act 2007 introduced a single tier company income tax system with effect from year of assessment 2008. The introduction of the single tier company income tax system does not have any significant impact to the Company if dividends were to be declared from the tax exempt income.

17. Loans and Borrowings

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 27.

(RM'000)	Note	Group		Company	
		2008	2007	2008	2007
Non-current					
Unsecured term loan		35,000	70,000	35,000	70,000
Secured term loan		2,120	-	-	-
Unsecured bond issues	a	-	200,000	-	200,000
Unsecured Musyarakah medium term notes	b	150,000	-	150,000	-
		187,120	270,000	185,000	270,000
Current					
Unsecured bank overdrafts		10,302	16,592	-	-
Unsecured bankers' acceptances		202,939	103,115	-	-
Unsecured revolving credits		205,000	31,560	185,000	-
Unsecured foreign currency loan		-	1,523	-	-
Unsecured term loan		107,654	20,000	35,000	20,000
Unsecured bond issues	a	200,000	-	200,000	-
		725,895	172,790	420,000	20,000

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)

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;
 - d. 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.

The ratio of total consolidated liabilities to total consolidated shareholders' fund at 31 December 2008 stood at 1.55 and was subsequently reduced to below the covenanted limit of 1.5 post balance sheet date through the realisation of receivables and paying down of bank loans and trade creditors.

Note b

On 28 November 2008, the Company issued RM150,000,000 nominal amount of 3 year 5.95% fixed rate Musyarakah Medium Term Notes (MMTN).

Significant covenants

The MMTN is subjected to fulfilment of the following covenants:

- i. the finance to equity ratio does not exceed 1.5;
- ii. the profit/interest cover ratio of at least 2 times;
- iii. without prior written consent from trustee:
 - a. not to add, delete, vary or amends its Memorandum or Articles of Association other than in a manner and for reasons allowed in the financing documents and trust deed;
 - b. not to dispose any assets in excess of 5% of the Group's net assets (as reflected in the latest consolidated annual audited financial statement) in any financial year other than those permitted by the financing document and trust deed;
 - c. not to reduce its authorized and/or issued shares other than those permitted in the financing documents and trust deed;
 - d. not to generally to manage and conduct the other business affairs of the Group in a manner consistent with the provisions and conditions of the financing documents and trust deed.

17. Loans and Borrowings (unsecured)

Terms and Debt Repayment Schedule

(RM'000)	Year of maturity	Carrying amount	Under 1 year	1 - 2 years	2 - 5 years	Over 5 years
Group — 2008						
Unsecured Musyarakah medium term note	2011	150,000	-	-	150,000	-
Unsecured term loan	2010	142,654	107,654	35,000	-	-
Secured term loan	2013	2,120	-	-	2,120	-
Unsecured bond issues	2009	200,000	200,000	-	-	-
Unsecured bank overdrafts	2009	10,302	10,302	-	-	-
Unsecured bankers' acceptance	2009	202,939	202,939	-	-	-
Unsecured revolving credits	2009	205,000	205,000	-	-	-
		913,015	725,895	35,000	152,120	-
Group — 2007						
Unsecured term loan	2010	90,000	20,000	35,000	35,000	-
Unsecured bond issues	2009	200,000	-	200,000	-	-
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	-	-	-
		442,790	172,790	235,000	35,000	-
Company — 2008						
Unsecured term loan	2010	70,000	35,000	35,000	-	-
Unsecured bond issues	2009	200,000	200,000	-	-	-
Unsecured revolving credit	2009	185,000	185,000	-	-	-
Unsecured Musyarakah medium term notes	2011	150,000	-	-	150,000	-
		605,000	420,000	35,000	150,000	-
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	-

18. Provisions

(RM'000)	Warranties		Restructuring		Total	
	2008	2007	2008	2007	2008	2007
Group						
At 1 January 2008	24	1,025	-	1,419	24	2,444
Provision made during the year	1,226	24	-	-	1,226	24
Provision used during the year	(594)	(1,025)	-	(1,419)	(594)	(2,444)
At 31 December 2008	656	24	-	-	656	24
					Restructuring 2008	2007
Company						
At 1 January 2008					-	1,419
Provision used during the year					-	(1,419)
At 31 December 2008					-	-

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.

19. Payables and Accruals

(RM'000)	Note	Group		Company	
		2008	2007	2008	2007
Trade					
Trade payables	a	231,211	120,270	-	-
Amount due to payables on Contracts	12(c)	770	-	-	-
		231,981	120,270	-	-
Non-trade					
Other payables		43,160	17,848	76	379
Accrued expenses		28,105	23,614	8,393	2,388
Amount due to subsidiaries	b	-	-	42,281	34,796
		71,265	41,462	50,750	37,563
		303,246	161,732	50,750	37,563

19. Payables and Accruals (cont.)

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:

(RM'000)		Group		Company	
		2008	2007	2008	2007
Functional currency	Foreign currency				
RM	USD	81,016	27,278	-	-
RM	SGD	98	473	-	-
RM	AUD	17	496	-	-
RM	INR	111	-	-	-
RM	Euro	4,609	1,203	-	-
RM	GBP	135	59	-	-
SGD	USD	929	2,324	-	-
BHT	USD	857	264	-	-
BHT	RM	2,514	-	-	-

Note b

The non-trade payables due to subsidiaries are unsecured, interest bearing ranging from 3.1% to 3.47% (2007: interest-free except for CCM Fertilizers Sdn Bhd bearing on interest of 3.45%) and repayable on demand.

20. Revenue

(RM'000)	Group		Company	
	2008	2007	2008	2007
Sales	2,098,953	1,395,844	-	-
Construction contracts	34,690	-	-	-
Services	30,958	401	-	-
Rental income from investment properties	858	1,023	4,530	4,695
	2,165,459	1,397,268	4,530	4,695

21. Operating Profit

(RM'000)	Note	Group		Company	
		2008	2007	2008	2007
Operating profit is arrived at after charging:					
Allowance for doubtful debts		1,750	552	-	-
Amortisation of prepaid lease payments		2,370	2,327	-	-
Auditors' remuneration					
• Statutory Audit					
• Auditor of the Company		441	308	40	34
• Other auditors		39	103	-	-
• Other services by auditor of the Company		341	24	341	18
Bad debts written off		248	61	-	-
Depreciation of property, plant and equipment	3	35,655	30,449	1,210	807
Loss on disposal of property, plant and equipment		1	193	-	287
Loss on disposal of an associate		-	-	-	-
Inter-company advances written off	12	900	-	900	1,251
Interest expense:					
• Subsidiaries		-	-	662	251
• Bank overdraft		5,341	10,207	184	10,117
• Revolving credits		824	1,933	4,100	-
• Bankers' acceptances		6,234	3,248	-	-
• Bond issues		6,000	6,000	6,000	6,000
• Term loans		3,660	3,794	3,660	3,794
• Other borrowings		3,599	318	169	-
Loss on damaged goods		22	10	-	-
Property, plant and equipment written off		11,883	54	-	-
Rental expenses on property leases		8,897	6,064	1,035	644
Rental expenses on equipment		142	183	-	-
Research and development costs expensed as incurred		4,271	3,997	-	-
Personnel expenses (including key management personnel)					
• Contribution to Employees Provident Fund		10,805	9,442	1,137	661
• Wages, salaries and others		87,734	73,171	7,901	6,298
Write-down of inventories		57,655	654	-	-
Write-off of inventories		8,473	1,709	-	-
Unrealised loss on foreign exchange		5,451	1,782	-	-
and after crediting:					
Allowance for doubtful debts written back		884	1,558	-	-
Claim from damage goods		-	1,097	-	-
Change in fair value of investment properties		5,559	8,343	3,917	6,006
Dividend income from:					
• Subsidiaries (unquoted)		-	-	53,681	81,636
• Associate		-	135	-	-
Gain on disposal of property, plant and equipment		58	3,642	-	3,548
Interest income:					
• Subsidiaries		-	-	9,174	30
• Associate		4	4	-	-
• Fixed deposits		2,294	5,357	2,139	5,327
• Commercial bonds		-	128	-	128
• Others		442	1,971	-	-
Net foreign exchange gain		84	-	-	-
Rental income from property subleases		-	1,007	-	-

23. Tax Expense (cont.)

(RM'000)	Note	Group		Company	
		2008	2007	2008	2007
Deferred tax expense					
Origination and reversal of temporary differences		(7,103)	(1,975)	-	(3,579)
(Over)/Under provision from prior years		(92)	1,138	-	-
(Write-down)/Reversal of a previous write-down of deferred tax assets		-	(186)	-	-
Total deferred tax expense	11	(7,195)	(1,023)	-	(3,579)
Share of tax of equity accounted associate		691	613	-	-
Total tax expense		35,458	22,565	4,638	15,505

Reconciliation of Effective Tax Expenses

(%)	Group		Company	
	2008	2007	2008	2007
Profit before tax	100	100	100	100
Tax at Malaysian tax rate of 26% (2007: 27%)	26	27	26	27
Non-deductible expenses	3	1	-	-
Non-taxable income	-	-	(4)	-
Tax exempt income	-	(7)	(13)	(9)
Other items	-	(3)	-	2
Under/(over) provided in prior years	-	3	-	-
	29	21	9	20

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



24. Earnings per Ordinary Share

Basic Earnings per Ordinary Share

The calculation of basic earnings per ordinary share at 31 December 2008 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2008	2007
Profit for the year attributable to ordinary shareholders	65,026	62,718
Weighted average number of ordinary shares	Group	
	2008	2007
Issued ordinary shares at 1 January	402,563	392,977
Effect of ordinary shares issued in 2008/2007	172	5,642
Weighted average number of ordinary shares at 31 December	402,735	398,619
(sen)	2008	2007
Basic earnings per ordinary share	16.1	15.7

Diluted Earnings per Ordinary Share

The calculation of diluted earnings per ordinary share at 31 December 2008 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:

	Group	
	2008	2007
Profit for the year attributable to ordinary shareholders	65,026	62,718
Interest expense on convertible warrants, net of tax	1,728	1,716
Profit attributable to ordinary shareholders (diluted)	66,754	64,434
Weighted average number of ordinary shares diluted	Group	
	2008	2007
Weighted average number of ordinary shares at 31 December	402,734	398,619
Effect of conversion of warrants	57,221	57,508
Weighted average number of ordinary shares (diluted) at 31 December	459,955	456,127
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.		
(sen)	2008	2007
Diluted earnings per ordinary share	14.5	14.1

25. Dividends

Dividends recognised in the current year by the Company are:

	Sen per share (net of tax)	Total amount	Date of payment
2008			
Interim 2008 ordinary	5.9	23,671	5 November 2008
Final 2007 ordinary	7.4	29,583	20 June 2008
Total amount		53,254	

2007

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	

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 ordinary	1.35
Final ordinary (tax exempt)	4.85
	6.20

26. 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.

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.

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

Geographical Segments

The Fertilizers, Chemicals and Pharmaceuticals business segments are managed on a worldwide basis, but operates in two principal geographical areas, Malaysia and Indonesia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

26. Segment Reporting (cont.)

(RM'000)	Fertilizers		Chemicals		Pharmaceuticals	
	2008	2007	2008	2007	2008	2007
Business segments						
Total external revenue	1,405,051	723,387	529,180	456,769	229,156	214,846
Inter-segment revenue	758	389	77,364	54,292	3,544	2,564
Total segment revenue	1,405,809	723,776	606,544	511,061	232,700	217,410
Segment result	94,944	37,416	14,011	15,708	59,104	55,381
Interest income						
Finance costs						
Share of profit of equity accounted associate						
Tax expense						
Profit for the year						
Segment assets	923,086	334,063	423,655	348,228	707,415	355,134
Investment in associate	-	-	7,196	5,159	-	-
Total assets						
Segment liabilities	780,724	204,015	257,949	185,070	490,566	148,359
Unallocated liabilities						
Total liabilities						
Capital expenditure	69,879	21,691	27,776	10,594	79,386	36,614
Depreciation and amortisation	4,856	3,487	17,944	15,982	11,489	9,373
Geographical segments						
(RM'000)	Malaysia		Indonesia			
	2008	2007	2008	2007		
Revenue from external customers	1,692,846	1,130,572	376,471	176,177		
Segment assets	1,770,479	1,305,317	266,327	92,680		

Others		Eliminations		Consolidated	
2008	2007	2008	2007	2008	2007
2,072	2,266	-	-	2,165,459	1,397,268
8,310	6,661	(89,976)	(63,906)	-	-
10,382	8,927	(89,976)	(63,906)	2,165,459	1,397,268
55,039	78,723	(81,878)	(75,090)	141,220	112,138
				2,740	7,460
				(25,658)	(15,706)
				1,966	1,659
				(34,767)	(21,952)
				85,501	83,599
1,389,948	1,227,654	(1,328,246)	(784,552)	2,115,858	1,480,527
	-		71	7,196	5,230
				2,123,054	1,485,757
319,974	394,026	(969,749)	(612,688)	879,464	318,782
				385,000	328,563
				1,264,464	647,345
2,872	19,319	-	-	179,913	88,218
3,735	2,559	-	-	38,024	31,401
Other Regions		Unallocated		Consolidated	
2008	2007	2008	2007	2008	2007
96,142	90,519	-	-	2,165,459	1,397,268
86,248	87,760	-	-	2,123,054	1,485,757

27. 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 on-going 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 banks 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 asset 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.

There interest rate risk for the Group is managed by combination of both long term and short term borrowings. The interest rate and tenure of the borrowings are highly depending on the historical, current and forecasted market conditions.

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.

(RM'000)	Note	2008			
		Average effective interest rate (%)	Total	Less than 1 year	1 - 5 years
Group					
Floating rate instruments					
Unsecured bank overdraft	17	6.50	(10,302)	(10,302)	-
Unsecured bankers' acceptances	17	3.86	(202,939)	(202,939)	-
Unsecured revolving credits	17	4.14	(205,000)	(205,000)	-
Unsecured foreign currency loan in SGD	17	-	-	-	-
Fixed rate instruments					
Deposits	15	3.47	105,879	105,879	-
Commercial papers	9	6.45	-	-	-
Unsecured bonds	17	4.48	(200,000)	(200,000)	-
Secured fixed term loan	17	5.00	(2,120)	-	(2,120)
Unsecured fixed term loan	17	4.28	(142,654)	(107,654)	(35,000)
Unsecured MMTN	17	5.95	(150,000)	-	(150,000)
			(807,136)	(620,016)	(187,120)

27. Financial Instruments (cont.)

(RM'000)	Note	2007			
		Average effective interest rate (%)	Total	Less than 1 year	1 - 5 years
Group					
Floating rate instruments					
Unsecured bank overdraft	17	7.00	(16,592)	(16,592)	-
Unsecured bankers' acceptances	17	3.81	(103,115)	(103,115)	-
Unsecured revolving credits	17	4.00	(31,560)	(31,560)	-
Unsecured 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	-
Unsecured bonds	17	4.49	(200,000)	-	(200,000)
Secured fixed term loan	17	-	-	-	-
Unsecured fixed term loan	17	4.19	(90,000)	(20,000)	(70,000)
Unsecured MMTN	17	-	-	-	-
			(324,732)	(54,732)	(270,000)

(RM'000)	Note	2008			
		Average effective interest rate (%)	Total	Less than 1 year	1 - 5 years
Company					
Fixed rate instruments					
Deposits	15	3.47	83,480	83,480	-
Commercial papers	9	6.45	-	-	-
Unsecured bonds	17	4.48	(200,000)	(200,000)	-
Unsecured fixed term loan	17	4.28	(70,000)	(35,000)	(35,000)
Unsecured revolving credits	17	4.14	(185,000)	(185,000)	-
Unsecured MMTN	17	5.95	(150,000)	-	(150,000)
			(521,520)	(336,520)	(185,000)

(RM'000)	Note	2007			
		Average effective interest rate (%)	Total	Less than 1 year	1 - 5 years
Company					
Fixed rate instruments					
Deposits	15	3.50	115,400	115,400	-
Commercial papers	9	6.45	92	92	-
Unsecured bonds	17	4.49	(200,000)	-	(200,000)
Unsecured fixed term loan	17	4.19	(90,000)	(20,000)	(70,000)
Unsecured revolving credits	17	-	-	-	-
Unsecured MMTN	17	-	-	-	-
			(174,508)	95,492	(270,000)

27. Financial Instruments (cont.)

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 Great Britain 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. The Group will also enter into foreign currency forward contracts in the normal course of business in order to manage its exposure against foreign currency fluctuations on sales and purchases transactions denominated in foreign currencies.

There are no foreign currency forward contracts outstanding as at 31 December 2008.

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.

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

(RM'000)	2008 Carrying amount	2008 Fair value	2007 Carrying amount	2007 Fair value
Group				
Financial assets				
Investments in quoted shares	7,073	25,894	7,753	8,046
Commercial papers	-	-	92	94
	7,073	25,894	7,845	8,140
Financial liabilities				
Bonds	200,000	200,000	200,000	192,826
Unsecured fixed rate term loan	713,015	714,428	90,000	90,597
	913,015	914,428	290,000	283,423
Company				
Financial assets				
Commercial papers	-	-	92	94
	-	-	92	94
Financial liabilities				
Bonds	200,000	200,000	200,000	192,826
Unsecured fixed rate term loan	405,000	406,413	90,000	90,597
	605,000	606,413	290,000	283,423

27. Financial Instruments (cont.)

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.

28. Capital and Other Commitments

(RM'000)	Group		Company	
	2008	2007	2008	2007
Capital expenditure commitments plant and equipment				
Authorised but not contracted for	106,769	62,333	4,747	9,603
Contracted but not provided for	1,786	6,983	-	564
	108,555	69,316	4,747	10,167

29. 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).

29. Related Parties (cont.)

The significant related party transactions of the Group and the Company, other than key management personnel compensation (see note 23), are as follows:

(RM'000)	Transactions amount for the year ended 31 December	Gross balance outstanding at 31 December	Net balance outstanding at 31 December
Group			
2008			
Associate			
Rental			
Orica-CCM Energy Systems Sdn Bhd	214	36	36
Balances in respect on non-trade transaction			
Orica-CCM Energy Systems Sdn Bhd	-	114	114
Significant investor that has influence over the subsidiary in the Group			
Lembaga Tabung Haji			
Sales of products	26,969	1,640	1,640
PNB Group of Companies			
Sales of products	2,309	-	-
2007			
Associate			
Rental			
Orica-CCM Energy Systems Sdn Bhd	240	36	36
Balances in respect on non-trade transaction			
Orica-CCM Energy Systems Sdn Bhd	-	116	116
Significant investor that has influence over the subsidiary in the Group			
Lembaga Tabung Haji			
Sales of products	12,945	2,698	2,698
P.T. Multigambut Industri			
Sales of products	3,632	-	-
PNB Group of Companies			
Sales of products	98,659	21,212	21,212
Company			
Subsidiaries			
Interest expense			
CCM Fertilizers Sdn Bhd	596	-	-
CCM Chemicals Sdn Bhd	66	-	-
Rental of land and/or building			
CCM Fertilizers Sdn Bhd	3,314	552	552
CCM Chemicals Sdn Bhd	363	61	61

29. Related Parties (cont.)

(RM'000)	Transactions amount for the year ended 31 December	Gross balance outstanding at 31 December	Net balance outstanding at 31 December
Shared cost			
CCM Fertilizers Sdn Bhd	2,500	-	-
CCM Chemicals Sdn Bhd	2,500	-	-
UPHA Pharmaceutical Manufacturing (M) Sdn Bhd	2,500	-	-
CCM Duopharma Biotech Berhad	2,500	-	-
Waiver of debt			
CCM Marketing Sdn Bhd	900	-	-
Company			
2008			
Balances in respect of non-trade transaction			
Amount owing from:			
CCM Pharmaceuticals Sdn Bhd	-	12,544	12,544
UPHA Pharmaceuticals Manufacturing (M) Sdn Bhd	-	83,347	83,347
CCM Pharma Sdn Bhd	-	28,169	28,169
Usaha Pharma (M) Sdn Bhd	-	104	104
CCM Fertilizers Sdn Bhd	-	7,944	7,944
CCM Duopharma Biotech Berhad	-	1,324	1,324
CCM Pharmaceuticals (S) Pte Ltd	-	2	2
PT CCM Indonesia	-	14,062	14,062
PT CCM Agripharma	-	28,037	28,037
CCM Chemicals Sdn Bhd	-	4,368	4,368
CCM Investment Ltd	-	25,563	25,563
CCM International Sdn Bhd	-	4,710	4,710
CCM International (Philippines), Inc.	-	690	690
CCM Siam Ltd	-	2,418	2,418
CCM Marketing Sdn Bhd	-	286,459	286,459
CCM Agriculture (Sabah) Sdn Bhd	-	408	408
CCM Agriculture Sdn Bhd	-	5,400	5,400
CCM Usaha Kimia (M) Sdn Bhd (formerly known as Usaha Kimia Sdn Bhd)	-	197	197
CCM Agri-Max Sdn Bhd	-	29,957	29,957
Innovax Sdn Bhd	-	501	501
Yayasan CCM	-	-	-
CCM Singapore Pte Ltd	-	5	5
CCM Water Systems Sdn Bhd (formerly known as Enersave Water Sdn Bhd)	-	143	143
Liberal Wira Sdn Bhd	-	3	3
Usaha Progresif Sdn Bhd	-	4	4
Euphorex Corporation Sdn Bhd	-	3	3
Advances owing from:			
CCM Agriculture Sdn Bhd	-	50,543	50,543
CCM Agriculture (Sabah) Sdn Bhd	-	13,368	13,368
CCM International Sdn Bhd	-	26,861	26,861
CCM Agri-Max Sdn Bhd	-	62,069	62,069
Innovax Sdn Bhd	-	6,637	6,637
CCM Water Systems Sdn Bhd (formerly known as Enersave Water Sdn Bhd)	-	10,963	10,963
CCM Usaha Kimia (M) Sdn Bhd (formerly known as Usaha Kimia Sdn Bhd)	-	41,057	41,057

29. Related Parties (cont.)

(RM'000)	Transactions amount for the year ended 31 December	Gross balance outstanding at 31 December	Net balance outstanding at 31 December
Company			
2008			
Amount owing to:			
CCM Pharmaceuticals Sdn Bhd	-	426	426
UPHA Pharmaceuticals Manufacturing (M) Sdn Bhd	-	19	19
CCM Fertilizers Sdn Bhd	-	23	23
CCM Duopharma Biotech Berhad	-	8	8
CCM Chemicals Sdn Bhd	-	31	31
CCM International Sdn Bhd	-	46	46
CCM Marketing Sdn Bhd	-	741	741
CCM Agriculture Sdn Bhd	-	2,674	2,674
Innovax Sdn Bhd	-	5	5
Yayasan CCM	-	5	5
Advances owing to:			
CCM International Sdn Bhd	-	17,869	17,869
CCM Agriculture (Sabah) Sdn Bhd	-	2,168	2,168
Liberal Wira Sdn Bhd	-	867	867
Euphorex Corporation Sdn Bhd	-	1,044	1,044
CCM Agri-Max Sdn Bhd	-	14,000	14,000
Usaha Progresif Sdn Bhd	-	2,361	2,361
2007			
Subsidiaries			
Interest expense			
CCM Fertilizers Sdn Bhd	148	-	-
CCM Chemicals Sdn Bhd	77	-	-
Rental of land and/or building			
CCM Fertilizers Sdn Bhd	3,314	-	-
CCM Chemicals Sdn Bhd	363	-	-
Shared cost			
CCM Fertilizers Sdn Bhd	2,500	276	276
CCM Chemicals Sdn Bhd	2,500	2,100	2,100
UPHA Pharmaceutical Manufacturing (M) Sdn Bhd	2,500	-	-
CCM Duopharma Biotech Berhad	2,500	-	-
Waiver of debt			
Usaha Pharma (M) Sdn Bhd	1,251	-	-

29. Related Parties (cont.)

(RM'000)	Transactions amount for the year ended 31 December	Gross balance outstanding at 31 December	Net balance outstanding at 31 December
Company			
2007			
Subsidiaries			
Balances in respect of non-trade transaction			
Amount owing from:			
CCM Pharmaceuticals Sdn Bhd	-	13,638	13,638
UPHA Pharmaceutical Manufacturing (M) Sdn Bhd	-	19,094	19,094
CCM Pharma Sdn Bhd	-	27,252	27,252
Usaha Pharma (M) 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 Investments 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
CCM Usaha Kimia (M) Sdn Bhd (formerly known as Usaha Kimia Sdn Bhd)	-	82	82
CCM Agri-Max Sdn Bhd	-	39	39
Innovax Sdn Bhd	-	1,192	1,192
Yayasan CCM	-	16	16
Advances owing from:			
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
Advances owing to:			
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

Information regarding outstanding balances arising from related party transactions as at year end is disclosed in Note 12 and Note 19.

There is no allowance for doubtful debts being made in respect of these balances outstanding at year end.

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 2008 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.

30. Subsequent Event

On 23 April 2008, the Company had entered into a shares sale agreement to acquire the following companies from Paramount Discovery Sdn Bhd ("PDSB") for an aggregate purchase consideration of RM126,900,000 to be satisfied by cash:

- a. 480,000 ordinary shares of RM1.00 each in Innovative Polymer Systems Sdn Bhd ("IPSSB");
- b. 99,999 ordinary shares of RM1.00 each in Innovative Resins Sdn Bhd ("IRSB"); and
- c. 1,000 ordinary shares of RM1.00 each in Delta Polymer Systems Sdn Bhd ("DPSSB")

Pursuant to a completion audit, the purchase consideration was revised to RM122,733,000. The acquisitions were completed on 20 January 2009.

31. Acquisitions of Subsidiaries and Minority Interest

On 17 April 2008, the Company acquired 9,567,502 ordinary shares at RM1.00 each in CCM Watercare Systems Sdn Bhd (formerly known as Enersave Water Sdn Bhd) ("CCMWS") for RM37,914,000, settled in cash.

CCMWS is involved in designing, manufacturing, installing, commissioning and providing maintaining services for water purification and waste water treatment plant systems and sales of its related product.

Pursuant to the Shareholders Agreement, the Company has nominated its wholly-owned subsidiary, CCM Usaha Kimia (M) Sdn Bhd (formerly known as Usaha Kimia Sdn Bhd) to hold 9,471,827 of the shares in CCM Watercare Systems Sdn Bhd (formerly known as Enersave Water Sdn Bhd), while hold the remaining 95,675 of the shares.

The acquisition had the following effect on the Group's assets and liabilities at the acquisition date:

(RM'000)	Pre-acquisition carrying amount	Fair value adjustments	Recognised values on acquisition
Property, plant and equipment	6,502	757	7,259
Prepaid lease payments	7,585	-	7,585
Receivables, deposits and prepayments	20,398	-	20,398
Inventories	1,317	-	1,317
Cash and cash equivalents	4,180	-	4,180
Payables and accruals	(5,992)	-	(5,992)
Loans and borrowings	(17,571)	-	(17,571)
Net identifiable assets and liabilities	16,419	757	17,176
Minority shareholders interest			(742)
Goodwill on acquisition			21,480
Consideration paid, satisfied in cash			37,914
Cash acquired			(4,180)
Net cash outflow			33,734

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 064 to 119 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 27 March 2009.

Ahmad Mustaffa bin Abdul Manaf

Before me:

Commission for Oaths
Kuala Lumpur



Analysis of Shareholdings

Authorized Share Capital	: RM800,000,000
Issued and Paid-up Share Capital	: RM402,859,365
Class of Shares	: Ordinary Shares of RM1.00 each
Voting Rights	: One vote per ordinary share

Distribution of Shareholdings as at 30 April 2009

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	243	5.85	5,192	0.00
100 - 1,000	740	17.82	583,053	0.14
1,001 - 10,000	2,374	57.18	10,255,914	2.55
10,001 - 100,000	719	17.32	20,013,481	4.97
100,001 to less than 5% of issued holdings	73	1.76	93,394,165	23.18
5% and above of issued holdings	3	0.07	278,607,560	69.16
	4,152	100.00	402,859,365	100.00

Substantial Shareholders as at 30 April 2009

Name	Direct Holdings		Indirect Holdings	
	No.	%	No.	%
1. Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera	184,749,500	45.86	-	-
2. Permodalan Nasional Berhad	54,989,660	13.65	-	-
3. Yayasan Pelaburan Bumiputra ^a			54,989,660	13.65
4. Employees Provident Fund Board	38,868,400	9.65	-	-

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

Directors' Shareholdings

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

List of Top Thirty (30) Shareholders as at 30 April 2009

No.	Name	Holdings	%
1.	Amanah Raya Nominees (Tempatan) Sdn Bhd - Skim Amanah Saham Bumiputera	184,749,500	45.86
2.	Permodalan Nasional Berhad	54,989,660	13.65
3.	Employees Provident Fund Board	38,868,400	9.65
4.	Public Nominees (Asing) Sdn Bhd - Pledged Securities Account for Billion Victory Sdn Bhd (KLC)	18,000,000	4.47
5.	Amanah Raya Nominees (Tempatan) Sdn Bhd - Amanah Saham Wawasan 2020	14,754,000	3.66

Analysis of Shareholdings (cont.)

List of Top Thirty (30) Shareholders as at 30 April 2009

No.	Name	Holdings	%
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	7,797,900	1.94
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 - Petroliam Nasional Berhad (Trading PF)	1,890,000	0.47
12.	CitiGroup Nominees (Tempatan) Sdn Bhd - Exempt An for Prudential Fund Management Berhad	1,587,000	0.39
13.	G.T.Y. Holdings Sdn Bhd	1,500,000	0.37
14.	Kumpulan Wang Simpanan Pekerja	1,500,000	0.37
15.	Amanah Raya Nominees (Tempatan) Sdn Bhd - Affin Islamic Equity Fund	1,425,700	0.35
16.	HSBC Nominees (Asing) Sdn Bhd - Exempt An for Credit Suisse (SG BR-TST-ASING)	1,252,200	0.31
17.	Amanah Raya Nominees (Tempatan) Sdn Bhd - Public Islamic Select Treasures Fund	851,700	0.21
18.	Affin Nominees (Asing) Sdn Bhd - UOB Kay Hian Pte Ltd for Cheng Good Hiang	848,332	0.21
19.	Amanah Raya Nominees (Tempatan) Sdn Bhd - Public Islamic Dividend Fund	807,300	0.20
20.	Malaysian Reinsurance Berhad	800,000	0.20
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 Petroleum Research Fund	664,000	0.16
23.	SBB Nominees (Tempatan) Sdn Bhd - Universiti Malaya (CAFEM)	657,300	0.16
24.	Amanah Raya Nominees (Tempatan) Sdn Bhd - Dana Islamiah Affin	636,200	0.16

Analysis of Shareholdings (cont.)

List of Top Thirty (30) Shareholders as at 30 April 2009

No.	Name	Holdings	%
25.	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for MAAKL Al-Fauzan (5170)	620,000	0.15
26.	Amanah Raya Nominees (Tempatan) Sdn Bhd - Amanah Saham Nasional 2	612,300	0.15
27.	Lebar Daun Construction Sdn Bhd	550,000	0.14
28.	CitiGroup Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Small Cap Series	472,600	0.12
29.	Lee Yee Chong	422,000	0.10
30.	Malaysia Nominees (Tempatan) Sendirian Berhad - Lee Foundation, States of Malaya (00-00197-000)	420,000	0.10

Analysis of Warrant Holdings

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 Holders

Size of Warrant Holdings	No. of Warrant-B Holders	% of Warrant-B Holders	No. of Warrant-B	% of Total Warrant-B
Less than 100	32	5.68	1,310	0.00
100 - 1,000	211	37.48	174,488	0.30
1,001 - 10,000	278	49.38	1,048,655	1.83
10,001 - 100,000	39	6.93	1,111,701	1.94
100,001 to less than 5% of issued holdings	2	0.35	2,053,400	3.60
5% and above of issued holdings	1	0.18	52,821,503	92.33
	563	100.00	57,211,057	100.00

Substantial Warrant Holders

Names	Direct		Indirect	
	No. of Warrant-B Held	%	No. of Warrant-B Held	%
1. Permodalan Nasional Berhad	52,821,503	92.33	-	-
2. Yayasan Pelaburan Bumiputra ^a			52,821,503	92.33

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

Analysis of Warrant Holdings (cont.)

Directors' Warrant Holdings

Name	Direct Holdings		Indirect Holdings	
	No.	%	No.	%
1. Dato' N. Sadasivan	50,000	0.09	-	-

List of Top Thirty (30) Warrant-B Holders as at 30 April 2009

No.	Name	Holdings	%
1.	Permodalan Nasional Berhad	52,821,503	92.33
2.	Mayban Nominees (Tempatan) Sdn Bhd - Mayban Trustees Berhad for Public Ittikal Fund (N14011970240)	1,753,400	3.06
3.	HLG Nominee (Tempatan) Sdn Bhd - Pledged Securities Account for Chin Chin Seong (CO3DSH2SHCO53M)	300,000	0.52
4.	Wan Fauziah Binti Wan Ja'afar	97,000	0.17
5.	Lim Eik Hoy	85,000	0.15
6.	TA Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Koay Ean Chim	70,000	0.12
7.	Tan Ah Kee	57,000	0.10
8.	TA Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tong Chin Hen	50,500	0.09
9.	N. Sadasivan A/L N N Pillay	50,000	0.09
10.	Boo Kwie Liang	50,000	0.09
11.	Mrs Winnie Hamzah Sendut	42,000	0.07
12.	Tan Ah Kee	40,000	0.07
13.	Lim Teh Realty Sdn Berhad	40,000	0.07
14.	K.S. Tan Sdn Berhad	31,000	0.05
15.	Lim Leng Chye	25,000	0.04
16.	Pretam Singh A/L Chanan Singh	25,000	0.04
17.	CitiGroup Nominees (Asing) Sdn Bhd - Exempt An for Citibank NA, Singapore (Julius Baer)	25,000	0.04
18.	Tam Ley Chian	25,000	0.04
19.	HDM Nominees (Asing) Sdn Bhd - Phillip Securities Pte Ltd for Ho Poey Wee	22,000	0.04

Analysis of Warrant Holdings (cont.)

List of Top Thirty (30) Warrant-B Holders as at 30 April 2009

No.	Name	Holdings	%
20.	Lee Ah Swee @ Lee Swee Kee	20,000	0.03
21.	Lim Yong Keat	20,000	0.03
22.	Soon Khiat Voon	20,000	0.03
23.	Ke-Zan Nominees (Asing) Sdn Bhd - Kim Eng Securities Pte Ltd for Lee Keow Jit	20,000	0.03
24.	HLG Nominee (Tempatan) Sdn Bhd - Bank of China Nominees (Pte) Ltd for Chow Ai Hwa	20,000	0.03
25.	HDM Nominees (Asing) Sdn Bhd - UOB Kay Hian Pte Ltd for Chia Shee Luen	20,000	0.03
26.	Ng Su Yee	20,000	0.03
27.	Teoh Ooi King Ong	20,000	0.03
28.	Loh Yew Voon @ Lau Ah Moi	18,832	0.03
29.	Chin Moh Plantations Sdn Berhad	18,000	0.03
30.	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Hoe Chien Yuan (MLK/SS)	17,000	0.03

List of Properties as at 31 December 2008

Location	Tenure	Lease period (years)	Area (square metre)	Description	Approximate age of building (years)	Net book value (RM million)	Date of acquisition/valuation
Shah Alam Works Padang Jawa, Klang Selangor Darul Ehsan	Leasehold	99 (1973 - 2072)	286,992	Industrial land, factory and offices	5 - 34	77.20	December 2005
UPHA Factory Lot 11454, 11458, 11459 Mukim of Kajang Selangor Darul Ehsan	Leasehold	99 (1987 - 2086)	22,099	Industrial land, factory and offices	14 - 55	55.3	December 2005
Lot PT 3609 Mukim Teluk Panglima Garang Kuala Langat Selangor Darul Ehsan	Leasehold	99 (1992 - 2091)	195,509	Industrial land	-	27.36	December 2005
CCM Duopharma GM1391, Lot No. 2599 Mukim and District of Klang Selangor Darul Ehsan	Freehold	-	11,655	Industrial land, factory and offices	15	23.5	November 2005
No. 18 & 18A Jalan Tun Ismail Kuala Lumpur	Freehold	-	8,878	Residential land and buildings	35	20.10	December 2005
CCM Pharma No. 2, Jalan Saudagar U1/16, Seksyen U1 Hicom Glenmarie Industrial Park 40150 Shah Alam Selangor Darul Ehsan	Freehold	-	5,907	Industrial land, factory and offices	11	18.84	March 2007
Nilai Industrial Land P.T. No. 6055 & 6056 Bandar Baru Nilai Negeri Sembilan Darul Khusus	Leasehold	99 (1993 - 2092)	138,236	Industrial land	-	17.86	December 2005
Pasir Gudang Works Pasir Gudang Johor Darul Takzim	Leasehold	60 (1991 - 2051)	104,599	Industrial land	12	16.15	December 2005
No. 16A Jalan Tun Ismail Kuala Lumpur	Freehold	-	8,498	Residential land and buildings	35	16.02	December 2005
Kemena Land Bintulu Lot 3121 & Lot 3122 Block 26 Kemena Land District Sarawak	Leasehold	60 (1998-2058)	243,057	Industrial land	-	11.50	February 2006

Provide
Enhance
Support
Uphold
Respond
Explore
Develop
Lead
Listen

We constantly do

We hear you



Notice of Annual General Meeting

Notice is hereby given that the Forty-Seventh Annual General Meeting of the Company will be held at Ballroom 2 & 3, Nikko Hotel, 50450 Jalan Ampang, Kuala Lumpur on Thursday, 11 June 2009 at 10.30 a.m. for the following purposes:

Agenda

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2008 together with the Reports of the Directors and Auditors thereon

Ordinary Resolution 1

2. To approve a gross final dividend of 1.80 sen (less 25% tax) per ordinary share and final tax exempt dividend of 4.85 sen per ordinary share for the financial year ended 31 December 2008.

Ordinary Resolution 2

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

- a. Dato' N. Sadasivan

Ordinary Resolution 3

- b. E. Sreesanthan

Ordinary Resolution 4

4. To re-elect the following Directors retiring under Article 96 of the Articles of Association of the Company:

- a. Datuk Dr. Saharan bin Haji Anang

Ordinary Resolution 5

- b. Mohd. Nizam bin Zainordin

Ordinary Resolution 6

5. To approve the directors' fees of RM448,624.62 for the financial year ended 31 December 2008.

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 Resolution:

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").

Ordinary Resolution 9

That subject to the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company and/or its subsidiaries 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 20 May 2009 which are necessary for the Company and/or its subsidiaries' 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.

Notice of Book Closure

NOTICE IS HEREBY GIVEN that subject to the approval of the Shareholders at the forthcoming AGM, the proposed gross final dividend of 1.80 sen (less 25% tax) per ordinary share and final tax exempt dividend of 4.85 sen per ordinary share in respect of the Company's financial year ended 31 December 2008 will be paid on 23 July 2009 to shareholders whose names appear in the Record of Depositors on 9 July 2009.

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 9 July 2009 in respect of ordinary transfer; and
- b. Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 7 July 2009 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

20 May 2009

Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member of the Company appoints two (2) proxies, the appointment shall be invalid unless he 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 at the Registrar of the Company at 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 (48) 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 20 May 2009.

Statement Accompanying the Notice of the Forty-Seventh 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 four (4) Directors seeking for re-election are set out in their respective profiles which appear in the Directors' Profiles on pages 024 and 028 of this Annual Report.

The details of their interest in the securities of the Company are set out in the Analysis of Shareholdings which appears on page 120 and 123 of this Annual Report.

Proxy Form

Chemical Company of Malaysia Berhad (5136-T) (Incorporated in Malaysia)

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-Seventh Annual General Meeting of the Company to be held at Ballroom 2 & 3, Nikko Hotel, 50450 Jalan Ampang, Kuala Lumpur on Thursday, 11 June 2009 at 10.30 a.m. and at any adjournment thereof.

My/Our Proxy is to vote as indicated below (Please indicate with an "X" how you wish to cast your vote)

		For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2008 and the Reports of the Directors and Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
		Ordinary Resolution 1	
2.	To approve a gross final dividend of 1.80 sen (less 25% tax) per ordinary share and final tax exempt dividend of 4.85 sen per ordinary share.	<input type="checkbox"/>	<input type="checkbox"/>
		Ordinary Resolution 2	
3.	Election of Directors under Article 91 :		
	i. Dato' N. Sadasivan	<input type="checkbox"/>	<input type="checkbox"/>
		Ordinary Resolution 3	
	ii. E. Sreesanthan	<input type="checkbox"/>	<input type="checkbox"/>
		Ordinary Resolution 4	
4.	Election of Directors under Article 96:		
	i. Datuk Dr. Saharan bin Haji Anang	<input type="checkbox"/>	<input type="checkbox"/>
		Ordinary Resolution 5	
	ii. Mohd. Nizam bin Zainordin	<input type="checkbox"/>	<input type="checkbox"/>
		Ordinary Resolution 6	
5.	To approve the directors' fees for the financial year ended 31 December 2008.	<input type="checkbox"/>	<input type="checkbox"/>
		Ordinary Resolution 7	
6.	To re-appoint Messrs KPMG as Auditors.	<input type="checkbox"/>	<input type="checkbox"/>
		Ordinary Resolution 8	
7.	Special Business		
	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"/>
		Ordinary Resolution 9	

Notes

- A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- Where a member of the Company appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
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- The instrument appointing a proxy must be deposited at the Registrar of the Company at 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 (48) hours before the time appointed for holding the meeting.

Signature/Seal

No. of shares

Signed this _____ day of _____ 2009.



fold

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

affix
postage
stamp

fold



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www.ccm.com.my

