



CHEMICAL COMPANY
OF MALAYSIA BERHAD
[5136-T]

Annual / Report / 2009

Quality of Life



Supporting Communities

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Supporting Communities

CCM focuses on people we cater to, from the fundamental family unit that carries on to countless people across the nation who make up our society. We drive ourselves to provide you with the best, since we understand how our products directly enhance the wellbeing of our society. So when you grow, so do we. We directly mould the state of agriculture and horticulture, which make up our environment, and are products consumed by you. And when the environment prospers, so do all of us.

This is CCM's formula for enhancing the quality of each life, everywhere.

Financial Calendar

Financial year end	31/12/2009
Annual General Meeting	09/06/2010

Proposed Final Dividend

Entitlement date	23/06/2010
Payment date	09/07/2010

Announcement of 2009 Trading Results

3 months	27/05/2009
6 months	27/08/2009
9 months	24/11/2009
Full year	25/02/2010

Financial Review

Turnover and Profitability

(RM'mil)	Turnover		Profit before tax	
	2009	2008	2009	2008
Fertilizers	897.3	1,405.8	16.6	83.5
Chemicals	432.0	606.5	(15.4)	14.7
Pharmaceuticals	242.7	232.7	34.8	37.2
Intersegment Eliminations and others	(0.2)	(79.5)	(20.4)	(15.1)
Group	1,571.8	2,165.5	15.6	120.3

Liquidity

(RM'000)	2009	2008
Net cash from/(used in) operating activities	300,929	(256,451)
Net cash used in investing activities	(212,677)	(171,336)
Net cash (used in)/from financing activities	(19,526)	389,780
Exchange difference on translation of the financial statements of foreign operations	2,611	-
Net increase/(decrease) in cash and cash equivalents	71,337	(38,007)
Cash and cash equivalents at 1 January	155,483	193,490
Cash and cash equivalents at 31 December	226,820	155,483

Financial Highlights as at 31 December Consolidated Balance Sheet

(RM'000)	2009	2008
Total non-current assets	953,371	843,219
Total current assets	1,075,219	1,279,835
Total assets	2,028,590	2,123,054

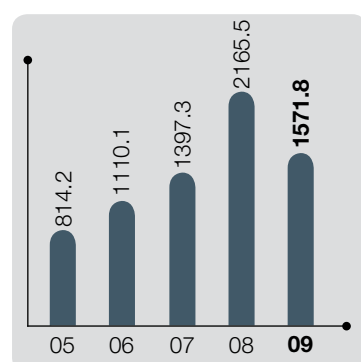
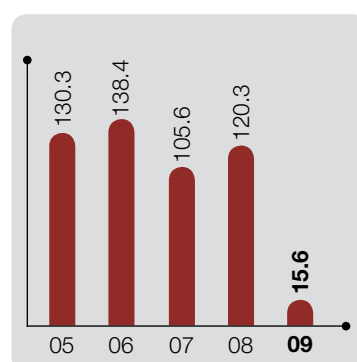
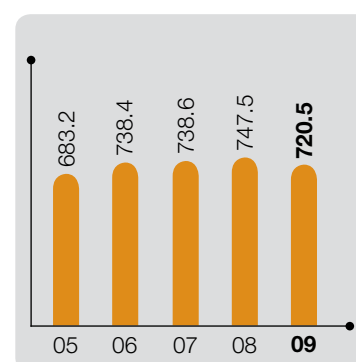
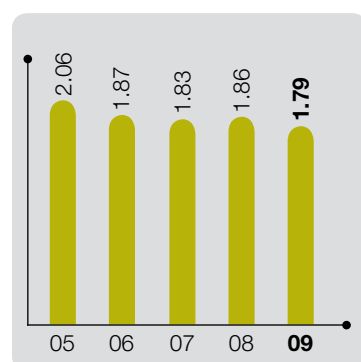
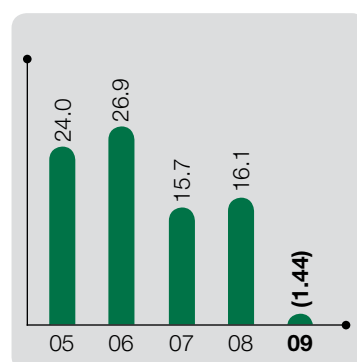
Financial Highlights as at 31 December Consolidated Balance Sheet

(RM'000)	2009	2008
Financed by:		
Share capital	402,946	402,849
Reserves	33,134	30,046
Retained profits	284,389	314,621

Total equity attributable to equity holders of the company	720,469	747,516
Minority interest	115,660	111,075
Total equity	836,129	858,591
Total non-current liabilities	476,331	220,588
Total current liabilities	716,130	1,043,875
Total liabilities	1,192,461	1,264,463
Total equity and liabilities	2,028,590	2,123,054

Consolidated Income Statement

(RM'000)	2009	2008
Turnover	1,571,809	2,165,459
Profit before taxation	15,579	120,268
Taxation	(10,511)	(34,767)
Profit after taxation	5,068	85,501
Minority interests	10,888	20,475
Profit attributable to shareholders	(5,820)	65,026

Turnover (RM million)**Profit Before Tax (RM million)****Shareholder's Funds (RM million)****Net Assets per Share (RM)****Earnings per Share (sen)****Group Financial Ratios as at 31 December**

	2009	2008
Profitability (%)		
Turnover growth rate	(27.40)	54.98
Profit before taxation as a % of turnover	0.99	5.55
Profit before taxation as a % of shareholders' funds	2.16	16.09
Liquidity		
Current ratio	1.50	1.23
Acid test ratio	0.97	0.73
Market ratios		
Net assets per share	1.79	1.86
Earnings per share	(1.44)	16.1
Net dividend per share	8.0	12.1
Productivity		
Turnover per employee (RM)	813	1,145
Total Assets per employee (RM)	1,049	1,123
Number of employees	1,934	1,891

Chairman's Statement

Continuing Innovation

Whilst striving to improve value on all fronts, we remain committed to creating innovative new products for people everywhere.



Tan Sri Ab. Rahman bin Omar
Chairman





During the year under review, CCM achieved revenue of RM1.6 billion, a 27.4% decline from 2008 revenue of RM2.2 billion amid poor market conditions exacerbated by an overall decline in prices and demand particularly in the first half of 2009.

Dear Shareholders,

2009 was a challenging year not only for Chemical Company of Malaysia Berhad (CCM or the Group) but also other businesses in all sectors of the economy.

The Malaysian economy experienced the full impact of the global recession in the first half of 2009. As the Malaysian economy is export driven, the country was vulnerable to uncertainties and suffered the spillover effects from the global financial crisis, economic downturn and drop in world commodity prices. Subsequently, the local economy contracted by 6.2% in the first quarter of 2009 (Q1 09) amidst a sharp decline in Malaysia's exports. The large inventory write-down especially in the manufacturing and commodity sectors also contributed to the decline in growth in Q1 09.

However, Malaysia's economy performed better in the second quarter of 2009 (Q2 09), contracting at a slower rate of 3.9% following the Government's speedy and effective implementation of its economic stimulus package as well as monetary easing.

The local economy showed a marginal improvement in the third quarter of 2009 (Q3 09) with a reduced contraction of 1.2%, supported by positive growth in domestic demand due to stronger private consumption, higher consumer spending and the stabilization of external demand.

In spite of the difficult situation in 2009, we successfully implemented our strategic measures in our Chemicals, Fertilizers and Pharmaceuticals businesses with the aim to lay a strong foundation for the Group to achieve greater results in 2010.

With that, it is my pleasure to present to you the annual report and financial

statements of the Group for the financial year ended 31 December 2009.

A Challenging Year

During the year under review, CCM achieved revenue of RM1.6 billion, a 27.4% decline from 2008 revenue of RM2.2 billion amid poor market conditions exacerbated by an overall decline in prices and demand particularly in the first half of 2009.

The Group's profit before tax (PBT) for the period was RM15.6 million, 87.0% lower from 2008's PBT of RM120.3 million. The decline in financial performance was attributed by the prolonged global economic downturn which significantly affected the Group's main revenue drivers.

The Chemicals Division's revenue decreased 28.8% to RM432.0 million from RM606.5 million in the same period last year. An impairment contributed to a loss from operating activities of RM12.7 million compared to a profit of RM14.0 million in 2008. Without the impairment, the Division's results from operating activities would have seen a profit of RM4.8 million. The loss in revenue was due to contraction in overall sales volume and selling price of products. Meanwhile, the reduction in results from operating activities was partly due to the provision of doubtful debts and write down of stock values in the early part of the year arising from falling product prices.

The Fertilizers Division was also impacted by the soft economic landscape. The Division's revenue dropped from RM1.4 billion in 2008 to RM897.3 million in 2009 while results from operating activities dipped to a profit of RM28.6 million in 2009 from profit of RM94.9 million in the corresponding period in the previous year. The intense competition for reduced

volume of business in the market coupled with continuous downward trend of fertilizer prices throughout the year, adversely affected the Division's profitability.

Notwithstanding the drop in revenue and results from operating activities in the Fertilizers and Chemicals Divisions, the Pharmaceuticals Division's revenue grew 4.3% to RM242.7 million from RM232.7 million for the period under review while results from operating activities fell 22.9% to a profit of RM45.6 million from profit of RM59.7 million. The increase in revenue was due to the Division's success in securing more Government tenders. The drop in results from operating activities was due to the higher depreciation from investment cost.

The Pharmaceuticals Division has proven to be resilient in turbulent economic times and will continue to implement cost improvement measures, enhance operational efficiencies and diversify into new areas to achieve better results in the year ahead.

Business Outlook and Prospects

As the global economy is already showing signs of recovery, Malaysia is set to benefit from the stabilising conditions, improved by fiscal measures and accommodative monetary policy. Furthermore, stronger domestic demand, particularly in private expenditure as well as an increased in external demand is set to turn around the country's gross domestic product (GDP) growth to 5% in 2010.

In light of this situation, CCM is expected to perform better by recovering lost ground suffered during the year under review and realigning our operations to support the Group's three-year plan growth targets. We will address and pursue shareholders'

value maximization, reshape business portfolios to gain higher margin yielding sales, continuously promote human capital development and the enhancement of systems, controls and processes to boost the delivery of business results. CCM is also committed to delivering innovative value propositions to our valued and esteemed customers. In line with this strategic intention, we have embarked on a new transformation journey towards building new organisational excellence and competencies by adopting robust technology to power our leap forward with agility and flexibility to pursue aggressive growth with sufficient resources.

The chemicals industry is a key component of Malaysia's economy and is one of the biggest contributors to the country's total manufactured exports. The local chemicals industry continued to recover in 2010 especially with the projected excellent performance of the rubber gloves sector. During the year under review, the sales of rubber gloves exceeded RM7.1 billion and exports are expected to garner sales worth RM7.7 billion in 2010. The Chemicals Division expects to benefit from this through the Division's investment in the specialty polymer coatings business.

Apart from that, the Chemicals Division has started to execute its plans to improve its overall business performance. Among the strategies earmarked and implemented by the Division are to focus on higher margin products, enhancing supply chain capabilities, enhancing research and development, strengthening market presence through own label and branding as well as capitalising on the regional growth via its regional offices.

In 2009, the world saw a severe drop in demand for fertilizers but according to the International Fertilizer Industry Association (IFA), the outlook looks positive in 2010 as a 4% growth in global demand is anticipated due to the revival of the world's economic situation. According to the Malaysian Palm Oil Council (MPOC), the country's palm oil industry is set to see an increase in export sales throughout 2010 especially to major palm oil importers such as China, India, Pakistan and the Middle East. The world's increasing interest in palm oil as a healthy alternative and another source of biofuels will have a significant impact on fertilizer demand.

CCM expects an improvement in our fertilizer sales despite the pressure on margin following the recovery in prices of crude palm oil. We will undertake various measures to strengthen our Fertilizers Division. Among the initiatives include ensuring all our fertilizer plants operate efficiently at full capacity and timely commissioning of our Lahad Datu plant in March 2011. Besides that, we are also focusing on the commercialisation of Nitro Humic Acid (NHA), a crop booster foliar fertilizer that has been proven to be effective in enhancing the plant crop yield of paddy, chilies, tomatoes and citrus by increasing the size and number of harvested fruits.

Meanwhile, the performance of CCM's Pharmaceuticals Division is expected to remain stable as the healthcare sector has shown resilience against recession and is less affected by the economic crisis compared to other industries. Even in times of economic uncertainty, the pharmaceutical industry is expected to remain resilient especially since more consumers are turning to generic pharmaceutical products which are more affordable than branded medicines. The

local market for generic pharmaceutical products is expected to grow following the global trend towards patent expiry of branded medicines, rising healthcare cost as well as stronger Government support for generic medicines to address the increase in healthcare cost in the country. As Malaysia's largest generic pharmaceutical manufacturer, CCM is confident of capturing a bigger share of the local market and aims to aggressively strengthen our presence in the regional market amidst stiff competition. We are already present in ASEAN with Indonesia as our biggest market and foresee greater growth in the ASEAN region which is driven by the increasing demand for high quality generic products.

We are also looking beyond ASEAN and hope to venture into new markets in the Middle East and Australasia. CCM's Pharmaceuticals Division is the Group's major contributor with a 30% of overall profit contribution. We aspire to increase our exports sales to 40% of the Group's revenue by exploring overseas opportunities to market our wide range of products.

As Malaysia's leading halal pharmaceutical manufacturer, we envisage growing our halal business further to cater to the needs of our consumers who are becoming more discerning and always on the lookout for high quality products. We have a strong presence in ASEAN and the Middle East and plan to develop more innovative halal products and expand our market reach to both Muslim nations and countries with a high population of Muslim communities. This is in line with our determination to drive the halal initiative forward and realising Malaysia's ambition of becoming an international halal hub.

In our efforts to create continuous value for

our shareholders, the Board of Directors is recommending a dividend of 8.0 sen tax exempt dividend in respect of the financial year ended 31 December 2009.

Acknowledgement

On behalf of the Board of Directors, I would like to thank our shareholders, customers, business associates and partners who have continued to support and place their confidence in the Group. I wish to express our sincere gratitude to our management and employees for their hard work and dedication in putting in place the necessary platform for future growth. I would like to extend my deepest appreciation to my fellow Directors for their invaluable insights and contribution to the Group during the challenging year under review. I would also like to thank Dato' N. Sadasivan for his dedicated service and invaluable contribution to the Board for the past 14 years and wish him all the best in the future.

We are optimistic in improving our business performance for the year ahead by continuously seeking ways to strengthen our productivity and operational efficiency, promote innovation and competitiveness as well as exploring new business opportunities despite the challenges ahead. We believe that the stability and strength of CCM and its leadership is vital to ensure the Group's success during tough times. We are committed to upholding our key policies and values to efficiently accelerate the pace of productivity and innovation to drive the Group forward.

Tan Sri Ab. Rahman bin Omar
Chairman

CR Policy + Action =>

How does a safe environment contribute to greater health?

We take great pride in our commitment to business excellence, caring for people and communities and our concern for the environment. As an industry leader, our commitment to sustainable environmental practices remains strong and extends to our manufacturing processes, proper waste management and good agronomic practice and farming techniques.



Safe Environment



Group Managing Director's Operations Review

Responding Positively

Though faced with a year of challenges, we have maintained a strategic approach to the furtherance of our business objectives.



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





Barring any unforeseen circumstances, the Group is expected to progress better than last year.

CCM's performance for the year ended 31 December 2009 was greatly impacted by the global economic downturn which saw a drop in the Group's revenue and profit before tax (PBT). The global recession significantly affected the demand for our products despite the gradual increase in sales during the second half of 2009.

Although faced with adversity, we continued to reinforce our business strategies with hopes of improving the Group's overall performance and regaining lost ground suffered during the year under review.

Chemicals Division

The Chemicals Division has been significantly affected by the global economic decline in terms of revenue and results from operating activities. The Division's revenue fell 28.8% to RM432.0 million from RM606.5 million while results from operating activities including an impairment, contributed a loss of RM12.7 million compared to a profit of RM14.0 million in the same period last year. Excluding the impairment, the Division results from operating activities would have been a profit of RM4.8 million. Turnover declined due to contraction in overall sales volume and pressure on selling prices. The Division was also faced with challenges like contracting market demand, margin erosion, provisions for bad debts and high-priced stocks. However, the Division has embarked on aggressive cost optimization initiatives to mitigate the unfavourable situation.

During the course of the year, the Division also embarked on expansion plans to diversify into niche segments instead of just focusing on its Chlor-Alkali business through the acquisitions of two companies. The acquisition of the Innovative Group of Companies in 2008, specializing in polymer coating for the medical/examination rubber gloves industry has contributed tremendously to the Division's top line and

bottom line and helped to mitigate the Division's overall results during the year under review. The acquisition enables our Chemicals business to enhance its specialty chemicals business. However, its acquisition of a water engineering company that offers watercare solutions to the water industry did not do well due to the economic landscape, resulting in an impairment of RM17.5 million.

With a more positive market outlook in 2010, the Division remains upbeat and aims to achieve greater growth in the next three years, especially as the local rubber gloves sector is now poised for further growth. The Division is now focused on continuing its efforts to accelerate and expand its regional business units specifically in the water, rubber, food and metal businesses. In the earlier years, the Chemicals Division focused on regional expansion by setting up trading offices in the ASEAN region. At present, the Division is operating in 5 ASEAN countries and is now positioned to expand its regional business by capitalizing on the potential growing industry demand. The Division will drive the business by focusing on homegrown formulations, own label and branding and also on a profitable range of products.

The Division has also taken steps to improve its performance by embarking on an aggressive Operational Efficiency programme targeting key operational areas on cost optimization to defend its position amid the tough economic backdrop. In addition, the Division is also expanding its presence in the selected market segments.

The Division is also targeting a profitable growth in its watercare business by focusing to build its book orders. The key area of focus is on the Government's National Key Result Area (NKRA) to improve rural basic infrastructure, i.e. ensuring access to clean or treated water to over 360,000 additional households. This augurs well with the capabilities

of our watercare business whereby we are able to offer mobile water treatment plant to provide clean and treated water to households. This practical and cost effective solution is also being offered locally and in the region.

Fertilizers Division

2009 was an extremely challenging year for our Fertilizers Division as it had to endure the adverse impact of the global economic crisis and the ensuing uncertainties throughout the year. The drop in fertilizers volume demand in the country was estimated to be around 25% to 30% compared to 2008 compounded by falling prices.

The Fertilizers Division's revenue fell from RM1.4 billion in 2008 to RM897.3 million last year while results from operating activities decreased to a profit of RM28.6 million in 2009 compared to profit of RM94.9 million achieved in the same period the previous year. The drop in revenue and results from operating activities was attributed to overall lower prices and softer customer demand.

The Fertilizers Division is expected to face pressure on margin despite the increase in demand for fertilizers in 2010, driven by stronger crude palm oil prices. The Division has also put in place strategies to further improve its performance. Among the strategies include further strengthening the technical capabilities of the production team, sourcing for competitive and reliable raw material supplies as well as full utilisation of invested assets.

Further to that, the Fertilizers Division converted its existing fertilizer plant in Shah Alam to a more flexible and environmentally friendly process in the second quarter of 2009. This will improve delivery and storage of a key raw material for cost optimisation.

The Division also established a strategic alliance with the Malaysian Agricultural Research and Development Institute (MARDI) to undertake research and development (R&D) activities to promote the commercialization of Nitro Humic Acid (NHA), a crop booster foliar fertilizer. The NHA project is funded under the Ministry of Science, Technology and Innovation (MOSTI)'s TechnoFund scheme. Under this strategic alliance, MARDI is providing its technological expertise to carry out R&D while CCM Fertilizers will be involved in the commercial production, marketing, sales and distribution of NHA and crop booster fertilizers.

In July, the Fertilizers Division commissioned its NPK compound fertilizer plant in Medan, its first outside Malaysia and the third for the Division. The commissioning of the plant is set to reap the huge fertilizer market in Indonesia and improve sales of its compound fertilizers. The fourth plant is currently under construction in Lahad Datu, Sabah and is due for completion in March 2011.

Pharmaceuticals Division

CCM's Pharmaceuticals Division recorded a 4.3% rise in revenue to RM242.7 million from RM232.7 million for the period under review last year while results from operating activities dipped 22.9% to a profit of RM45.6 million from profit of RM59.1 million. Increase in revenue was driven by higher Government sales.

Pharmaceuticals Division is expected to contribute greatly to the Group's overall revenue and bottom line in the next few years despite the stiff competition ahead. Healthcare products will always be in constant demand, regardless of the economic situation and consumers will continuously seek high quality yet affordable medicines and health supplements.

As the country's largest generic pharmaceutical manufacturer, our Pharmaceuticals business is committed to continuously provide the best pharmaceutical products that are not only certified halal but are also affordable compared to branded medicines. For the year ahead, the Division plans to undertake strategic measures to improve its business performance, including increasing its sales of existing products, boosting its market share of the local generics market to 23% from 20% currently and gaining a greater penetration into the existing ethical and over-the-counter (OTC) markets.

The Division also aims to intensify its OTC registration, develop non-traditional channels to sell its OTC products in order to reach a wider consumer base, launch more products overseas by identifying new export markets and strengthen its halal initiatives overseas. The Pharmaceuticals business also plans to accelerate its performance and boost production capacity by ensuring optimal capacity utilisation and efficiency of its Bangi plant.

Additionally, venturing into niche areas will also push the Pharmaceuticals Division forward and efforts to develop innovative and higher value-added products such as renal concentrates, vaccines fill and finish, insulin and oncology medicines are already in the pipeline. 2010 will see the completion of the RM50 million cGMP/GSP upgrade at the Division's Klang facility. This is a sign of commitment from the Group towards achieving world class standards in the operations of all our facilities.

International Business

The global economic downturn not only affected CCM's domestic performance but also our international business. During the year under review, the Group's international business revenue fell 18% to

RM478 million from RM585 million in 2008 primarily driven by drop in volume and prices in both Chemicals and the Fertilizers businesses. Despite the lower revenue, CCM's International Business Division contributed 30% of the Group's revenue in 2009, an increase of 3% from 2008. 2009 also marked the timely commissioning of CCM's inaugural overseas asset, the NPK compound fertilizer plant in Medan, Indonesia. CCM now has the capability to supply 130,000 mt of NPK compound fertilizers to meet the needs of the Indonesian plantation sector.

CCM has identified the international business operations as one of the key strategic growth sectors for the Group. The ASEAN region offers us huge opportunities to create new business and generate revenue. By setting up regional offices in five key markets in ASEAN, namely Singapore, Indonesia, Vietnam, Thailand and the Philippines, we are confident of expanding our market reach in the region. We are currently identifying strategic local partners and exploring joint venture and acquisition opportunities in high potential markets such as Indonesia and Vietnam to accelerate our business growth in the region. Besides ASEAN, we also export our products to over 30 countries worldwide and are constantly on the lookout for opportunities in new markets. We plan to open up new offices within and outside ASEAN in our efforts to position ourselves as a key international player in these lucrative markets.

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

values + integrity => social partnership

Our history points the way to our future. For CCM, quality and responsibility are integrated in delivering your trust. We, as a company, are aware of the requirements of sustainable development. We act in conformity with these requirements and embrace our commitment in providing quality crops, clean water and better healthcare. Sustainability is and will remain what we stand for - today and tomorrow.



Corporate Information

Joint Company Secretaries

Noor Azwah binti Samsudin (LS 0006071)
Ibrahim Hussin Salleh (LS 0009121)

Registered Office

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

Works

Shah Alam, Pasir Gudang, Bangi, Glenmarie, Klang,
Bintulu, Medan

Registrar

Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7841 8000
Fax : 03-7841 8008

Auditors

Messrs KPMG
Level 8, KPMG Tower
8, First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

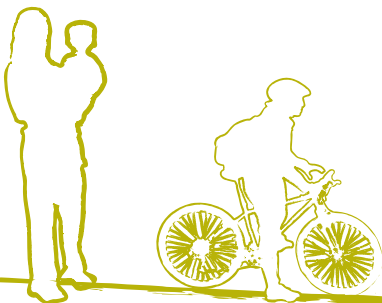
Bankers

Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad
AmBank (M) Berhad

Solicitors

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

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



Board Structure

Board of Directors

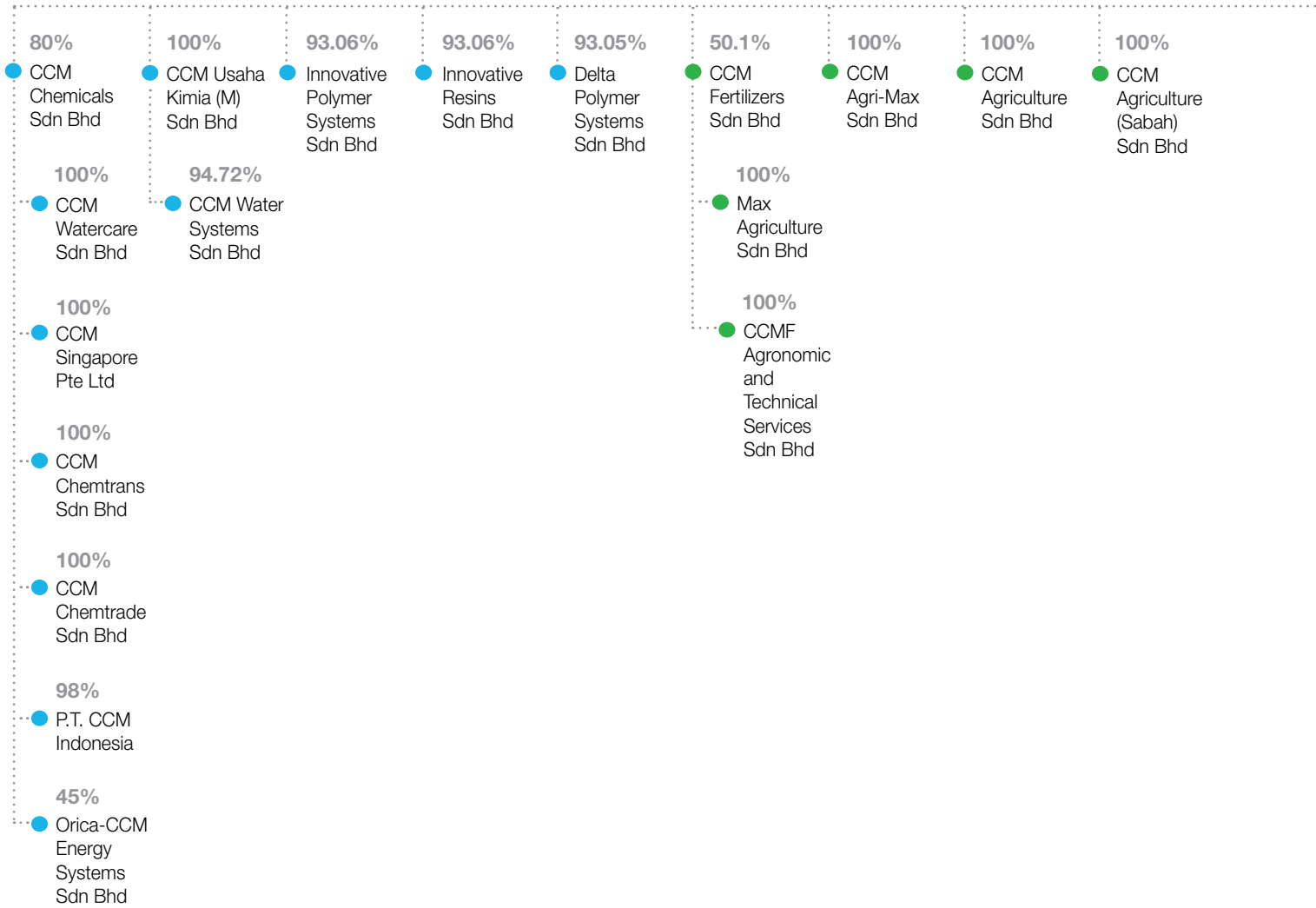
- Audit and Risk Management Committee
- Finance and Investment Committee
- Nomination and Remuneration Committee
- Government-Linked Companies Transformation Committee

Management Committee

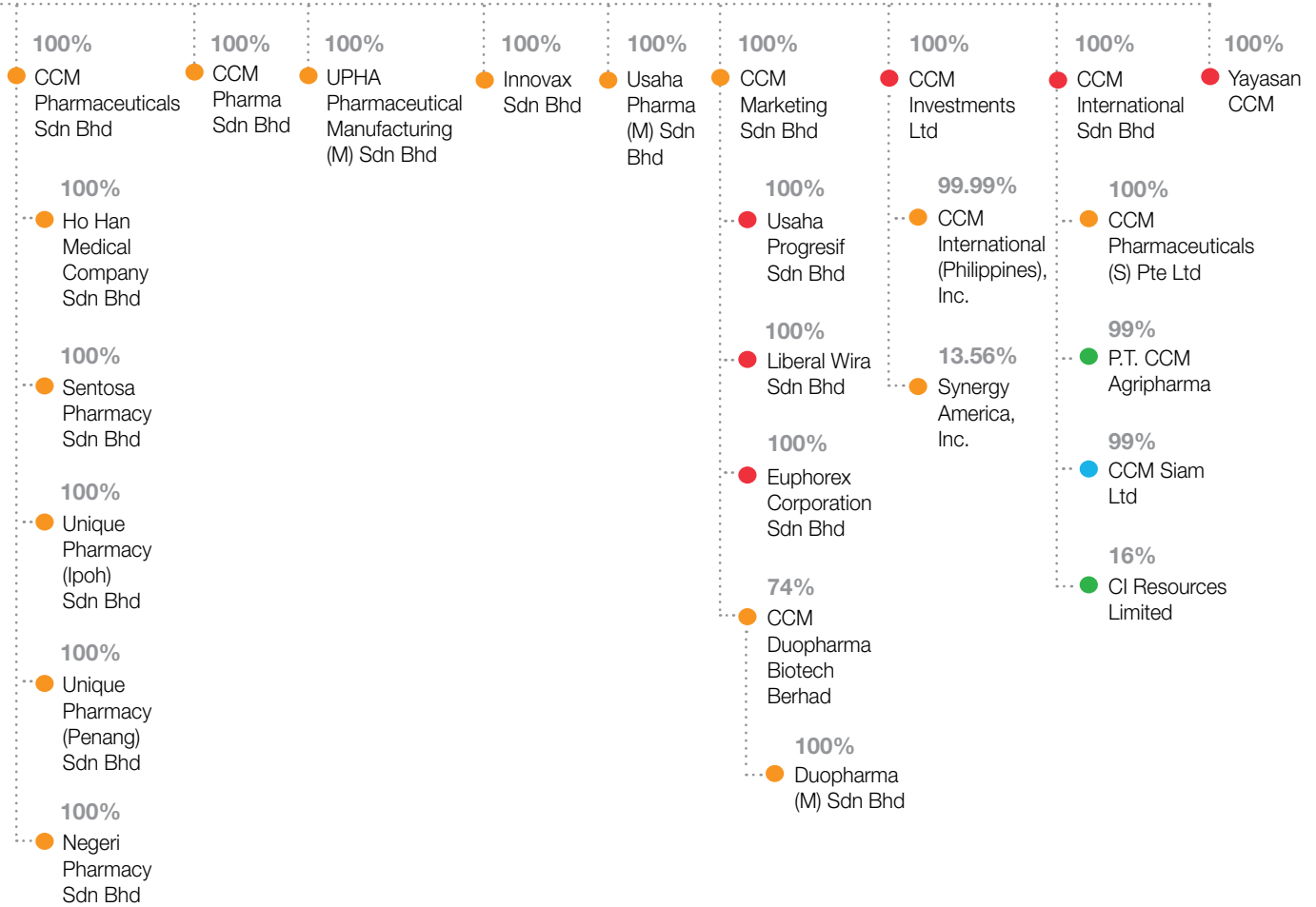
- Management Council
- Government-Linked Companies Transformation Council
- Risk Management Council
- Project Review Council
- Human Resource Council
- Research and Development Council
- Halal Council



Group Structure



**CHEMICAL COMPANY
OF MALAYSIA BERHAD**
(5136-T)



- Chemicals Division ●
- Fertilizers Division ●
- Pharmaceuticals Division ●
- Others ●

Best Practices + R&D =>

What does it mean to support communities?

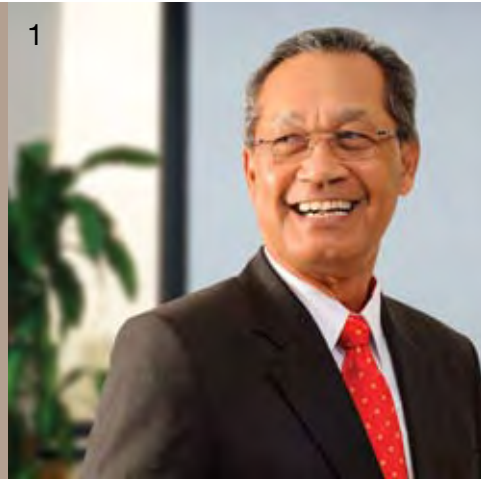
It means a deep connection with our customers and a yearning to provide them with the best products which will help them to lead happy, fulfilling lives, and enhance their quality of life. This is brought about by progressive management which creates a culture of innovative thinking; ongoing research and development, and readiness to implement ground breaking technology.



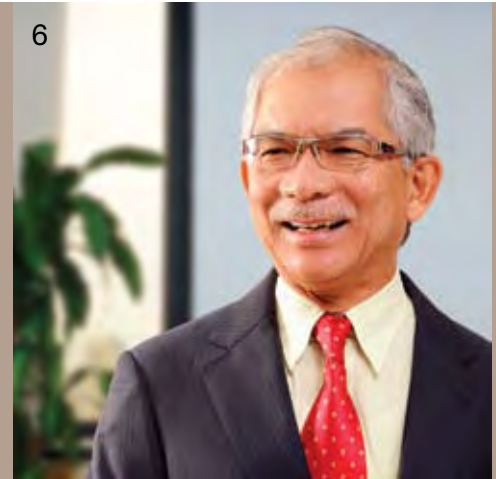
Healthy Society



Board of Directors



1. Tan Sri Ab. Rahman bin Omar
2. Dato' Dr. Mohamad Hashim bin Ahmad Tajudin
3. E. Sreesanthan
4. Dato' Kalsom binti Abdul Rahman



- 5. Abdul Rahim bin Abdul Hamid
- 6. Tan Sri Dato' Dr. Abu Bakar bin Suleiman
- 7. Datuk Dr. Saharan bin Haji Anang
- 8. Dato' Mohd. Nizam bin Zainordin

Tan Sri Ab. Rahman bin Omar**Chairman**

Age: 63

Nationality: Malaysian

Qualification

- Bachelor of Economics (Hons), Universiti Malaya

Membership of Associations

- None

Position on the Board

- Non-Independent Non-Executive Chairman

Date Appointed to the Board

- 27 May 2004

Working Experience and Occupation

- Tan Sri Ab. Rahman 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 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 and Remuneration Committee

Directorships of Other Public Companies

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

Securities Holdings in the Company and its Subsidiaries

- None

Family Relationship with any Director and/or Major Shareholder

- None

Conflict of Interest with the Company

- None

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

- None

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

Age: 55

Nationality: Malaysian

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 Directors, 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

Dato' Dr. Mohamad Hashim bin Ahmad Tajudin (cont.)**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 Director of 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

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

E. Sreesanthan

Age: 49

Nationality: 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. Sreesanthan is an Advocate and Solicitor and a Partner with Messrs Kadir, Andri & Partners, a legal firm. He was formerly a Legal Assistant and later a Partner with Messrs Zain & Co. Mr. Sreesanthan is a member of the Investment Committee of Amanah Saham Wawasan 2020 Fund, Bursa Malaysia Listing Committee and the Investigating Tribunal Panel of the Advocates and Solicitors' Disciplinary Board.

Membership of Board Committees

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

Directorships of Other Public Companies

- Scomi Group Berhad
- Guinness Anchor Berhad
- Malayan Banking 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' Kalsom binti Abdul Rahman

Age: 61

Nationality: 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

- Senior 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. Dato' Kalsom also sits on the Board of various subsidiaries within the CCM Group.

Membership of Board Committees

- Chairman, Nomination and Remuneration Committee
- Member, Audit and Risk Management 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

Abdul Rahim bin Abdul Hamid

Age: 59

Nationality: Malaysian

Qualifications

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

Membership of Associations

- President, Malaysian Institute of Accountants
- President, ASEAN Federation of Accountants

Position on the Board

- Independent Non-Executive Director

Date Appointed to the Board

- 3 April 2006

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 of Deputy Executive Chairman of PricewaterhouseCoopers and retired in 2004. He is also member of the Advisory Panel at the Economics & Business Faculty, Universiti Kebangsaan Malaysia, a member of the Professional Development Panel for INCEIF and a member of the Senate at Open University Malaysia.

Membership of Board Committees

- Chairman, Audit and Risk Management Committee
- Member, Government-Linked Companies Transformation Committee

Directorships of Other Public Companies

- MIMOS Berhad
- MIDF Amanah Asset Management Berhad

Abdul Rahim bin Abdul Hamid (cont.)**Securities Holdings in the Company and its Subsidiaries**

- None

Family Relationship with any Director and/or Major Shareholder

- None

Conflict of Interest with the Company

- None

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

- None

Tan Sri Dato' Dr. Abu Bakar bin Suleiman

Age: 66

Nationality: 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, 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 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 and Remuneration Committee
- Member, Finance and Investment Committee

Directorships of Other Public Companies

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

Securities Holdings in the Company and its Subsidiaries

- 286,400 ordinary shares directly in CCM Duopharma Biotech Berhad
- 13,000 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

Datuk Dr. Saharan bin Haji Anang

Age: 62

Nationality: 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 Scientist

Position on the Board

- Independent Non-Executive Director

Date Appointed to the Board

- 1 January 2009

Working Experience and Occupation

- Datuk Dr. 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 or programmes such as Food and Agriculture Organisation, International Rice Research Institute, Asian Vegetables Research and Development Centre, Food and Fertilizer Technology Centre, Consultative Group on International Agriculture Research, Asia Pacific Association of Agriculture Research Institutes and Malaysia-Malawi Technical Cooperation Programme. He currently sits on the Board of AgroBank Malaysia.

Membership of Board Committees

- Member, Audit and Risk Management 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

Dato' Mohd. Nizam bin Zainordin

Age: 46

Nationality: Malaysian

Qualifications

- Fellow, Association of Chartered Certified Accountants, 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

- Dato' Mohd. Nizam has an extensive career in Finance spanning over 20 years. 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 and Investment Committee
- Member, Government-Linked Companies Transformation Committee

Dato' Mohd. Nizam bin Zainordin (cont.)

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





Mohd. Nazmi Sallehudin



Dr. Y C Lee



Billy Urudra

Abd. Rahman bin Abdullah Thani**Director, Finance**

Age: 45

Nationality: Malaysian

Qualifications

- Bachelor of Commerce, Accounting and Finance, University of Tasmania, Australia.
- Fellow, Certified Practising Accountant, Australia
- Chartered Accountant, Malaysian Institute of Accountants

Working Experience and Occupation

- En. Abd. Rahman was attached to PriceWaterhouse from 1988 to 1991 as an Audit Senior. He then joined Petronas Trading Corporation Sdn Bhd (PETCO) and was subsequently seconded to Subic Bay Petroleum Products Ltd., a joint-venture company between PETCO and Coastal Corporation, USA as its Financial Controller in 1994. Following this, he joined Pharmaniaga Manufacturing in May 1995 as the General Manager of Finance and Administration before being upgraded to the position of Director of International and then Director of Indonesia operations. His last position was as the President Director of an Indonesia listed company, PT Millennium Pharmacon International Tbk, a subsidiary of Pharmaniaga International Corporation Sdn Bhd.

En. Abd. Rahman joined CCM in July 2009 as Director Finance (designate) and was appointed as Director, Finance on 1 December 2009.

Haji Mohd. Ali Sabri bin Mohd. Ali Jaafar**Director, Fertilizers Division**

Age: 51

Nationality: Malaysian

Qualifications

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

Membership of Associations

- Chairman, Fertilizer Industry Association of Malaysia (FIAM)
- Member, Incorporated Society of Planters (ISP)
- Member, Malaysian Society of Soil Science (MSSS)
- Member, Malaysian Agriculture Plant Protection Society (MAPPS)

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 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.

Leonard Ariff bin Abdul Shatar**Director, Pharmaceuticals Division**

Age: 45

Nationality: Malaysian

Qualifications

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

Membership of Associations

- Associate Member, Malaysia Institute of Management
- Vice President, Malaysia Organisation of Pharmaceutical Industries (MOPI) 2008 - 2009
- President, Malaysian Organisation of Pharmaceutical Industries (MOPI) 2009 - 2011

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 know 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.

Mohd. Nazmi Sallehudin**Director, Chemicals Division**

Age: 44

Nationality: Malaysian

Qualifications

- Bachelor of Commerce & Administration, University of Victoria, Wellington, New Zealand

Mohd. Nazmi Sallehuddin (cont.)**Membership of Associations**

- Exco member, Chemical Industries Council of Malaysia (CICM)

Working Experience and Occupation

- Encik Mohd. Nazmi Sallehuddin has over 15 years of experience in the oil & gas downstream and telecommunication industries. He has worked in various capacities in Sales & Marketing, Business Development and Retail Planning and Acquisition before joining the CCM Group in 2006. He joined as Head, Market Development and was then transferred to the Chemicals Division to manage the Water Business. He was then given the responsibility as Chief Operating Officer in 2008 before his appointment as Director, Chemicals Division in December 2009.

Dr. Y C Lee**Director, Group Information Technology and Systems**

Age: 55

Nationality: Malaysian

Qualifications

- Bachelor of Science (Hons), Electrical & Electronic Engineering, University of Manchester Institute of Science & Technology (UMIST), United Kingdom
- Advanced Course in Production Methods and Management, University of Cambridge, United Kingdom
- Professional Chartered Management Accounting, Chartered Institute of Management Accountants (CIMA)
- ICI International Managers Course, United Kingdom
- Master of Business Administration, Cranfield Institute of Technology, United Kingdom
- Senior Management Development Program (SMDP), Harvard Business School
- Doctorate in Business Administration (DBA), University of South Australia (UniSA)

Membership of Associations

- Fellow, Chartered Institute of Management Accountants (CIMA)
- Chartered Accountant, Malaysian Institute of Accountants (MIA)
- Member, Malaysian Institute of Management (MIM)
- Organising Chairman, World Congress of Accountants (WCOA 2010)
- Member, Asia Pacific Governance Taskforce

Working Experience and Occupation

- Recruited by ICI Paints UK in 1979, Dr. Lee held various senior positions within the Group and was the Managing Director of CCM Pharmaceuticals for more than 10 years prior to assuming the role of Director, Group Information Technology and Systems on 1 January 2009, responsible for spearheading the Shared Services Transformation Initiative. He is the Organising Chairman for the World Congress of Accountants (WCOA 2010) and sits as a member of the Asia Pacific Governance Taskforce and Board for the Chartered Institute of Management Accountants.

Billy Urudra**Director, International Business Division**

Age: 49

Nationality: Malaysian

Qualifications

- Bachelor of Science (Hons) in Mechanical Engineering, Middlesex University, United Kingdom
- 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 CCM Fertilizers Sdn Bhd. On 1 July 1989, he was transferred to CCM Chemicals Sdn Bhd as Product Manager. Subsequently, on 1 October 1990, he was appointed Personnel Planning Manager of 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 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. Subsequently on 1 July 2007, he was appointed as Director, Group Strategic Planning & Business Development. Mr. Urudra was appointed as Director, International Business Division, on 1 January 2009, the position he currently holds.

Vision + Innovation =>

What makes CCM the company that it is?

It's our dedication towards improving the conditions of our planet, through our business activities, our global reach and through our unique perspective. We understand the broader implications of our contributions to the environment and society, and appreciate that we are in a position to bring about a positive outlook for the nation, as well as the world.



CCM

$$\square = \nabla \cdot \nabla (q_2 + q_2 L) h$$

$$So/11 \quad \nabla + \square = v_{in}$$

$$(y, z) + (y/c) + \{q_2 + q_2 L\}$$

$$T(Wn) > ./x-1$$

$$(y, z) = (y/c)$$

$$So/11 - \{x[a+b] = yz\}$$

$$\{x\} > 122w$$

$$[a+b]$$

$$-z, g, M201, (y, z) + (y/c)$$

$$(y/c) \quad \nabla x g(yz)$$

$$Lx' <a> = <bx>$$



Corporate Responsibility

CCM strongly believes in conducting our business responsibly by upholding ethical business standards and continuing to contribute to the economic, social and environmental development of the communities that we serve.

Environment

In December, CCM's Chemicals Division collaborated with the Johor Department of Environment and various regulatory agencies to enact an emergency mock drill, led by the Malaysia-Singapore Joint Committee on the Environment (MSJCE) to test respective emergency response plans in dealing with accidents at the Malaysia-Singapore Second Link involving the transportation of hazardous chemicals. The exercise tested the state of preparedness and standard operating procedures in handling and bringing under control a potentially large environmental incident. Our Chemicals Division also organised a community awareness programme in conjunction with 'Q-SHE Week' to share information on the Division's Pasir Gudang Works operations, its products and commitment towards continuous improvement in the areas of Safety, Health and Environmental management.

In our attempt to create a better understanding on the importance of conserving the environment, we also conducted a biodiversity awareness campaign at Hutan Lipur Panti, Kota Tinggi, Johor involving students from SMK Taman Pasir Putih with the support of the Department Of Environment (DOE) and Johor Forestry Department. Under the theme, "Environmental Conservation for Sustainable Biodiversity", the campaign aimed to create awareness and educate the students on the importance of Malaysia's biodiversity and how climate change can have an impact on the environment.

Communities

On the education front, we focused on the development of the English language and knowledge empowerment amongst students from seven primary schools in Penang, Kelantan, Johor, and the Klang Valley through our PINTAR (Promoting Intelligence, Nurturing Talent and Advocating Responsibilities) school adoption programme. The programme focused on implementing customised modules that suited each school such as motivational activities and tuition classes to encourage students' enthusiasm and interest in learning. The programme also aimed at cultivating academic excellence, skills building and leadership for the next generation as well as educational excellence particularly amongst

the less privileged communities. For example, Standard Two and Three students learned ways to improve their English through courses that helped them to gain self-confidence in using the language in their daily lives. To date, 3,700 students nationwide have benefitted from the PINTAR programme and CCM aims to motivate more students to achieve better academic performance in the future despite their underprivileged backgrounds.

CCM's CHAMPS brand sponsored the "Perak Spelling Day" which was jointly organised by *Knowledge Discovery* magazine and the Perak State Education Department, involving 130,000 students from 817 primary schools in Perak. Their participation in the country's second "Spelling Day" led them into the Malaysia Book of Records as the highest number of participants in a single spelling event.

The "*Knowledge Discovery-CHAMPS 3rd National Spelling Competition*" was held in October and jointly organised by *Knowledge Discovery* magazine and the Ministry of Education Malaysia with CHAMPS as the main sponsor. Aimed at strengthening the vocabulary and spelling skills of primary school students from Standard Four to Six, the event attracted 48 students from 13 states in the finals.

Our CHAMPS Educational School Programme was also voted winner of the 'Best Corporate Social Responsibility Project' award under the 'Best Halal Product' category by *The Halal Journal Awards 2009*.

We have always been committed to inculcate an interest in reading especially amongst rural school children and in 2009, we donated another RM30,000 worth of referral books on science, technology and health - our fourth annual contribution to 10 primary schools in Perak. Since the inception of this programme in 2006, 24,000 students from 37 rural schools in Perak have benefitted from CCM's contribution of 2,000 books in English and Bahasa Malaysia, including encyclopedia sets worth more than RM110,000. The donation provides rural school children equal opportunities as their urban peers to experience the joy of reading the latest books on science, health and technology.

The Group's corporate responsibility effort also leans towards sports development in Malaysia. In 2009, we contributed to the development of lawn bowling by donating RM150,000 to the *13th CCM Asia Pacific Bowls Championship 2009*. We also donated RM50,000 to the *Kriket Peringkat Antarabangsa 2009* tournament

and RM10,000 to the *Selangor Super Classic 2009* competition. The contribution would help to develop and promote these sports amongst the younger generation and assist in grooming potential players for international success.

One of the largest corporate responsibility initiatives undertaken by CCM is the contribution of personal health kits to help pilgrims preparing for the Haj on how to manage simple ailments such as headaches, muscular strain, eye irritation and sore throat through the *Sahabat Korporat Tabung Haji* programme. In 2009, we contributed 29,000 sets of personal health kits worth RM660,000 to Malaysian pilgrims as well as Singaporean and Bruneian pilgrims who received 2,500 and 2,000 sets respectively, worth over RM90,000. Since 2004, CCM has donated 233,000 health kits worth more than RM4.7 million in line with the Group's pledge to contribute towards the well being of Malaysian pilgrims.

In September 2009, Philippines was hit by *Typhoon Ketsana*. CCM's staff in Malaysia, Singapore and the Philippines collected PHP43,780 for our fellow colleague, Michelle Rubio, an office assistant and receptionist at the CCM office in the Philippines who was directly affected by the catastrophe. CCM Group of Companies also contributed RM10,000 to GMA Kapuso Foundation Inc. to extend further assistance to the flood victims and other humanitarian projects undertaken by the foundation.

Marketplace

As an advocate of the halal initiative, we emphasise the importance of preparing our halal certified products in the best possible manner, in terms of quality, pureness, cleanliness, safety and nutritional standards. In October, we contributed RM100,000 worth of halal pharmaceutical products to KPJ Healthcare Berhad's network, Waqaf An-Nur clinics. The joint effort enables us to leverage on KPJ Healthcare Berhad's network of Waqaf An-Nur clinics as a platform to sponsor halal ethical and over-the-counter (OTC) pharmaceutical products while providing medical services that are in line with Islamic principles. It also enhances awareness and addresses the demand for halal pharmaceutical products amongst Muslims.

In line with CCM's commitment towards spearheading the halal initiative, CCM was given the opportunity to present a paper on the latest global halal trends and challenges faced by the pharmaceutical industry at the *World Halal Forum 2009* and *World Halal Forum Europe 2009*. CCM also added another feather to

its cap when its children's supplements, *CHAMPS* won the 'Best Halal Product - Pharmaceuticals' at the *National Halal Conference 2009*. Our accomplishment proves that we are dedicated to provide consumers with health and wellness products that not only improve their quality of life but also fully adhere to strict Islamic values of safety, quality and hygiene throughout the entire manufacturing process. The award reaffirms our role in promoting the concept of corporate responsibility in our efforts to enrich the lives of the community that we serve.

CCM's Vendor Development Programme and Entrepreneur Development Programme were also successfully launched and helped us to achieve savings and create more value through operational cost reductions. At the same time, both programmes helped to develop better skilled and more competent Bumiputera vendors and suppliers.

Workplace

We believe that our corporate responsibility initiative stretches beyond our products and business practices. Each year, we conduct a variety of development programmes to help enhance employees' skills to give our staff the competitive edge in increasing their performance level. Subsequently, this helps to create an effective workforce which facilitates sustainable development in the long run.

The internal activities that were held in 2009 were training and development programmes including the home grown "CCM Outdoor Challenge" that involved all employees and workshops on human capital strategy, performance management system, strategic manpower planning, sales and marketing and also fire and rescue training. A CCM Leadership Development Programme was also carried out during the year for various levels of our management staff to equip them with the necessary skills and increase their competencies to face organisational challenges.

We also organised an on-going Healthy Lifestyle Campaign across the Group to create awareness on the importance of health amongst staff through exercise activities, health talks and health checks by various health organisations.

External trainings were also organised to expose employees to the external business environment, strengthen their understanding of current market trends and issues, and enhance their business networking across the industry.

Human Resource Development

As we gear towards success, we rely on the strength and quality of our human resources to build and train a knowledge-based workforce in our commitment to maximise human capital and develop a pool of talent and expertise for the future growth of the Group. Various internal and external Human Resource (HR) activities were carried out to develop an organisational culture with shared values, visions and missions, as well as improve teamwork and productivity through cooperation with team members.

During the year under review, we spent 28,627 hours on training for staff to develop their skills and knowledge, and increase their productivity and quality of work to help achieve greater business results.

In our efforts to raise human capital productivity, we have identified innovation as an important element that helps to intensify our business growth. A Quality and Innovation unit was set up to oversee our innovation initiatives and provide a conducive work environment that promotes innovative and creative spirit amongst employees. In the face of globalisation, it is vital for us to acquire new skills and knowledge to gain the competitive advantage to meet the challenges ahead. By establishing the Quality and Innovation unit, we aim to support an organisational culture that values creativity from all levels throughout the Group and understand the ever changing needs of the local and international markets. It allows our employees to generate new ideas and translate those thoughts into successful business processes that are aligned with CCM's business strategy to meet and exceed customer satisfaction. In short, innovation is the key to advance our overall business performance as it is the lifeline for future revenue and profit.

Throughout the year, our HR initiatives showed positive results as they managed to improve employees' performance, moral and innovation, motivate staff to acquire the attitude, skills and knowledge that are needed to become team players, inspire them to become more competitive, enhance their leadership qualities, and enhance their communication skills and commitment towards their work responsibilities.

Apart from that, we also rewarded scholarships to deserving local university students with good academic performance through the CCM Foundation. In 2009, we gave out scholarships worth RM170,200 to 24 scholars who also underwent industrial training with the Pharmaceuticals, Fertilizers and Chemicals Divisions during their semester breaks. CCM scholars are guaranteed of jobs at CCM upon graduation and we have offered employment to 15 scholars since 1995. They had assimilated well into CCM's organisational culture and some had assumed important roles within the Group.

Research and Development

We see research and development (R&D) as our competitive edge in developing 'home made recipes' or formulation that enables us to climb up the value ladder.

In 2009, CCM achieved another milestone when we launched Innovax Sdn Bhd, the Group's RM10 million hi-tech R&D centre in Glenmarie to facilitate the manufacturing of new and innovative pharmaceutical products. The 63,000 sq. ft. facility houses four main departments and manages product pipelines for the Pharmaceuticals Division. Innovax has targeted almost 35 new generic products in its product pipeline until 2015 and they are currently in various stages of research and development and approval processes. The R&D centre is well equipped with analytical, formulation and quality laboratories, and has an annual capacity of 24 new products' slots, double that of our previous capacity of between 10 and 15 products' slots in 2005. Innovax boasts a team of 30 highly knowledgeable and skilled personnel, 20 of which are scientists with specialist skills in various pharmaceutical disciplines such as pharmaceutical technology, chemistry, clinical pharmacology, microbiology and biotechnology. These professionals are well trained to conduct analysis for highly specific niche technologies including soft gel capsule technology and slow-release and modified release products. CCM is the only local pharmaceutical company in Malaysia that has embarked on this technology and we are confident that with our strengthened R&D capabilities, we will be able to meet and exceed consumers' expectations.

R&D is the backbone of the pharmaceutical industry and the Group's investment in the facility recognises the significance of cutting edge capability to progress and stay ahead of the competition in this fast growing sector. The launch of the new R&D centre will also intensify our efforts to drive our ambitions in the lucrative halal and herbal pharmaceutical markets.

Meanwhile, Innovax made its debut at the *2nd World Halal Research Summit* and the *6th International Halal Showcase (MIHAS)* in Kuala Lumpur to showcase its technological advancements and achievements. *The World Halal Research Summit* is an international conference organised by the Halal Industry Development Corporation (HDC) to provide a platform for scientists, researchers, scholars and academicians to meet, discuss and exchange ideas on new research findings, emerging technologies, trends, issues and challenges in the global halal industry. During the two-day event, Innovax was also given the opportunity to talk about its R&D activities and the latest developments in its halal research initiatives.

CCM also signed a strategic partnership with Inno Bio Ventures Sdn Bhd (IBV) through our subsidiary, CCM Duopharma Biotech Berhad (CCMD) to jointly develop biosimilar products and explore future business opportunities, especially in the manufacturing and commercialisation of Erythropoietin (EPO) biosimilars. The MOU would enable CCM and IBV to contribute our respective expertise and resources to produce affordable and high quality biosimilars to address areas of clinical needs such as cancer and genetically related diseases. The joint venture allows us to leverage on Innovax and fully utilise its cutting edge technological capability to tap into the huge potential of manufacturing and marketing EPO biosimilars as well as other biosimilar products locally and overseas. Together with IBV, we are set to become the first local manufacturer of EPO biosimilars in South East Asia once it is commercialised. The biopharmaceutical market is the fastest growing area of the pharmaceutical industry and this initiative gives us the opportunity to enhance our presence within the biopharmaceutical industry.

Our Fertilizers Division also achieved a milestone when it established a strategic alliance with the Malaysian Agricultural Research and Development Institute (MARDI) to undertake R&D to promote the commercialization of Nitro Humic Acid (NHA) and crop booster foliar fertilizers. NHA is a cost effective substitute for the imported Humic Acids (HA) and is used as a soil conditioner, coagulating agent and media for foliar fertilizer formulation. It can also be used as an ingredient or additive to manufacture a new class of compound fertilizers. Field trials have proven that NHA based foliar formulation is effective in enhancing the plant crop yield of paddy, chillies, tomatoes and citrus by increasing the size and number of harvested fruits. Our Fertilizers business' latest effort will not only widen the CCM's range of products and enhance its existing array of compound fertilizers but also strengthen our position as a leading fertilizer manufacturer in Malaysia.

Safety, Health and Environment

Safety, Health and Environment (SHE) stewardship is one of CCM's core values which has always dominated the Group's corporate agenda. In promoting the SHE culture, the Group believes in providing strong commitment and leadership, and formalising programmes to continually lead and improve SHE performance across all business operations.

We believe that sustainability and sound business management are mutually achievable objectives and recipes for eventual success in the pursuit of SHE excellence. In our efforts to achieve our goals, we continue to monitor performance improvement targets set for each KPI with the best practices adopted by the chemicals, fertilizers and pharmaceuticals industries as the benchmark for excellence. These KPIs are established at all levels in the Group for diligent monitoring of critical parameters with improvement targets set. We will be focusing more on sustainability imperatives, energy management, resource conservation and recovery, loss prevention, and occupational safety and health improvement initiatives that are consistent with best practice.

CCM also subscribes to the principles of Responsible Care, an international initiative built around guiding principles and codes of management practices, reflecting the commitment of the chemical industry in managing chemicals responsibly and continually improving SHE performance. As a pioneer signatory of the RCP Charter since 1994, CCM has provided commitment and leadership in this key area of corporate responsibility, promoting the principles and practices of Responsible Care by sharing experiences and offering assistance to others who produce, handle, use, transport or dispose chemicals.

A critical review of the SHE aspects of various projects and existing plant operations is being undertaken through established engineering assessment studies, technical audits and hazard study review protocols. Our comprehensive operating procedures and stringent management systems ensure strict compliance to regulatory statutes and the requirements of the various internal controls and assurance standards.

We conduct 'Community Awareness and Neighbourhood' programmes at established frequencies to inform members of the industrial community and the public at large about the Group's activities and the socio-economic impact of our operations. These initiatives help to reinforce transparency in the Group's relationships with individuals, stakeholders, neighbours, customers and the community.

Product stewardship programmes, encompassing every aspect of CCM's product cycle from initial development to use and disposal, play an integral part of the Group's environmental management agenda. Considerable attention is being placed on the training and dissemination of appropriate and relevant information to suppliers, distributors, customers, and end-users to foster proper use and handling of CCM's products.

Our pollution prevention programmes include environmental aspect/impact studies, initiatives formalised in the area of waste management and recovery, waste conservation and emission reductions. We continue to focus on efforts to minimise and reduce greenhouse gas emissions, in line with the United Nations Framework Convention on Climate Change and the tenets of the Kyoto Protocol.

We have prepared a comprehensive Pandemic Flu Management Plan in response to the increasing likelihood of a pandemic and the risk that it might pose to CCM employees and to business continuity. This has been adopted and implemented across all levels in the Group as we are committed to mitigating the risk, consistent with our policy of responsible care for our employees, stakeholders, customers and the environment.

During a year of compelling demands, CCM has responded positively to the challenges of SHE management, institutionalising a wide range of searching, systematic and comprehensive programmes that have facilitated the integration of this key activity into the Group's overall corporate objectives. We will strive to seek continuous improvements in all performance aspects related to the chemicals, fertilizers and pharmaceuticals industries to excel and be competitive in the face of global challenges.

GLC Transformation Programme

Globalisation not only draws countries all over the world closer together but also generates intense competition as we must now face regional economies that are bigger than ours. The GLC Transformation Programme enables us to rise up to the challenge and strategically transform into a high-performing Group that focuses on greater productivity and achieving maximum performance. We have implemented various efforts to become a competitive player on the global stage since 2005 and we will continue to catalyse the GLC Transformation Programme until 2015 as we embark on a journey to help the country accomplish Vision 2020. We are currently undergoing the third phase of the programme which has resulted in initial tangible results.

Some of the major initiatives undertaken during the year under review were the centralising of raw materials purchase at division levels, improving cost efficiency and concentrating on the importance of headline KPIs to ensure quality and performance.

We will continue to move forward and collectively define and drive the next wave of breakthroughs to meet CCM's objectives. Through hard work and determination, we are confident of taking the Group to the next level and support the national effort of joining the league of developed nations by 2020.

Information Technology

CCM acknowledges the importance of information technology (IT) as a major source of competitive differentiator and advantage to compete in the marketplace, to improve business operational efficiencies and to increase productivity.

During the year under review, efforts were undertaken to improve the reliability of the existing communication infrastructure to support delivery of a diverse range of business services and information systems to users within our current sphere of

operations. Similarly, a significant amount of management efforts were also directed to enhance our key IT competencies in order to support future business growth, expansion and regionalisation. These transformation initiatives will continue into 2010 and beyond. These initiatives are expected to enhance Key Organisational Capabilities and will enable the delivery of improved business results for the Group in future.

Calendar of Events



20 Jan

'09

Handing over of Innovative Group of Companies



20 Mar

'09

Contribution to Persatuan Daybreak



24 Mar

'09

Opening of Innovax R&D Centre



8 Apr

'09

CCMD contribution towards UMCAS Methadone Research Centre



9 Apr

'09

Contribution to Police DiRaja Malaysia



20-29 April

'09

Minggu Saham Amanah Malaysia (MSAM) 2009



21 May

'09

Program Bersama PNB, Kuching



2 Jun

'09

MOU signing between CCMD and Inno Bio Ventures



19 Jun

'09

CCMF Golden Growers Educational Excellence Award Presentation



25 Jun

'09

Signing ceremony between CCM Agriculture and Kumpulan Liziz



25 Jun

'09

Opening of CCM Group Security Complex



8 Oct

'09

Contribution to Sahabat Korporat Tabung Haji



15 Oct

'09

Opening Ceremony of NHA Plant



23 Oct

'09

Contribution to Klinik Wakaf An-Nur



4 Nov

'09

Appointment of CCM Brand Ambassador

Statement on Corporate Governance

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

The Board of Directors is committed to ensuring that the highest standards of corporate governance are practised throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance 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 2009.

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 and Risk Management 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 healthy debates 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 organisational effectiveness, implementation of Board policies and strategies and clarifies 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 contributes 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 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 judgment to ensure 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 judgment to many aspects of the Group's strategies and performance so as to ensure that the highest standards of conduct and integrity are maintained.

At the beginning of the financial year, the Company had nine (9) Directors on its Board of whom four (4) are independent directors.

There were changes to the Board membership with one (1) new appointment and two (2) resignations. To date, there are eight (8) Directors of whom three (3) are Independent. The composition of the Board was maintained so that not less than one-third (1/3) were independent directors at all times. In accordance with the requirement of the Code, Dato' Kalsom binti Abdul Rahman has been appointed the Senior Independent Non-Executive Director of the Company to replace Dato' N. Sadasivan who has resigned from the Board with effect from 31 December 2009. A brief profile of each Director is presented on pages 24 to 31 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 Directors seeking re-election at the Annual General Meeting are recommended by the Nomination and 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 assessing the contribution of each individual director. All assessments and evaluations carried out by the NRC in the discharge of all its functions are properly documented.

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

Re-election

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

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

Directors Training

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

All Board members have attended the Mandatory Accreditation Programme (MAP) as prescribed by the Bursa Malaysia Listing Requirements.

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 "Malaysia - The Global Halal Hub" 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 organised 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 themselves 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, seven (7) 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.

Board Meetings (cont.)

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

Name of Directors and Status	No. of Meetings Attended
Tan Sri Ab. Rahman bin Omar Chairman, Non-Independent Non-Executive Director	7/7
Dato' Dr. Mohamad Hashim bin Ahmad Tajudin Group Managing Director	7/7
Mr. E. Sreesanthan Non-Independent Non-Executive Director	5/7
Dato' Kalsom binti Abdul Rahman (appointed as Senior Independent Non- Executive Director w.e.f. 25/02/2010) Senior Independent Non-Executive Director	6/7
Datuk Dr. Saharan bin Haji Anang (appointed w.e.f. 01/01/2009) Independent Non-Executive Director	7/7
En. Abdul Rahim bin Abdul Hamid Independent Non-Executive Director	7/7
Tan Sri Dato' Dr. Abu Bakar bin Suleiman Non-Independent Non-Executive Director	7/7
Dato' Mohd. Nizam bin Zainordin (appointed w.e.f. 11/05/2009) Non-Independent Non-Executive Director	5/5
Dato' N. Sadasivan (resigned w.e.f. 31/12/2009) Senior Independent Non-Executive Director	7/7
Datin Paduka Jamiah binti Abdul Hamid (resigned w.e.f. 05/05/2009) Non-Independent Non-Executive Director	0/2

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 meetings 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 Directors of each Division 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.

Board Committees

The Board of Directors delegates specific responsibilities to the Board Committees namely the Nomination and Remuneration Committee, Audit and Risk Management Committee, Finance and 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 Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Directors concerned.

The Nomination and Remuneration Committee is responsible for setting the policy framework and for making recommendations to the Board on all elements of the remuneration and other terms of employment of the Executive Director. The Executive Director abstains from the deliberations and voting decisions in respect of their remuneration. All Non-Executive Directors are paid directors' remuneration for Board and Committee meetings. In addition, they are paid a meeting allowance for attendance at each Board and Committee meeting. The directors' fees are approved by the Company at the Annual General Meeting in accordance with the Articles of Association.

The aggregate remuneration of Directors categorised into appropriate components for the financial year ended 31 December 2009 is as follows:

	Category of Director	
	Group Managing Director (RM)	Non-Executive Directors (RM)
Fees	-	460,000.00
Allowance	-	90,400.00
Salaries and Bonus	933,100.00	-
Other Emoluments	157,397.20	-
Benefits-in-Kind	180,335.83	-
Total	1,270,833.03	550,400.00
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 recognises 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 61 of the Annual Report provides an overview on the state of internal control within the Group.

Audit and Risk Management Committee

The details are shown in the accompanying report of the Audit and Risk Management Committee on pages 52 to 54.

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 is 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 highlighted to the Audit and Risk Management Committee and Board of Directors on matters that require their attention. The Audit and Risk Management 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 and Risk Management Committee.

The Audit and Risk Management 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 flow of the Group and the Company for the financial period.

In preparing the financial statements, the Directors have:

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

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

Whistle-Blowing Policy

As part of best practices in 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 conduct, financial malpractice or dangers to the public or the environment. In this respect, the policy makes it clear that any such concern can be raised without fear of victimisation, recrimination, discrimination or disadvantage to the employee reporting the concern. It provides a formal channel to encourage and enable employees to report serious concerns so that such concerns can be properly addressed.

Shareholders

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

The Annual General Meeting (AGM) provides a forum for dialogue with shareholders. Members of the Board, the Group's Senior Management, as well as the Company's auditors will be present to answer questions about the Company's affairs. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Extraordinary General Meetings (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.

Shareholders (cont.)

Other avenues whereby shareholders have access to company data are through quarterly filing of financial data and 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 Bursa Malaysia's website.

Investor 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 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 2009

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 Bursa Malaysia's deadlines as indicated below:

Announcement of Quarterly Results 2009	Date of Announcement
1st Quarter	27 May 2009
2nd Quarter	27 August 2009
3rd Quarter	24 November 2009
4th Quarter	25 February 2010

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.

Compliance to Code

The Group has in all material respects complied with the Code of Corporate Governance throughout the financial year ended 31 December 2009. This statement is made in accordance with a resolution of the Board of Directors dated 25 February 2010.

Report of the Audit and Risk Management Committee

Composition of Audit and Risk Management Committee and Meetings

The Audit and Risk Management Committee comprises of three (3) members, all of whom are Non-Executive Directors.

During the year, Dato' N. Sadasivan, who resigned from the Board of the Company effective 31 December 2009, also resigned from the Committee on even date. A review of all the Board Committees was conducted in the current year. As a result, Dato' Kalsom binti Abdul Rahman was appointed as a Committee Member with effect from 25 February 2010.

A total of six (6) 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	No. of Meetings Held
Abdul Rahim bin Abdul Hamid Chairman, Independent Non-Executive Director	6/6
Datuk Dr Saharan bin Haji Anang (appointed w.e.f. 01/01/2009) Independent Non-Executive Director	6/6
Dato' Kalsom binti Abdul Rahman (appointed w.e.f. 25/02/2010) Senior Independent Non-Executive Director	N/A
Dato' N. Sadasivan (resigned w.e.f. 31/12/2009) Senior Independent Non-Executive Director	4/6

Terms of Reference

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

Membership

- The Audit and Risk Management 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 and Risk Management Committee shall be approved by the Board and shall be an Independent Non-Executive Director.
- At least one member of the Committee:-
 - must be a member of the Malaysian Institute of Accountants (MIA); or
 - 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
 - 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, the Group Chief Internal Auditor and Group Risk Management Officer 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, excluding the attendance 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 and Risk Management Committee is authorised by the Board:-

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

Responsibilities

- i. To consider and recommend to the Board the nomination, appointment and termination of external auditors, as well as the audit fee;
- ii. To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- iii. To review the quarterly and year-end financial statements of the Board, focusing particularly on:
 - any change in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements.
- iv. To discuss problems and reservations arising from the interim and final audits, and any matter the external auditor may wish to discuss (in the absence of management where necessary);
- v. To review the external auditor's management letter and management's response;
- vi. To carry out the following, in relation to the internal audit and risk management function of the Group:
 - review and approve the annual audit and risk management plan;
 - review the adequacy of the scope, functions, competency and resources of internal audit and risk management functions and that it has the necessary authority to carry out its work;

- review the internal audit and risk management plans and results of these activities and where necessary, ensure that appropriate actions are taken on the recommendations of these functions;
 - review and endorse the audit charter which outlines the purpose, authority and responsibility of the Group Internal Audit;
 - review the annual budget for Group Internal Audit;
 - review any appraisal on performance as well as competency of the Group Internal Audit and Risk Management functions;
 - approve any appointment or termination of senior staff members of the Group Internal Audit and Risk Management functions; and
 - take cognisance of resignations of members of the Group Internal Audit and Risk Management functions and provide the resigning staff member an opportunity to submit his reasons for resigning.
- vii. To review any related-party transactions that may arise within the Group;
 - viii. To review the major findings of internal investigations and management's response; and
 - ix. To consider other topics as defined by the Board.

Activities during the year

- i. Reviewed and approved the internal audit and risk management plan of the Group;
- ii. Reviewed the status report of internal audit and risk management activities of the Group for the year to ensure that all the planned activities were properly carried out;
- iii. Reviewed the summary of the internal audit and risk assessment reports prepared by Group Internal Audit and monitoring the status of corrective actions taken by the Management to ensure all audit and risk management issues and concerns are adequately resolved on timely basis;

Activities during the year (cont.)

- 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 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 Group Internal Audit for the financial year, which amongst others includes departmental expenditures such as office running expenses, training expenses, travelling expenses, staff remuneration, etc. is estimated at RM1.75 million.

Activities during the year

The Group Internal Audit 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 and Risk Management Committee's approved Audit Plan for 2009. Among the areas covered were Finance, Sales, Production and Maintenance, Office Services Quality Assurance, Quality Control, Production Planning, Human Resources, Procurement, Good Manufacturing Practices and Plant operations of CCM Berhad, CCM Fertilizers Sdn Bhd, CCM Chemicals Sdn Bhd, CCM Pharmaceuticals Sdn Bhd, CCM Duopharma Biotech Berhad, CCM Usaha Kimia (M) Sdn Bhd, CCM Marketing Sdn Bhd, Innovax Sdn Bhd and also overseas operation offices in Indonesia, Singapore, Thailand, Vietnam and Philippines.

Statement on Risk Management Function

The Group has an in-house risk management function which is performed at the Group level. The key risks which are identified through the risk management process are reported to the Risk Management Council and also the Audit and Risk Management Committee of the Board. This enable the Audit and Risk Management Committee to focus on the key risks inherent in the Group's business and operations and the system of internal control necessary to manage such risks.

Activities during the year

The Group Risk Management function has conducted various operational, strategic and related assignments in accordance with the Audit and Risk Management Committee's approved Risk Management Programme for 2009. These include, review and update of the business divisions' key strategic risk profiles, risk assessment of new fertilizers plant and pharmaceuticals warehouse projects, Competency Gaps, Advertisement & Promotion Issues for OTC Products as well as operations of regional offices.

Report of the Finance & Investment Committee

The Board is pleased to issue the following report on the Finance and Investment Committee and its activities during the financial year ended 31 December 2009.

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;
- 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.

During the year under review, Dato' Mohd Nizam bin Zainordin was appointed as a Committee Member with effect from 11 May 2009 to replace Datin Paduka Jamiah binti Abdul Hamid, who resigned from the Board of the Company effective 5 May 2009. During the year under review, there were changes to the Board. In view of this, a review of all the Board Committees was conducted and hence, resulting the resignation of Dato' Kalsom binti Abdul Rahman from the Committee. The current composition of the Committee now stands at three (3) members.

A total of seven (7) meetings were held during the year. The attendance record of each member during the year (in the case of Director appointed after 1 January 2009 since the date of their appointment) is as follows:

Name of Directors and Status	No. of Meetings Attended
E. Sreesanthan Chairman, Non-Independent Non-Executive Director	6/7
Tan Sri Dato' Dr. Abu Bakar bin Suleiman Non-Independent Non-Executive Director	7/7
Dato' Mohd. Nizam bin Zainordin (appointed w.e.f. 11/5/2009) Non-Independent Non-Executive Director	5/5
Datin Paduka Jamiah binti Abdul Hamid (resigned w.e.f. 05/05/2009) Non-Independent Non-Executive Director	1/1
Dato' Kalsom binti Abdul Rahman (resigned w.e.f. 25/02/2010) Senior Independent Non-Executive Director	5/7

Report Of The Nomination & Remuneration Committee

The Board is pleased to issue the following report on the Nomination and Remuneration Committee and its activities during the financial year ended 31 December 2009.

Terms of Reference

Objectives

- i. To recommend to the Board of Directors, candidates for all directorships in the Company and Group to be appointed by the shareholders or the Board;
- ii. To recommend to the Board, directors to fill seats on Board Committees;
- iii. To consider candidates for directorships proposed by the Group Managing Director and within bounds of practicability, by any other senior executive or any director or shareholder;
- iv. To evaluate the effectiveness of the Board and Board Committees with regard to their structure, size, balance and composition including the required mix of skills, knowledge, expertise, experience, professionalism, integrity including core competencies which Non-Executive directors should bring to the Board, and contributions of each individual director;
- v. To evaluate the candidates' ability to discharge such responsibilities/functions as expected from Non-Executive directors, in the case of candidates for the position of Independent Non-Executive directors;
- vi. To provide adequate training and orientation to new Directors as well as continuous training to current Directors with respect to business, structure and management of the Group as well as the expectations of the Board;
- vii. To recommend to the Board whether Directors retiring by rotation should be put forward for re-election;
- viii. To ensure an appropriate framework and plan for Board and management succession in the Group;
- ix. To review management's recommendations 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 Officers 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-unionised employees in the CCM Group of Companies;
- xiii. To review and recommend to the Board on any new Employees' Share Options Scheme of the CCM Group and/or amendments to the existing scheme.

Members and Meeting

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

During the year, Dato' N. Sadasivan, who resigned from the Board of the Company effective 31 December 2009, also resigned from the Committee on even date. A review of all the Board Committees was conducted in the current year. As a result, Dato' Kalsom binti Abdul Rahman was appointed as Chairman of the Committee with effect from 25 February 2010.

A total of three (3) meetings were held during the year. The attendance record of each member during the year is as follows:

Name of Directors and Status	No. of Meetings Attended
Dato' Kalsom binti Abdul Rahman Chairman, Senior Independent Non-Executive Director (appointed w.e.f. 25/02/2010)	N/A
Tan Sri Ab. Rahman bin Omar Non-Independent Non-Executive Director	3/3

Members and Meeting (cont.)

Name of Directors and Status	No. of Meetings Attended
Tan Sri Dato' Dr. Abu Bakar bin Suleiman Non-Independent Non-Executive Director	3/3
Dato' N. Sadasivan Senior Independent Non-Executive Director (resigned w.e.f. 31/12/2009)	3/3

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 Officers 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-unionised 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 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 2009.

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 Transformation Working Group (TWG);
- iii. To fully implement the ten initiatives as laid out in the GLC Transformation Manual by the end of 2007;
- iv. To regularly update and report the progress of GLC Transformation to the respective Government-Linked Investment Companies (GLIC), and in the case of CCM, to report and update Permodalan Nasional Berhad on a quarterly basis;
- v. To consider other matters as referred to the Committee by the Board.

Members and Meeting

The GLCT Committee consists of four (4) members, all of whom are Non-Executive Directors.

During the year under review, Dato' Mohd Nizam bin Zainordin was appointed as a Committee Member with effect from 11 May 2009 to replace Datin Paduka Jamiah binti Abdul Hamid, who resigned from the Board of the Company and the Committee effective 5 May 2009.

During the year under review, there were changes to the Board. In view of this, a review of all the Board Committees was conducted. Consequently, Encik Abdul Rahim bin Abdul Hamid was appointed as a Committee Member with effect from 25 February 2010 and Dato' Kalsom binti Abdul Rahman resigned from the Committee concurrently.

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	No. of Meetings Attended
Tan Sri Ab. Rahman bin Omar Chairman, Non-Independent Non-Executive Director	4/4
E. Sreesanthan Non-Independent Non-Executive Director	4/4
Dato' Mohd. Nizam bin Zainordin (appointed w.e.f. 11/05/2009) Non-Independent Non-Executive Director	2/2
Abdul Rahim bin Abdul Hamid (appointed w.e.f. 25/02/2010) Independent Non-Executive Director	N/A
Dato' Kalsom binti Abdul Rahman (resigned w.e.f. 25/02/2009) Senior Independent Non-Executive Director	3/4
Datin Paduka Jamiah binti Abdul Hamid (resigned w.e.f. 05/05/2009) Non-Independent Non-Executive Director	0/1

Activities During the Year

During the year, the Committee:

- i. Reviewed and approved the Group's GLC Transformation Plans for 2009;
- ii. Recommended for approval the 2009 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. Tracked and monitored the progress of implementation for all GLCT initiatives and reviewed the results and benefits achieved for year 2009.

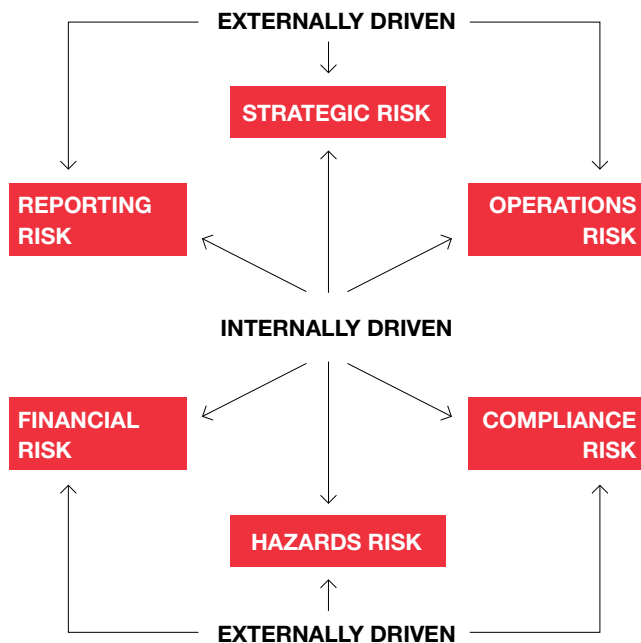
Report on Risk Management

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-wide Risk Management (EWRM) framework since 2001 and it forms an integral part of the Group's corporate governance structure and a key management tool. The Group Risk Management Department ("GRMD") 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 EWRM. A good EWRM framework advocating 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 creating stakeholders' values for the Group as a whole.

The underlying principle of EWRM is for the risk function 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, therefore, the context within which the Group manages the risks and key focus of accountability are as follows:



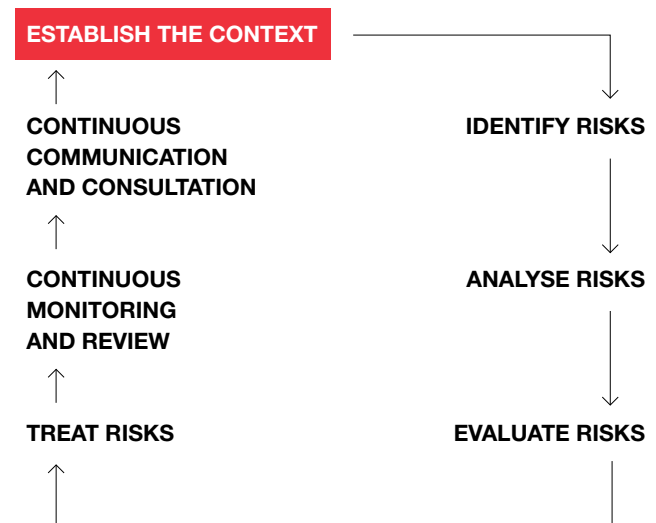
The Group recognises the broad spectrum of risks which it faces along with the opportunities which it seeks in its businesses and operations. It is hence, the Group's objective to maintain an effective risk management programme to assess and mitigate these risks and thereby facilitate the Group in meeting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

- To enhance the Group's high standards of corporate governance;
- 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 and Risk Management Committee. The GRMD facilitates the conduct of risk management activities outlined in the Programme which include updating of risk profiles 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:-



Risk Management Process (cont.)

The Group’s risk management process is described further in the “Statement on Internal Control” on page 61 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

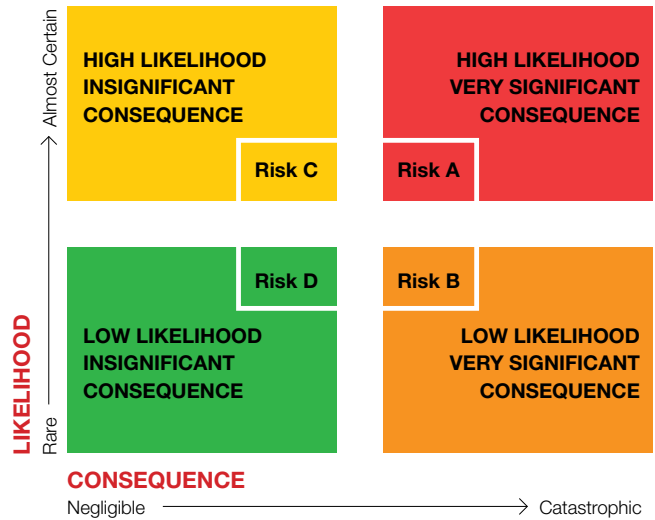
Considerable management attention is required including specifying management responsibility. Given the significant consequences of the risk, preventive control measures must be maintained effectively with regular assessment thereof in order to maintain the likelihood of the risk occurring at a low level. 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 on-going Group-wide risk management process for identifying, evaluating and managing the significant risks faced by the Group. The Management has operated this process during the year under review 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.

Recognising the increased importance of the risk management function, this unit was decoupled from the Group Internal Audit Department in June 2009. The two functions are now independently led by two separate heads. The main objective is to ensure better control and clarity of focus on the key risk issues that affect the Group's activities and the implementation of appropriate mitigation measures to address them. Review meetings are carried out quarterly to establish progress and to verify the effectiveness of the actions taken. This will ensure a systematic, structured and disciplined approach to risk management is in place, consistent with the expectations of the Audit and Risk Management Committee of the Board.

Management from each business or operations area apply a risk/control self-assessment approach to identify the risks relating to their areas of supervision and control. These include, 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 an acceptable level. The risk profiles and risk treatment measures determined from this process are documented in risk registers with each business or operations area having its respective risk register. The overall process is facilitated by the Group Risk Management Department ("Department") which is dedicated to the role.

The Department maintains regular communication and consultation with management and also facilitates risk analysis of strategic business objectives, operational initiatives and emerging issues in the Group. It also conducts periodic follow-up of the updating of risk profiles and the implementation of risk treatment measures by management. Training workshops are also conducted to keep abreast of developments in the area of risk management.

The key risks which are identified through the risk management process are reported to the Risk Management Council and also Audit and Risk Management Committee. The Divisional Risk Profiles enable the Audit and Risk Management Committee to focus on the key risks inherent in the Group's businesses and operations and the system of internal control necessary to manage such risks.

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

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

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 24 to 25 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 2009.

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 31 March 2010.

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) 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”);
- b) Shareholders Agreement dated 23 April 2008 made between CCM, 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;
- c) 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 2(a) above shall not be less than the sum of RM42,000,000.00 (“Aggregate Profit Guaranteed Sum”) upon the terms and conditions contained therein;
- d) 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

- e) 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 2(c) above from RM42,000,000.00 to RM40,440,000.00.

As at 31 December 2009 (unaudited), the Group has material commitments for capital expenditure of RM20,705,000 (contracted but not provided for) and RM24,829,000 (authorized but not contracted for), amounting to a total of RM45,534,000.

RECURRENT RELATED PARTY TRANSACTION OF A REVENUE NATURE

At an Annual General Meeting (“AGM”) held on 11 June 2009, the Company obtained a shareholders’ mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature which are necessary for its day-to-day operations and are in the ordinary course of business with related parties. The said general mandate took effect from 11 June 2009 until the conclusion of the forthcoming Annual General Meeting of the Group. The disclosure of the recurrent related party transactions conducted during the financial period ended 31 December 2009 is set out on pages 136 to 137 and 147 to 149 of the Annual Report.

RECURRENT RELATED PARTY TRANSACTION OF A REVENUE NATURE (CONT.)

The Group intends to seek a renewal of the said general mandate and a proposed extension of scope of the shareholders mandate to apply to recurrent related party transactions of a revenue or trading nature with new related parties at the forthcoming Annual General Meeting of the Group. The details of the new mandate to be sought are furnished in the Circular to Shareholders dated 18 May 2010.

SHARE BUY-BACK

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

As at 31 December 2009, 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 2009, the Group has paid a sum of RM376,000 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.

MUSYARAKAH COMMERCIAL PAPER AND MUSYARAKAH MEDIUM TERM NOTES (collectively Sukuk)

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

UTILISATION OF SUKUK PROCEEDS

	Amount (RM'000)	Utilised	Balance as at 31/12/09 (RM'000)
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

WARRANTS EXERCISED DURING THE YEAR

	Balance as at 1/1/09 RM'000	Exercised RM'000	Lapsed RM'000	Balance as at 31/12/09 RM'000
Warrant B	57,221	96	-	57,125

Directors' Report

for the year ended 31 December 2009

The Directors of Chemical Company of Malaysia Berhad present their forty-eighth annual report together with the audited financial statements of the Group and of the Company for the year ended 31 December 2009. This report and the financial statements will be presented to the shareholders at the Annual General Meeting to be held on 9 June 2010.

PRINCIPAL ACTIVITIES

Chemical Company of Malaysia Berhad is an investment holding and management company with subsidiaries engaged in the manufacturing, marketing and supply of fertilizers, chemicals and pharmaceuticals 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

	Group RM'000	Company RM'000
Profit attributable to:		
Shareholders of the Company	(5,820)	8,765
Minority interest	10,888	-
	5,068	8,765

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 1.80 sen per ordinary share less tax at 25% totalling RM5,398,128.43 (1.35 sen net per ordinary share) and final tax exempt dividend of 4.85 sen per ordinary share totalling RM19,393,276.20, in respect of the financial year ended 31 December 2008 on 23 July 2009.

The final ordinary dividends recommended by the Directors in respect of the financial year ended 31 December 2009 is 8.0 sen per ordinary share, tax exempt dividend which if approved, will be paid on 9 July 2010 to shareholders registered at the close of business on 23 June 2010.

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
 E. Sreesanthan
 Dato' Kalsom binti Abdul Rahman
 Abdul Rahim bin Abdul Hamid
 Tan Sri Dato' Dr Abu Bakar bin Suleiman
 Datuk Dr Saharan bin Haji Anang
 Dato' Mohd Nizam bin Zainordin (appointed on 11.05.2009)
 Datin Paduka Jamiah binti Abdul Hamid (resigned on 05.05.2009)
 Dato' N. Sadasivan (resigned on 31.12.2009)

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.50 each			At 31.12.2009
	At 1.1.2009	Bought	Sold	
Dato' Dr Mohamad Hashim bin Ahmad Tajudin				
Interest in CCM Duopharma Biotech Berhad				
- Own	15,000	-	-	15,000
Tan Sri Dato' Dr Abu Bakar bin Suleiman				
Interest in CCM Duopharma Biotech Berhad				
- Own	286,400	-	-	286,400
- Others*	11,000	2,000	-	13,000

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

None of the other Directors holding office at 31 December 2009 had any interest in the ordinary shares of the Company and of its related companies during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 96,516 ordinary shares of RM1 each at par for cash arising from conversion of 96,516 Warrants-B on the basis of one ordinary share 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.

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 ordinary 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.

The Board of Directors of CCM has on 24 December 2009 fully redeemed the Bonds and fully settled the final interest payment for the Bonds in accordance with the terms and conditions of the Trust Deed dated 21 November 2002 relating to the issuance of the Bonds.

Pursuant to the terms and conditions of the Deed Poll dated 22 November 2002 constituting Warrants-B, Warrants-B may be exercised at any time within ten (10) years commencing on the issue date and ending on 26 December 2012.

TREASURY SHARES

There were no changes in treasury shares during the year.

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.

OTHER STATUTORY INFORMATION (CONT.)

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

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

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

In the opinion of the Directors, except for allowance for doubtful debts of RM15,835,000, allowance for impairment loss on goodwill of RM17,480,000, write-down of inventories of RM9,584,000 and net foreign exchange gain of RM8,842,000 as disclosed in Note 21 to the financial statements, the result of the operations of the Group and of the Company for the financial year ended 31 December 2009 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.

IMMEDIATE AND ULTIMATE HOLDING COMPANY

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

AUDITORS

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

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

Tan Sri Ab. Rahman bin Omar

Dato' Dr Mohamad Hashim bin Ahmad Tajudin

Kuala Lumpur,

31 March 2010

Statement by Directors

Pursuant to Section 169 (15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 73 to 138 are drawn up in accordance with the Financial Reporting Standards and 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 2009 and of their financial performance and cash flows for the year ended.

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

Tan Sri Ab. Rahman bin Omar

Dato' Dr Mohamad Hashim bin Ahmad Tajudin

Kuala Lumpur,

31 March 2010

Independent auditors' report

to the members of Chemical Company of Malaysia Berhad
(Company No. 5136-T)
(Incorporated in Malaysia)

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 2009 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 73 to 138.

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 judgment, 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 2009 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

Petaling Jaya,

31 March 2010

Mohamed Raslan Abdul Rahman

Approval Number: 1825/05/11(J/PH)
Chartered Accountant

Balance Sheets

at 31 December 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000 Restated
Assets					
Property, plant and equipment	3	451,062	388,540	19,801	20,392
Intangible assets	4	314,636	234,054	63	63
Prepaid lease payments	5	122,961	129,308	-	-
Investment properties	6	47,667	72,724	135,667	160,313
Investment in subsidiaries	7	-	-	325,401	205,408
Investment in associate	8	8,361	7,196	-	-
Other investments	9	6,978	7,073	-	-
Development expenditure	10	-	-	-	-
Deferred tax assets	11	1,706	4,324	-	-
Receivables	12	-	-	760,436	668,925
Total non-current assets		953,371	843,219	1,241,368	1,055,101
Receivables, deposits and prepayments	12	370,131	569,901	24,021	203,059
Inventories	13	377,442	514,455	-	-
Current tax assets		62,187	31,865	42,725	16,640
Assets classified as held for sale	14	38,117	8,131	27,357	-
Cash and cash equivalents	15	227,342	155,483	123,408	85,846
Total current assets		1,075,219	1,279,835	217,511	305,545
Total assets		2,028,590	2,123,054	1,458,879	1,360,646
Equity					
Share capital	16	402,946	402,849	402,946	402,849
Reserves	16	33,134	30,046	17,272	17,234
Retained earnings	16	284,389	314,621	246,040	262,066
Total equity attributable to equity holders of the Company		720,469	747,516	666,258	682,149
Minority interest		115,660	111,075	-	-
Total equity		836,129	858,591	666,258	682,149

	Note	Group 2009 RM'000	2008 RM'000	Company 2009 RM'000	2008 RM'000
Liabilities					
Loans and borrowings	17	460,890	187,120	450,000	185,000
Deferred tax liabilities	11	15,441	33,468	2,807	18,109
Total non-current liabilities		476,331	220,588	452,807	203,109
Provisions	18	667	656	-	-
Payables and accruals	19	206,736	303,246	97,498	50,750
Current tax liabilities		41,058	14,078	37,316	4,638
Loans and borrowings	17	467,669	725,895	205,000	420,000
Total current liabilities		716,130	1,043,875	339,814	475,388
Total liabilities		1,192,461	1,264,463	792,621	678,497
Total equity and liabilities		2,028,590	2,123,054	1,458,879	1,360,646

Income Statements

for the year ended 31 December 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000 Restated
Revenue	20	1,571,809	2,165,459	29,834	59,271
Cost of goods sold		(1,366,436)	(1,865,590)	(1,069)	(1,086)
Gross profit		205,373	299,869	28,765	58,185
Other income		18,486	6,703	3,103	6,282
Distribution expenses		(41,245)	(40,524)	-	-
Administrative expenses		(82,920)	(76,984)	(8,492)	(9,499)
Other expenses		(53,834)	(47,844)	(6,437)	(2,461)
Results from operating activities		45,860	141,220	16,939	52,507
Interest income		2,444	2,740	14,777	11,313
Finance costs		(33,890)	(25,658)	(26,288)	(14,775)
Operating profit	21	14,414	118,302	5,428	49,045
Share of profit after tax and minority interest of equity accounted associate		1,165	1,966	-	-
Profit before tax		15,579	120,268	5,428	49,045
Tax expense	23	(10,511)	(34,767)	3,337	(4,638)
Profit for the year		5,068	85,501	8,765	44,407
Attributable to:					
Equity holders of the Company		(5,820)	65,026	8,765	44,407
Minority interest		10,888	20,475	-	-
Profit for the year		5,068	85,501	8,765	44,407
Basic earnings per ordinary share (sen)	24	(1.44)	16.1		
Diluted earnings per ordinary share (sen)	24	(0.89)	14.5		

The notes on pages 83 to 138 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2009

Group	Note	Attributable to equity			
		Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Translation reserve RM'000
At 1 January 2008		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)

holders of the Company

Distributable

Revaluation reserve RM'000	Other capital reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
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

Consolidated Statement of Changes in Equity (cont.)

for the year ended 31 December 2009

Group (cont.)	Note	← Attributable to equity			← Non-distributable
		Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Translation reserve RM'000
At 1 January 2009		402,849	20,221	73	(12,439)
Foreign exchange translation differences		-	-	-	3,485
Realisation of revaluation reserve on the disposal of property		-	-	-	-
Realisation of revaluation on landed property		-	-	-	-
Net gains recognised directly in equity		-	-	-	3,485
Profit for the year		-	-	-	-
Total recognised income and expense for the year		-	-	-	3,485
Issue of shares:					
Conversion of warrants		97	38	-	-
Dividends to shareholders	25	-	-	-	-
Dividends to minority interest		-	-	-	-
Acquisition of subsidiary	30	-	-	-	-
At 31 December 2009		402,946	20,259	73	(8,954)
		Note 16		Note 16	Note 16

holders of the Company

Distributable

Revaluation reserve RM'000	Other capital reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
25,045	2,982	(5,836)	314,621	747,516	111,075	858,591
(56)	-	-	-	3,429	-	3,429
(6)	-	-	6	-	-	-
(373)	-	-	373	-	-	-
(435)	-	-	379	3,429	-	3,429
-	-	-	(5,820)	(5,820)	10,888	5,068
(435)	-	-	(5,441)	(2,391)	10,888	8,497
-	-	-	-	135	-	135
-	-	-	(24,791)	(24,791)	-	(24,791)
-	-	-	-	-	(7,914)	(7,914)
-	-	-	-	-	1,611	1,611
24,610	2,982	(5,836)	284,389	720,469	115,660	836,129
Note 16	Note 16	Note 16				

Statement of Changes in Equity

for the year ended 31 December 2009

Company	Note	Non-distributable Capital				Treasury shares RM'000	Distributable Retained earnings RM'000	Total equity RM'000
		Share capital RM'000	Share premium RM'000	Share redemption reserve RM'000	Revaluation reserve RM'000			
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
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
At 1 January 2009		402,849	20,221	73	2,776	(5,836)	262,066	682,149
Profit for the year		-	-	-	-	-	8,765	8,765
Issue of shares:								
Conversion of warrants		97	38	-	-	-	-	135
Dividends to shareholders	25	-	-	-	-	-	(24,791)	(24,791)
At 31 December 2009		402,946	20,259	73	2,776	(5,836)	246,040	666,258

Cash Flow Statements

for the year ended 31 December 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash flows from operating activities					
Profit before tax		15,579	120,268	5,428	49,045
Adjustments for:					
Allowance for impairment of goodwill		17,480	-	-	-
Amortisation of prepaid lease payments		2,447	2,370	-	-
Change in fair value of investment properties		(2,300)	(5,559)	(2,300)	(3,917)
Depreciation of property, plant and equipment	3	40,719	35,655	1,312	1,210
Dividend income		-	-	(24,785)	(53,681)
Gain on disposal of property, plant and equipment		(799)	-	-	-
Gain on revaluation reserve		(56)	-	-	-
Finance costs		33,890	25,658	26,288	14,775
Interest income		(2,444)	(2,740)	(14,777)	(11,313)
Loss on disposal of property, plant and equipment		-	1	-	-
Share of profit of equity accounted associate		(1,165)	(1,966)	-	-
Write-off of property, plant and equipment		52	11,883	280	-
Operating profit/(loss) before working capital		103,403	185,570	(8,554)	(3,881)
Changes in working capital:					
Inventories		146,565	(275,398)	-	-
Payables and accruals		(103,925)	136,154	46,748	13,187
Receivables, deposits and prepayments		215,594	(232,454)	87,669	(303,445)
Cash generated from/(used in) operations		361,637	(186,128)	125,863	(294,139)
Finance costs paid		(33,890)	(25,658)	(26,288)	(14,775)
Interest received		2,444	2,740	14,777	11,313
Income taxes paid		(29,262)	(47,405)	(772)	(3,588)
Net cash from/(used in) operating activities		300,929	(256,451)	113,580	(301,189)
Cash flows from investing activities					
Acquisition of prepaid lease payments		(411)	(8,699)	-	-
Acquisition of investment properties		-	(368)	(411)	(183)
Acquisition of property, plant and equipment	3	(105,128)	(128,860)	(1,001)	(2,513)
Acquisition of subsidiaries, net of cash and cash equivalent acquired	30	(119,285)	(33,734)	(119,285)	(43,033)
Dividends received from subsidiaries		-	-	20,185	53,681
Increase in investment in subsidiaries		-	-	(850)	-
Proceeds from disposal of property, plant and equipment		4,016	233	-	-
Proceeds from disposal of asset held for sale		8,131	-	-	-
Proceeds from disposal of commercial papers		-	92	-	92
Net cash (used in)/from investing activities		(212,677)	(171,336)	(101,362)	8,044

Cash Flow Statements (cont.)

for the year ended 31 December 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash flows from financing activities					
Dividends paid to minority shareholders		(7,914)	(10,009)	-	-
Dividends paid to shareholders of the Company	25	(24,791)	(53,254)	(24,791)	(53,254)
Proceeds from loans and borrowings		450,000	643,015	50,000	335,000
Proceeds from exercise of warrants		135	389	135	389
Repayment of loans and borrowings		(436,434)	(190,361)	-	(20,000)
Deposits pledged with banks		(522)	-	-	-
Net cash (used in)/from financing activities		(19,526)	389,780	25,344	262,135
Exchange difference on translation of the financial statements of foreign operations					
		2,611	-	-	-
Net increase/(decrease) in cash and cash equivalents					
		71,337	(38,007)	37,562	(31,010)
Cash and cash equivalents at 1 January	(i)	155,483	193,490	85,846	116,856
Cash and cash equivalents at 31 December	(i)	226,820	155,483	123,408	85,846

Cash and cash equivalents

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

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash and bank balances	69,527	49,604	1,987	2,366
Deposits with licensed banks (excluding deposits pledged)	157,293	105,879	121,421	83,480
	226,820	155,483	123,408	85,846

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 2009 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 2009 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 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 immediate and ultimate holding company is Permodalan Nasional Berhad ("PNB"), a company incorporated in Malaysia.

The financial statements were approved by the Board of Directors on 31st March 2010.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and 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 has not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the Group:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2009

- FRS 8, *Operating Segments*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010

- FRS 4, *Insurance Contracts*
- FRS 7, *Financial Instruments: Disclosures*
- FRS 101, *Presentation of Financial Statements* (revised)
- FRS 123, *Borrowing Costs* (revised)
- FRS 139, *Financial Instruments: Recognition and Measurement*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards* and FRS 127, *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 2, *Share-based Payment: Vesting Conditions and Cancellations*
- Amendments to FRS 132, *Financial Instruments: Presentation* and FRS 101, *Presentation of Financial Statements*
 - *Puttable Financial Instruments and Obligation Arising on Liquidation*
 - *Separation of Compound Instruments*

1. BASIS OF PREPARATION (CONT.)

(a) Statement of compliance (cont.)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010 (cont.)

- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement*, FRS 7, *Financial Instruments: Disclosures* and IC Interpretation 9, *Reassessment of Embedded Derivatives*
- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement*
- Improvements to FRSs (2009)
- IC Interpretation 9, *Reassessment of Embedded Derivatives*
- IC Interpretation 10, *Interim Financial Reporting and Impairment*
- IC Interpretation 11, *FRS 2 - Group and Treasury Share Transactions*
- IC Interpretation 13, *Customer Loyalty Programmes*
- IC Interpretation 14, *FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132, *Financial Instruments: Presentation - Classification of Rights Issues*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 15, *Agreements for the Construction of Real Estate*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distribution of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
- Amendments to FRS 7, *Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments*

The Group and the Company plans to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning 1 January 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, except for FRS 4, Amendments to FRS 2, IC Interpretation 10, IC Interpretation 13 and IC Interpretation 14 which are not applicable to the Company; and
- from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011, except for Amendments to FRS 2, IC Interpretation 12, IC Interpretation 15, IC Interpretation 16 and IC Interpretation 17 which are not applicable to the Company.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

1. BASIS OF PREPARATION (CONT.)

(a) Statement of compliance (cont.)

The impacts and disclosures as required by FRS 108.30(b), *Accounting Policies, Changes in Accounting Estimates and Errors*, in respect of applying FRS 7 and FRS 139 are not disclosed by virtue of the exemptions given in these respective FRSs.

Material impact of initial application of a standard, an amendment or an interpretation, which will be applied retrospectively, is disclosed below:

FRS 117, Leases

The amendments clarify the classification of lease of land and require entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease. Leasehold land which in substance is a finance lease will be reclassified to property, plant and equipment.

(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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

- Note 4 - measurement of the recoverable amounts of cash-generating units
- Note 2(f)(iii) and Note 6 - valuation of investment properties

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 the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, 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 or loss of the equity accounted associates, after adjustments if any, 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 statements.

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 Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition method of accounting is applied.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(a) Basis of consolidation (cont.)

(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 transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(b) Foreign currency (cont.)

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(c) Property, plant and equipment (cont.)

(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.

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

• Freehold building	50 years
• 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 a finance expense and a 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(d) Leased assets (cont.)

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of 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 on 24 November 2005 and the Group has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provision in FRS 117.67A when it first adopted FRS 117, Leases in 2007.

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

(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 from 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 the 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, they are carried at cost and tested for impairment annually and whenever there is an indication that they may be impaired.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(e) Intangible assets (cont.)

(iv) *Research and development*

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

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statements as an expense as incurred. Capitalised development expenditure is stated at cost less any accumulated amortisation and any impairment losses.

Capitalised development expenditure is amortised and recognised as an expense on a systematic basis so as to reflect the pattern in which the related economic benefits are recognised over years.

(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 whenever there is an indication that they may be impaired.

(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 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(f) Investment property (cont.)

(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 is then applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, where appropriate: the type 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 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, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and 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 of 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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

(j) 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 profit 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 prepayments 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 pledged deposits.

(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. 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.

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"). 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(l) Impairment of assets (cont.)

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 the 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(r) Revenue recognition

(i) Goods sold

Revenue from the sale of goods is measured at the 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 statements 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 the 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 contract plus any variations in contract work, claims and incentive 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.

(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 it accrues, using the effective interest method.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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

3. PROPERTY, PLANT AND EQUIPMENT

Group	Plant, machinery and equipment						
Cost/Valuation	Freehold land RM'000	Freehold buildings RM'000	Long term leasehold buildings RM'000	Short term leasehold buildings RM'000	Under construction RM'000	Total RM'000	
At 1 January 2008	32,985	37,060	53,371	367	479,517	58,684	661,984
Additions	480	4,929	174	-	102,466	20,811	128,860
Acquisition through business combination	-	-	4,902	-	2,357	-	7,259
Reclassification	-	464	54,765	-	10,404	(65,633)	-
Disposals	-	-	-	-	(1,460)	-	(1,460)
Write-off	-	-	-	-	(58,768)	-	(58,768)
At 31 December 2008/ 1 January 2009	33,465	42,453	113,212	367	534,516	13,862	737,875
Additions	1	3,699	1,358	619	62,208	37,243	105,128
Acquisition through business combination	-	-	-	-	4,557	-	4,557
Reclassification	-	2,388	-	-	31,088	(33,476)	-
Transfer to assets held for sale	(1,001)	-	(350)	-	(1,850)	-	(3,201)
Disposals	-	-	-	-	(19,337)	-	(19,337)
Write-off	-	-	-	-	(75)	-	(75)
At 31 December 2009	32,465	48,540	114,220	986	611,107	17,629	824,947
Depreciation							
At 1 January 2008	-	1,310	3,160	249	357,072	-	361,791
Depreciation for the year	-	1,186	2,563	26	31,880	-	35,655
Disposals	-	-	-	-	(1,226)	-	(1,226)
Write-off	-	-	-	-	(46,885)	-	(46,885)
At 31 December 2008/ 1 January 2009	-	2,496	5,723	275	340,841	-	349,335
Depreciation for the year	-	1,911	3,951	43	34,814	-	40,719
Transfer to assets held for sale	-	-	(26)	-	-	-	(26)
Disposals	-	-	-	-	(16,120)	-	(16,120)
Write-off	-	-	-	-	(23)	-	(23)
At 31 December 2009	-	4,407	9,648	318	359,512	-	373,885

3. PROPERTY, PLANT AND EQUIPMENT (CONT.)

Group	Freehold land RM'000	Freehold buildings RM'000	Long term leasehold buildings RM'000	Short term leasehold buildings RM'000	Plant, machinery and equipment RM'000	Under construction RM'000	Total RM'000
Carrying amounts							
At 1 January 2008	32,985	35,750	50,211	118	122,445	58,684	300,193
At 31 December 2008/ 1 January 2009	33,465	39,957	107,489	92	193,675	13,862	388,540
At 31 December 2009	32,465	44,133	104,572	668	251,595	17,629	451,062
Company							
			Freehold land RM'000	Freehold buildings RM'000	Plant, machinery and equipment RM'000		Total RM'000
Cost/Valuation							
At 1 January 2008			15,400	623	6,861		22,884
Additions			-	-	2,513		2,513
Disposals			-	-	(2)		(2)
At 31 December 2008/1 January 2009			15,400	623	9,372		25,395
Additions			-	-	1,001		1,001
Write-off			-	-	(600)		(600)
At 31 December 2009			15,400	623	9,773		25,796
Depreciation							
At 1 January 2008			-	24	3,771		3,795
Depreciation for the year			-	12	1,198		1,210
Disposals			-	-	(2)		(2)
At 31 December 2008/1 January 2009			-	36	4,967		5,003
Depreciation for the year			-	12	1,300		1,312
Write-off			-	-	(320)		(320)
At 31 December 2009			-	48	5,947		5,995

3. PROPERTY, PLANT AND EQUIPMENT (CONT.)

Company	Freehold land RM'000	Freehold buildings RM'000	Plant, machinery and equipment RM'000	Total RM'000
Carrying amounts				
At 1 January 2008	15,400	599	3,090	19,089
At 31 December 2008/1 January 2009	15,400	587	4,405	20,392
At 31 December 2009	15,400	575	3,826	19,801

Property, plant and equipment under construction

During the year ended 31 December 2009, the Group incurred the following:

- (i) construction of a new building and installation of new plants and machinery for manufacturing of a wide range of fertilizers; costs incurred up to the balance sheet date totalled Nil (2008 - RM8,679,000).
- (ii) installation of new plant and machinery for manufacturing of a wide range of pharmaceutical products; costs incurred up to the balance sheet date totalled RM17,629,000 (2008 - RM5,183,000).

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:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Freehold land and buildings	74,639	75,853	2,928	2,887

4. INTANGIBLE ASSETS

Group	Goodwill RM'000	Marketing rights RM'000	Trademark RM'000	Brands RM'000	Total RM'000
Cost					
At 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 2008/1 January 2009	212,638	17,353	63	4,000	234,054
Acquisition through business combinations	98,292	-	-	-	98,292
Effect of movement in exchange rates	-	(230)	-	-	(230)
At 31 December 2009	310,930	17,123	63	4,000	332,116
Amortisation and impairment loss					
At 1 January 2008/					
At 31 December 2008/1 January 2009	-	-	-	-	-
Allowance for impairment loss	(17,480)	-	-	-	(17,480)
At 31 December 2009	(17,480)	-	-	-	(17,480)
Carrying amounts					
At 1 January 2008	191,158	16,971	63	4,000	212,192
At 31 December 2008/1 January 2009	212,638	17,353	63	4,000	234,054
At 31 December 2009	293,450	17,123	63	4,000	314,636
Company					
				Trademark RM'000	
Cost					
At 1 January 2008/ At 31 December 2008/1 January 2009/ At 31 December 2009					63
Amortisation and impairment losses					
At 1 January 2008/ At 31 December 2008/1 January 2009/ At 31 December 2009					-
Carrying amount					
At 1 January 2008/ At 31 December 2008/1 January 2009/ At 31 December 2009					63

4. INTANGIBLE ASSETS (CONT.)

4.1 Material intangible assets

Goodwill

The carrying amount of the goodwill of subsidiaries in the pharmaceutical and chemical segments, arising from acquisition through business combination, were assessed for impairment during the year.

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 the 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 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

Amortisation and impairment is allocated and recognised in the income statement as amortisation cost and impairment loss.

4.3 Impairment testing for cash-generating units containing goodwill and marketing rights

The recoverable amount of the goodwill arising from consolidations and marketing rights were based on value in use of the investment in the respective subsidiaries ("the subsidiaries") and the operations of the products related to the marketing rights, 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 based on the following key assumptions:

- a) Cash flows were projected based on past experience, actual operating results and 10 years projection. Management believes that these 10 years forecast period was justified due to the long term nature of the business.
- b) Revenue was projected in accordance with the Group budget. The anticipated annual revenue growth included in the cash flow projection was 5 to 10 percent per annum.
- c) The gross profit estimate for the marketing rights was based on statistical analysis on the Asian population.
- d) A pre-tax discount rate of 5.5 percent was applied in determining the recoverable amount. The discount was estimated based on the Group weighted average cost of capital ("WACC").

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.

5. PREPAID LEASE PAYMENTS

Group	Unexpired period less than 50 years RM'000	Unexpired period more than 50 years RM'000	Total RM'000
Cost/Valuation			
At 1 January 2008	32,978	86,083	119,061
Additions	-	8,699	8,699
Acquisition through business combination	-	7,585	7,585
Effect of movements in exchange rates	(893)	-	(893)
At 31 December 2008/1 January 2009	32,085	102,367	134,452
Additions	-	411	411
Acquisition through business combination	-	2,075	2,075
Transfer to assets held for sale	-	(8,000)	(8,000)
Effect of movements in exchange rates	1,199	-	1,199
At 31 December 2009	33,284	96,853	130,137
Amortisation			
At 1 January 2008	1,392	1,382	2,774
Amortisation for the year	851	1,519	2,370
At 31 December 2008/1 January 2009	2,243	2,901	5,144
Transfer to assets held for sale	-	(415)	(415)
Amortisation for the year	911	1,536	2,447
At 31 December 2009	3,154	4,022	7,176
Carrying amounts			
At 1 January 2008	31,586	84,701	116,287
At 31 December 2008/1 January 2009	29,842	99,466	129,308
At 31 December 2009	30,130	92,831	122,961

6. INVESTMENT PROPERTIES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At 1 January	72,724	74,928	160,313	156,213
Additions	-	368	411	183
Transfer to assets held for sale	(27,357)	(8,131)	(27,357)	-
Change in fair value	2,300	5,559	2,300	3,917
At 31 December	47,667	72,724	135,667	160,313
Included in the above are:				
Freehold land	24,963	22,846	27,432	25,132
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	17,845	45,102	93,702	121,059
Buildings	1,659	1,576	14,533	14,122
At 31 December	47,667	72,724	135,667	160,313

All the investment properties are determined based on market values.

The fair value of the investment properties are determined by an external independent valuation company by reference to market indication of recent price of similar property within the adjacent location.

Investment properties of the Group and of the Company comprise a number of commercial properties that are leased to third party and subsidiaries.

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	4.15% - 4.94%
Residential house	0.8%

7. INVESTMENT IN SUBSIDIARIES

	Company	
	2009 RM'000	2008 RM'000
At cost:		
Unquoted shares	329,601	209,608
Less: Impairment loss	(4,200)	(4,200)
	325,401	205,408

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest	
			2009 %	2008 %
CCM Fertilizers Sdn. Bhd. and its subsidiaries:	Malaysia	Manufacture and marketing of fertilizers	50.1	50.1
Max Agriculture Sdn. Bhd.	Malaysia	Dormant	50.1	50.1
CCMF Agronomic and Technical Services Sdn. Bhd.*	Malaysia	Dormant	50.1	50.1
CCM Chemicals Sdn. Bhd. and its subsidiaries:	Malaysia	Manufacture and marketing of chlor-alkali products and coagulant products and marketing of industrial and specialty chemicals	80.0	80.0
CCM Watercare Sdn. Bhd.	Malaysia	Marketing of water treatment products	80.0	80.0
CCM Singapore Pte. Ltd.*	Singapore	Marketing of chlor-alkali products and chemicals	80.0	80.0
CCM Chemtrans Sdn. Bhd.	Malaysia	Dormant	80.0	80.0
CCM Chemtrade Sdn. Bhd.	Malaysia	Dormant	80.0	80.0
PT CCM Indonesia*	Indonesia	Marketing of chemicals	80.0	80.0

7. INVESTMENT IN SUBSIDIARIES (CONT.)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest	
			2009 %	2008 %
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	Manufacturing and marketing of fertilizers	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 pharmaceutical products	100.0	100.0
P.T. CCM AgriPharma*	Indonesia	Importing and trading of fertilizers and pharmaceutical 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 and trading and marketing of pharmaceutical products	100.0	100.0
CCM Duopharma Biotech Berhad and its subsidiary:	Malaysia	Investment holding	73.7	73.7
Duopharma (M) Sendirian Berhad	Malaysia	Manufacturing, distributing, importing and exporting of pharmaceutical products and medicines	73.7	73.7
Euphorex Corporation Sdn. Bhd.	Malaysia	Dormant	100.0	100.0

7. INVESTMENT IN SUBSIDIARIES (CONT.)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest	
			2009 %	2008 %
Liberal Wira Sdn. Bhd.	Malaysia	Dormant	100.0	100.0
Usaha Progresif Sdn. Bhd.	Malaysia	Dormant	100.0	100.0
Upha Pharmaceutical Manufacturing (M) Sdn. Bhd.	Malaysia	Manufacturing of pharmaceutical products and sales of medicines	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. and its subsidiary:	Malaysia	Marketing of chlor-alkali and chemical products	100.0	100.0
CCM Water Systems Sdn. Bhd.*	Malaysia	Designing, manufacturing, installing, commissioning and providing maintenance services for water purification and waste water treatment plant systems and sale of its related products.	98.4	95.7
CCM Investments Limited** and its subsidiary:	British Virgin Islands	Investment holding	100.0	100.0

7. INVESTMENT IN SUBSIDIARIES (CONT.)

Details of the subsidiaries are as follows: (cont.)

Name of subsidiaries	Note	Country of incorporation	Principal activities	Effective ownership interest	
				2009 %	2008 %
CCM International (Philippines), Inc.*		Republic of Philippines	Distribution, importing and exporting of pharmaceutical, chemical and fertilizer products	99.9	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
Innovative Polymer Systems Sdn. Bhd.	30	Malaysia	Manufacturing of hydrogel coating products.	93.06	-
Innovative Resins Sdn. Bhd.	30	Malaysia	Investment holding	93.06	-
Delta Polymer Systems Sdn. Bhd.	30	Malaysia	Manufacturing and trading of coating products.	93.05	-

* Not audited by KPMG

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

Pursuant to the Shareholders' Agreement between CCM, CCM Usaha Kimia (M) Sdn. Bhd., Mr Lai Wai Kun and Mr Aloysius Lai Min Yun dated 17 April 2008, the Company on 20 July 2009 had acquired 281,250 ordinary shares of RM1.00 each in CCM Water Systems Sdn. Bhd. from Mr Lai Wai Kun for RM1,125,294.00 satisfied in cash.

8. INVESTMENT IN ASSOCIATE

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At cost:				
Unquoted shares	1,408	1,408	-	-
Share of post acquisition reserves	6,953	5,788	-	-
	8,361	7,196	-	-

8. INVESTMENT IN ASSOCIATE (CONT.)

Group	Country of incorporation	Effective ownership interest	Revenue (100%) RM'000	Profit/ (Loss) (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
2009						
Orica-CCM						
Energy Systems Sdn. Bhd.	Malaysia	45.0%	31,642	2,588	23,209	4,911
2008						
Orica-CCM						
Energy Systems Sdn. Bhd.	Malaysia	45.0%	29,968	5,905	23,370	7,537

9. OTHER INVESTMENTS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Non-current				
At cost:				
Quoted shares - outside Malaysia	6,978	7,073	-	-
Market value:				
Quoted shares - outside Malaysia	33,101	25,894	-	-

Details of disposed investments stated at cost are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Proceeds from disposal	-	92	-	92
Carrying amount of investments disposed	-	(92)	-	(92)
Gain on disposal of investments	-	-	-	-

10. DEVELOPMENT EXPENDITURE

	Group and Company	
	2009	2008
	RM'000	RM'000
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:

	Assets		Liabilities		Net	
	2009	2008	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Property, plant and equipment	-	-	24,264	27,700	24,264	27,700
Provisions	(5,347)	(3,123)	11	9,571	(5,336)	6,448
Other temporary difference	(3,825)	(2,533)	463	1,311	(3,362)	(1,222)
Tax loss carried forward	(1,831)	(1,206)	-	(2,576)	(1,831)	(3,782)
Tax (assets)/liabilities	(11,003)	(6,862)	24,738	36,006	13,735	29,144
Set off	9,297	2,538	(9,297)	(2,538)	-	-
Net tax (assets)/liabilities	(1,706)	(4,324)	15,441	33,468	13,735	29,144
Company						
Property, plant and equipment	2,807	-	-	3,109	2,807	3,109
Provisions	-	(392)	-	-	-	(392)
Other temporary difference	-	-	-	15,392	-	15,392
Net tax (assets)/liabilities	2,807	(392)	-	18,501	2,807	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:

	2009	Group
	RM'000	2008
		RM'000
Tax losses carried forward	(16,276)	(15,068)
Other deductible temporary differences	3,895	4,145
	(12,381)	(10,923)

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 RM16,276,000 and RM300,000 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

	At	Recognised	At	Recognised	At
	1.1.2008	in income	31.12.2008	in income	31.12.2009
	RM'000	statement	RM'000	statement	RM'000
		(Note 23)		(Note 23)	
		RM'000		RM'000	
Group					
Property, plant and equipment	39,220	(11,520)	27,700	(3,436)	24,264
Provisions	(2,662)	9,110	6,448	(11,784)	(5,336)
Other items	868	(2,090)	(1,222)	(2,140)	(3,362)
Tax loss carried-forward	(1,087)	(2,695)	(3,782)	1,951	(1,831)
	36,339	(7,195)	29,144	(15,409)	13,735
Company					
Property, plant and equipment	17,261	(14,152)	3,109	(302)	2,807
Provisions	(577)	185	(392)	392	-
Other items	1,425	13,967	15,392	(15,392)	-
	18,109	-	18,109	(15,302)	2,807

11. DEFERRED TAX ASSETS AND LIABILITIES (CONT.)**Movements in unrecognised deferred tax assets during the year**

Group	At	Additions	At	Additions	At
	1.1.2008		31.12.2008		31.12.2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Tax losses carried forward	(24,060)	8,992	(15,068)	(1,208)	(16,276)
Other deductible temporary differences	(4,770)	8,915	4,145	(250)	3,895
	(28,830)	17,907	(10,923)	(1,458)	(12,381)

12. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group		Company	
		2009	2008	2009	2008
		RM'000	RM'000	RM'000	RM'000
					Restated
Current					
Trade					
Trade receivables	a	353,641	417,296	-	-
Less: Allowance for doubtful debts	b	(23,909)	(8,950)	-	-
		329,732	408,346	-	-
Progress billings receivables	c	3,344	7,717	-	-
Amount due from associate	d	-	36	-	36
		333,076	416,099	-	36
Non-trade					
Amount due from subsidiaries	e	-	-	21,850	79,543
Amount due from associate	e	136	114	17	-
Deposits		2,881	2,250	234	123,328
Other receivables		18,318	146,331	340	72
Prepayments		15,720	5,107	1,580	80
		37,055	153,802	24,021	203,023
Total current		370,131	569,901	24,021	203,059
Non-current					
Non-trade					
Amount due from subsidiaries	e	-	-	760,436	668,925
Total non-current		-	-	760,436	668,925

12. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT.)**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:

Functional currency	Foreign currency	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
RM	USD	31,402	45,199	-	-
RM	SGD	5,224	13,079	-	-
RM	HKD	600	389	-	-
RM	INR	119	260	-	-
RM	BHT	-	1,449	-	-
BHT	USD	552	2,015	-	-
BHT	RM	4,219	1,452	-	-

Note b

The Group's bad debts amounting to RM673,000 (2008 : RM3,928,000) were written off against allowance for doubtful debts.

Note c***Construction work in progress***

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Aggregate costs incurred to date		67,997	83,883	-	-
Add: Attributable profits less foreseeable loss		2,399	7,365	-	-
		70,396	91,248	-	-
Less: Progress billings		(69,482)	(84,301)	-	-
		914	6,947	-	-
Amount due from contract customers		3,344	7,717	-	-
Amount due to contract customers	19	(2,430)	(770)	-	-
		914	6,947	-	-

Note d

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

12. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT.)**Note e**

The non-trade receivables due from subsidiaries and associate are unsecured and interest bearing ranging from 4.19% to 4.30% (2008: 4.08% to 4.77%) and repayable on demand.

13. INVENTORIES

	Group	
	2009	2008
	RM'000	RM'000
Raw materials	79,878	73,147
Work-in-progress	8,799	5,505
Finished goods	250,922	420,044
Spares and consumables	37,843	15,759
	377,442	514,455

In 2009, the write-down of inventories to net realisable value amounted to RM9,584,000 (2008 : RM57,655,000) and write-off of inventories amounted to RM2,620,000 (2008 : RM8,473,000). The write-down and write-off are included in cost of sales.

14. ASSETS CLASSIFIED AS HELD FOR SALE

	Group	
	2009	2008
	RM'000	RM'000
Reclassified from property, plant and equipment, prepaid lease payment and investment properties	38,117	8,131

	Company	
	2009	2008
	RM'000	RM'000
Reclassified from investment properties	27,357	-

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash and bank balances	69,527	49,604	1,987	2,366
Deposits are placed with licensed banks	157,815	105,879	121,421	83,480
	227,342	155,483	123,408	85,846

Included in deposits placed with licensed banks is RM522,000 (2008: Nil) pledged for a bank facility granted to a subsidiary.

16. CAPITAL AND RESERVES**Share capital**

	Group and Company			
	Amount 2009	Number of shares 2009 '000	Amount 2008	Number of shares 2008 '000
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	402,849	402,849	402,563	402,563
Conversion of warrants	97	97	286	286
On issue at 31 December	402,946	402,946	402,849	402,849

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 as 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 2009, the Group held 2,998,000 (2008 - 2,998,000) of the Company's shares.

Section 108 tax credit of the Company

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

Subject to agreement by the Inland Revenue Board, the Company has moved into the single tier dividend system as all its Section 108 tax credit has been fully utilised. As such, all its distributable reserves at 31 December 2009 are available to be paid out as dividends.

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.

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Non-current					
Unsecured term loan		-	35,000	-	35,000
Secured term loan		1,715	2,120	-	-
Unsecured musyarakah medium term notes	b	150,000	150,000	150,000	150,000
Unsecured 3-years term loan	c	300,000	-	300,000	-
Unsecured non-revolving credit	e	9,175	-	-	-
		460,890	187,120	450,000	185,000
Current					
Unsecured bank overdrafts		12,062	10,302	-	-
Unsecured bankers' acceptances		140,337	202,939	-	-
Unsecured revolving credits	d	266,558	205,000	170,000	185,000
Unsecured term loan		42,461	107,654	35,000	35,000
Unsecured bond issues	a	-	200,000	-	200,000
Unsecured non-revolving credit	e	6,251	-	-	-
		467,669	725,895	205,000	420,000

17. LOANS AND BORROWINGS (CONT.)

Note a - RM200 Million Nominal Amount 7 Year 3% Fixed Rate Bonds

On 24 December 2009, the Company has settled the final interest payment and has fully redeemed its RM200 million 7 year bonds in accordance with the terms of the Bond's Trust Deed dated 21 November 2002.

Note b - Unsecured Musyarakah Medium Term Notes

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

Financial Covenants

The Company shall maintain the following ratios throughout the tenure of the MMTN.

- i) The Finance to Equity Ratio of not more than 1.5 times.
- ii) The Profit/Interest Cover Ratio of at least 2 times.

Negative Covenants

The Company will not without written consent from of the Trustee first had and obtained for the followings:-

- i) Create or permit to subsist any Security Interest over any of its present of future assets, other than those permitted by the financing document and trust deed.
- ii) Reduce its authorized and/or issued shares save and except for any decrease in its issued capital resulting from purchase or cancellation of its own shares pursuant to Section 67A of the Companies Act 1965.
- iii) Add, delete, vary or amend its Memorandum or Articles of Association in a manner inconsistent of the Financing Document other than those permitted by the financing document and trust deed.
- iv) Dispose any assets in excess of 5% of the Group's net assets (as reflected in the latest consolidated annual audited financial statements) in any financial year other than those permitted by the financing document and trust deed.
- v) Not to manage and conduct business affairs of the Group in a manner consistent with the provisions and conditions of the financing document and trust deed.

Note c – Unsecured 3-years term loan

On 19 August 2009, the Company has entered into a RM300 million, 3 years unsecured term loan with Bank of Tokyo-Mitsubishi USJ (Malaysia) Berhad at the rate of 3.92% (for first RM100million) and 3.95% (for balance RM200million).

Significant covenant

The Term Loan is subject to fulfilment of the following covenants:

- i) the consolidated Total Indebtedness to Consolidated Networth Ratio shall not be exceeding 1.5 times.
- ii) the consolidated Networth shall not be less than RM750 million.
- iii) the interest Coverage Ratio of not less than 2 times.

17. LOANS AND BORROWINGS (CONT.)**Note d - Unsecured Revolving Credit Facility with AmBank (M) Berhad**

On 22 July 2009, the Company has issued an unsecured RM80 million 1 year Revolving Credit (RC) Facility with AmBank (M) Berhad at the rate of 3.32%.

Significant conditions

The RC is subject to fulfilment of the following covenants:

- i) the borrower shall maintain a gearing ratio of not more than 1.5 times during the tenure of the facility.
- ii) the borrower shall maintain at least 2.0 times Earning Before Interest Income Tax and Depreciation during the tenure of the facility.

Note e - Unsecured non-revolving loan

On 10 July 2009, a subsidiary has received an unsecured non-revolving loan facility of RM25 million from The Bank of Nova Scotia Berhad. During the year, the subsidiary has utilised RM15,426,000 (2008:Nil) of the said loan.

Significant covenants

The unsecured non-revolving loan is subject to fulfilment of the following significant covenants:

- i) not to pledge any of its assets, present and future, without the prior written consent of the Bank;
- ii) remain a subsidiary of Chemical Company of Malaysia Berhad;
- iii) cross default to other indebtedness of the Company and its subsidiaries;
- iv) the total liabilities to tangible net worth ratio does not exceed 1.75; and
- v) the debt service cover ratio is at least 2.0 times.

17. LOANS AND BORROWINGS (CONT.)**Terms and debt repayment schedule**

Group 2009	Year of maturity	Carrying amount RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Unsecured 3-years term loan	2012	300,000	-	-	300,000	-
Unsecured Musyarakah medium term note	2011	150,000	-	150,000	-	-
Secured term loan	2013	1,715	-	-	1,715	-
Unsecured term loan	2010	42,461	42,461	-	-	-
Unsecured bank overdrafts	2010	12,062	12,062	-	-	-
Unsecured bankers' acceptance	2010	140,337	140,337	-	-	-
Unsecured revolving credits	2010	266,558	266,558	-	-	-
Unsecured non-revolving loan	2013	15,426	6,251	8,334	841	-
		928,559	467,669	158,334	302,556	-
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	-

17. LOANS AND BORROWINGS (CONT.)**Terms and debt repayment schedule**

Company 2009	Year of maturity	Carrying amount RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Unsecured 3-years term loan	2012	300,000	-	-	300,000	-
Unsecured Musyarakah medium term notes	2011	150,000	-	150,000	-	-
Unsecured term loan	2010	35,000	35,000	-	-	-
Unsecured revolving credit	2010	170,000	170,000	-	-	-
		655,000	205,000	150,000	300,000	-

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	-

18. PROVISIONS

Warranties	Group 2009 RM'000	2008 RM'000
At 1 January 2009	656	24
Provision made during the year	200	1,226
Provision used during the year	(189)	(594)
At 31 December 2009	667	656

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

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade					
Trade payables	a	125,035	231,211	-	-
Amount due to contract customers	12(c)	2,430	770	-	-
		127,465	231,981	-	-
Non-trade					
Accrued expenses		36,801	28,105	9,026	8,393
Amount due to subsidiaries	b	-	-	88,472	42,281
Other payables		42,470	43,160	-	76
		79,271	71,265	97,498	50,750
		206,736	303,246	97,498	50,750

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:

Functional currency	Foreign currency	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
RM	USD	28,946	81,016	-	-
RM	SGD	777	98	-	-
RM	AUD	15	17	-	-
RM	INR	-	111	-	-
RM	Euro	131	4,609	-	-
RM	GBP	306	135	-	-
SGD	USD	-	929	-	-
BHT	USD	1,939	857	-	-
BHT	RM	3,888	2,514	-	-

Note b

The non-trade payables due to subsidiaries are unsecured, interest bearing ranging from 1.95% to 2.35% (2008 : 3.1% - 3.47%) and repayable on demand.

20. REVENUE

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000 Restated
Sales	1,547,521	2,098,953	-	-
Construction contracts	8,850	34,690	-	-
Services	10,389	30,958	-	-
Rental income from investment properties	5,049	858	5,049	4,530
Dividends	-	-	24,785	53,681
	1,571,809	2,165,459	29,834	58,211

21. OPERATING PROFIT

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Operating profit is arrived at after charging:				
Allowance for doubtful debts	15,835	1,750	-	-
Allowance for impairment loss on goodwill	17,480	-	-	-
Amortisation of prepaid lease payments	2,447	2,370	-	-
Auditors' remuneration				
- Statutory Audit				
Auditor of the Company	430	352	50	50
Other auditors	34	39	-	-
- Other services by auditor of the Company	376	341	369	341
Bad debts written off	216	248	-	-
Depreciation of property, plant and equipment	40,719	35,655	1,312	1,210
Loss on disposal of property, plant and equipment	643	1	-	-
Inter-company advances written off	-	900	-	900
Interest expense:				
- Subsidiaries	-	-	374	662
- Bank overdraft	810	824	150	184
- Revolving credits	7,417	5,341	6,748	4,100
- Bankers' acceptances	4,269	6,234	-	-
- Bond issues	5,901	6,000	5,901	6,000
- Term loans	2,779	3,660	2,610	3,660
- Unsecured 3-years term loan	10,505	-	10,505	-
- Other borrowings	2,209	3,599	-	169
Loss on damaged goods	60	22	-	-
Property, plant and equipment written off	52	11,883	280	-
Rental expenses on property leases	8,691	8,897	1,035	1,035
Rental expenses on equipment	41	142	-	-

21. OPERATING PROFIT (CONT.)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Operating profit is arrived at after charging: (cont.)				
Research and development costs expensed as incurred	5,012	4,271	-	-
Personnel expenses (including key management personnel)				
- Contribution to Employees Provident Fund	11,142	10,805	1,519	1,137
- Wages, salaries and others	83,270	87,734	7,950	7,901
Write-down of inventories	9,584	57,655	-	-
Write-off of inventories	2,620	8,473	-	-
Net foreign exchange loss	749	5,451	-	-
and after crediting:				
Allowance for doubtful debts written back	203	884	-	-
Change in fair value of investment properties	2,300	5,559	2,300	3,917
Gain on disposal of property, plant and equipment	1,442	58	-	-
Interest income:				
- Subsidiaries	-	-	12,982	9,174
- Associate	4	4	-	-
- Fixed deposits	2,300	2,294	1,795	2,139
- Others	140	442	-	-
Net foreign exchange gain	8,842	84	-	-
Rental income from property subleases	555	-	-	-

22. KEY MANAGEMENT PERSONNEL COMPENSATION

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Director				
- Fees	645	616	550	522
- Remuneration	1,090	1,199	1,090	1,199
Other short term employee benefits (including estimated monetary value of benefits-in-kind)	180	191	180	191
	1,915	2,006	1,820	1,912
Other key management personnel:				
- Remuneration	1,277	809	1,277	809
Other short term employee benefits (including estimated monetary value of benefits-in-kind)	42	32	42	32
	1,319	841	1,319	841

22. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT.)

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 include all the Directors of the Group.

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

23. TAX EXPENSE

Recognised in the income statement

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Tax expense		10,511	34,767	(3,337)	4,638
Share of tax of equity accounted associate		415	691	-	-
Total tax expense		10,926	35,458	(3,337)	4,638

Major components of tax expense include:

Current tax expense

Malaysian - current year	18,661	41,449	8,995	4,638
- prior year	1,529	513	2,970	-
Overseas - current year	1,772	-	-	-
- prior year	3,958	-	-	-
Total current tax expense	25,920	41,962	11,965	4,638

Deferred tax expense

Origination and reversal of temporary differences		(2,507)	(7,103)	(3,336)	-
Overprovision in prior years		(12,902)	(92)	(11,966)	-
Total deferred tax expense	11	(15,409)	(7,195)	(15,302)	-
Share of tax of equity accounted associate		415	691	-	-
Total tax expense		10,926	35,458	(3,337)	4,638

23. TAX EXPENSE (CONT.)**Reconciliation of effective tax rate**

	Group		Company	
	2009 %	2008 %	2009 %	2008 %
Profit before tax	100	100	100	100
Tax at Malaysian tax rate of 25% (2008 : 26%)	25	26	25	26
Non-deductible expenses	113	3	81	-
Non-taxable income	(2)	-	-	(4)
Tax exempt income	(23)	-	-	(13)
Overprovision in prior years	(48)	-	(167)	-
Change in unrecognised temporary differences	2	-	-	-
	67	29	(61)	9

The corporate tax rates are 26% for year of assessment 2008, 25% for year of assessment 2009 and 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 2009 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2009 RM'000	2008 RM'000
(Loss)/Profit for the year attributable to ordinary shareholders	(5,820)	65,026

Weighted average number of ordinary shares

	Group	
	2009 RM'000	2008 RM'000
Issued ordinary shares at 1 January	402,849	402,563
Effect of ordinary shares issued in 2009/2008	27	172
Weighted average number of ordinary shares at 31 December	402,876	402,735

24. EARNINGS PER ORDINARY SHARE (CONT.)**Basic earnings per ordinary share (cont.)**

	2009	Group	2008
	Sen		Sen
Basic earnings per ordinary share	(1.44)		16.1

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 December 2009 was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	2009	Group	2008
	RM'000		RM'000
(Loss)/Profit for the year attributable to ordinary shareholders	(5,820)		65,026
Interest expense on convertible warrants, net of tax	1,748		1,728
(Loss)/Profit attributable to ordinary shareholders (diluted)	(4,072)		66,754

Weighted average number of ordinary shares diluted

	2009	Group	2008
	RM'000		RM'000
Weighted average number of ordinary shares at 31 December	402,876		402,735
Effect of conversion of warrants	57,123		57,220
Weighted average number of ordinary shares (diluted) at 31 December	459,999		459,955

24. EARNINGS PER ORDINARY SHARE (CONT.)**Diluted earnings per ordinary share (cont.)**

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 during which the options were outstanding.

	2009	Group	2008
	Sen		Sen
Diluted earnings per ordinary share	(0.89)		14.5

25. DIVIDENDS

Dividends recognised in the current year by the Company are:

	Sen	Total	Date of
	per share	amount	payment
2009	(net of tax)		
Final 2008 ordinary	6.20	24,791	23 July 2009
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	

25. DIVIDENDS (CONT.)

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

	Sen per share
Final ordinary (tax exempt)	8.00

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 providing maintenance services for water purification and waste water treatment plant systems and sale of its related products.
Pharmaceuticals	Manufacture and marketing of pharmaceutical and healthcare products.
Others	Investment holding

26. SEGMENT REPORTING (CONT.)

Geographical segments

The Fertilizers, Chemicals and Pharmaceuticals business segments are managed on a worldwide basis, but operate 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.)

	Fertilizers		Chemicals	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Business Segments				
Total external revenue	897,181	1,405,051	430,705	529,180
Inter-segment revenue	105	758	1,314	77,364
Total segment revenue	897,286	1,405,809	432,019	606,544
Segment results	28,580	94,944	(12,658)	14,011
Finance costs				
Interest income				
Share of profit of equity accounted associate				
Tax expense				
Profit for the year				
Segment assets	649,850	923,086	384,090	423,655
Investment in associate	-	-	8,361	7,196
Total assets				
Segment liabilities	308,019	566,409	149,596	166,269
Unallocated liabilities				
Total liabilities				
Capital expenditure	65,109	69,879	16,015	27,776
Depreciation and amortisation	8,894	4,856	16,835	17,944
	Malaysia		Indonesia	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Geographical segments				
Revenue from external customers	1,213,764	1,692,846	284,123	376,471
Segment assets	1,700,245	1,770,479	240,482	266,327

Pharmaceuticals		Others		Eliminations		Consolidated	
2009	2008	2009	2008	2009	2008	2009	2008
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
242,546	229,156	1,377	2,072	-	-	1,571,809	2,165,459
128	3,544	28,457	61,991	(30,004)	(143,657)	-	-
242,674	232,700	29,834	64,063	(30,004)	(143,657)	1,571,809	2,165,459
45,566	59,104	16,881	55,039	(32,509)	(81,878)	45,860	141,220
						(33,890)	(25,658)
						2,444	2,740
						1,165	1,966
						(10,511)	(34,767)
						5,068	85,501
780,553	707,415	1,490,202	1,389,948	(1,284,466)	(1,328,246)	2,020,229	2,115,858
-	-	-	-	-	-	8,361	7,196
						2,028,590	2,123,054
526,185	519,353	165,701	99,973	(885,599)	(1,000,556)	263,902	351,448
						928,559	913,015
						1,192,461	1,264,463
22,982	79,386	1,022	2,872	-	-	105,128	179,913
13,460	11,489	3,977	3,735	-	-	43,166	38,025

Other regions		Unallocated		Consolidated	
2009	2008	2009	2008	2009	2008
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
73,922	96,142	-	-	1,571,809	2,165,459
87,865	86,248	-	-	2,028,590	2,123,054

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 ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

Investment of surplus cash is allowed only as deposits with licensed 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 fluctuating 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 instruments 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.

The interest rate risk for the Group is managed by a 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.

The excess fund placed with licensed banks and other financial institutions and corporations are for certain periods during which the interest rates are fixed. The management reviews the interest rates at regular intervals.

27. FINANCIAL INSTRUMENTS (CONT.)

Interest rate risk (continued)

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.

Group	Note	← 2009 →				← 2008 →			
		Average effective interest rate %	Total	Less than 1 year	1 - 5 years	Average effective interest rate %	Total	Less than 1 year	1 - 5 years
Floating rate instruments									
Unsecured bank overdraft	17	6.75	(12,062)	(12,062)	-	6.50	(10,302)	(10,302)	-
Unsecured bankers' acceptances	17	2.60	(140,337)	(140,337)	-	3.86	(202,939)	(202,939)	-
Unsecured revolving credits	17	2.96	(266,558)	(266,558)	-	4.14	(205,000)	(205,000)	-
Fixed rate instruments									
Deposits	15	2.00	157,815	157,815	-	3.47	105,879	105,879	-
Unsecured bonds	17	-	-	-	-	4.48	(200,000)	(200,000)	-
Secured fixed term loan	17	5.00	(1,715)	-	(1,715)	5.00	(2,120)	-	(2,120)
Unsecured fixed term loan	17	4.35	(42,461)	(42,461)	-	4.28	(142,654)	(107,654)	(35,000)
Unsecured MMTN	17	5.95	(150,000)	-	(150,000)	5.95	(150,000)	-	(150,000)
Unsecured 3-years term loan	17	3.93	(300,000)	-	(300,000)	-	-	-	-
Unsecured non-revolving loan	17	3.41	(15,426)	(6,251)	(9,175)	-	-	-	-
			(770,744)	(309,854)	(460,890)		(807,136)	(620,016)	(187,120)

27. FINANCIAL INSTRUMENTS (CONT.)

Company	Note	← 2009 →			← 2008 →				
		Average effective interest rate %	Total	Less than 1 year	1 - 5 years	Average effective interest rate %	Total	Less than 1 year	1 - 5 years
Fixed rate instruments									
Deposits	15	2.03	121,421	121,421	-	3.47	83,480	83,480	-
Unsecured bonds	17	-	-	-	-	4.48	(200,000)	(200,000)	-
Unsecured fixed term loan	17	4.35	(35,000)	(35,000)	-	4.28	(70,000)	(35,000)	(35,000)
Unsecured revolving credits	17	3.00	(170,000)	(170,000)	-	4.14	(185,000)	(185,000)	-
Unsecured MMTN	17	5.95	(150,000)	-	(150,000)	5.95	(150,000)	-	(150,000)
Unsecured 3-years term loan	17	3.93	(300,000)	-	(300,000)	-	-	-	-
			(533,579)	(83,579)	(450,000)		(521,520)	(336,520)	(185,000)

Foreign currency risk

The Group and the Company are exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are 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 2009.

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.

27. FINANCIAL INSTRUMENTS (CONT.)

Fair values (cont.)

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of similar comparable quoted market prices.

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

Group	2009 Carrying amount RM'000	2009 Fair value RM'000	2008 Carrying amount RM'000	2008 Fair value RM'000
Financial assets				
Investments in quoted shares	6,978	33,101	7,073	25,894
Financial liabilities				
Bonds	-	-	200,000	200,000
Unsecured 3-years term loan	300,000	300,000	-	-
Unsecured fixed rate term loan	628,559	631,108	713,015	714,428
	928,559	931,108	913,015	914,428
Company				
Financial liabilities				
Bonds	-	-	200,000	200,000
Unsecured 3-years term loan	300,000	300,000	-	-
Unsecured fixed rate term loan	355,000	357,550	405,000	406,413
	655,000	657,550	605,000	606,413

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 related market rate for a similar instrument at the balance sheet date.

28. CAPITAL AND OTHER COMMITMENTS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Capital expenditure commitments				
Plant and equipment				
Authorised but not contracted for	24,829	106,769	-	4,747
Contracted but not provided for	20,705	1,786	470	-
	45,534	108,555	470	4,747

29. RELATED PARTIES**Identity of related parties**

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company 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 or the Company 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 include all the Directors of the Group, and certain members of senior management of the Group.

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

The significant related party transactions of the Group and the Company, other than key management personnel compensation (see Note 22) are as follows:

Group	Transaction value year ended 31 December		Balance outstanding as at 31 December	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Sales of products to significant investors that has influence over a subsidiary	25,586	26,969	5,385	1,640
Company				
Dividend income from subsidiaries	24,785	375,359	53,681	425,628
Rental income from subsidiaries	4,144	3,677	708	613
Shared cost charged to subsidiaries	10,000	10,000	-	-
Waiver of debts to a subsidiary	-	900	-	-

29. RELATED PARTIES (CONT.)

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

Sales to significant investors that has influence over the subsidiary in the Group are based on normal trade terms. All the amounts outstanding are unsecured.

Bursa Malaysia Securities Berhad had written a letter dated 11 October 2006 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. ACQUISITIONS OF SUBSIDIARIES AND MINORITY INTEREST

On 20 January 2009, the Company acquired the following companies for an aggregate purchase consideration of RM122,733,000 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")

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

	Pre-acquisition carrying amounts RM'000	Fair value adjustments RM'000	Recognised values on acquisition RM'000
Property, plant and equipment	2,884	1,673	4,557
Prepaid lease payments	2,075	-	2,075
Receivables, deposits and prepayments	15,824	-	15,824
Inventories	9,552	-	9,552
Cash and cash equivalents	4,251	-	4,251
Payables and accruals	(7,426)	-	(7,426)
Loans and borrowings	(1,978)	-	(1,978)
Net identifiable assets and liabilities	25,182	1,673	26,855
Minority shareholders interest			(1,611)
Goodwill on acquisition			98,292
Consideration paid, satisfied in cash*			123,536
Cash acquired			(4,251)
Net cash outflow			119,285

* Inclusive of direct cost attributed to the acquisition amounting to RM803,000.

31. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation:

Company	As restated RM'000	As previously stated RM'000
Income Statement		
Revenue	59,271	4,530
Other income	6,282	61,023
Balance Sheet		
Non-current assets		
Receivables	668,925	-
Current assets		
Receivables, deposits and prepayments	203,059	871,984

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Abd Rahman bin Abdullah Thani, 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 73 to 138 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur in the Federal Territory on 31 March 2010.

Abd Rahman bin Abdullah Thani

Before me:

Commission for Oaths
Kuala Lumpur

Analysis of Shareholdings

as at 15 April 2010

Authorised Share Capital	: RM800,000,000
Issued and Paid-up Share Capital	: RM402,947,217
Class of Shares	: Ordinary Shares of RM1.00 each
Voting Rights	: One vote per ordinary share

Distribution of Shareholdings As At 15 April 2010

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	291	6.94	5,840	0.00
100 - 1,000	753	17.95	585,429	0.15
1,001 – 10,000	2,354	56.11	10,215,866	2.54
10,001 – 100,000	722	17.21	20,127,863	5.00
100,001 to less than 5% of issued shares	72	1.72	93,168,359	23.11
5% and above of issued shares	3	0.07	278,843,860	69.20
	4,195	100.0	402,947,217	100.00

Substantial Shareholders As At 15 April 2010

Names	Direct Holdings		Indirect Holdings	
	No.	%	No.	%
1. Amanahraya Trustees Berhad				
Skim Amanah Saham Bumiputera	184,985,800	45.91	-	-
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	-	-

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

List of Top Thirty (30) Shareholders as at 15 April 2010

No.	Names	Holdings	%
1.	Amanahraya Trustees Berhad -Skim Amanah Saham Bumiputera	184,985,800	45.91
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.	Amanahraya Trustees Berhad -Amanah Saham Wawasan 2020	17,089,900	4.24
6.	Amanahraya Trustees Berhad -Amanah Saham Malaysia	10,566,000	2.62
7.	Amanahraya Trustees Berhad -Amanah Saham Didik	9,449,900	2.35
8.	Lembaga Tabung Haji	8,686,800	2.16
9.	Chemical Company of Malaysia Berhad -Share Buy Back Account	2,998,000	0.74
10.	Amanahraya Trustees Berhad -Sekim Amanah Saham Nasional	2,523,900	0.63
11.	G.T.Y Holdings Sdn Bhd	2,000,000	0.50
12.	Kumpulan Wang Simpanan Pekerja	1,500,000	0.37
13.	Amanahraya Trustees Berhad -Affin Islamic Equity Fund	1,425,700	0.35
14.	Amanahraya Trustees Berhad -Public Islamic Select Treasures Fund	1,285,400	0.32
15.	Citigroup Nominees (Tempatan) Sdn Bhd -Exempt An for Prudential Fund Management Berhad	871,300	0.22
16.	Affin Nominees (Asing) Sdn Bhd -UOB Kay Hian Pte Ltd for Cheng Good Hiang	848,332	0.21

List of Top Thirty (30) Shareholders as at 15 April 2010 (cont.)

No.	Names	Holdings	%
17.	Amanahraya Trustees Berhad -Public Islamic Dividend Fund	807,300	0.20
18.	HSBC Nominees (Tempatan) Sdn Bhd -HSBC (M) Trustee Bhd for MAAKL Al-Faid (4389)	672,000	0.17
19.	RHB Capital Nominees (Tempatan) Sdn Bhd -Pledged Securities Account for Nor Hayati binti Abd Malik (1181002)	650,000	0.16
20.	Amanahraya Trustees Berhad -Dana Islamiah Affin	636,200	0.16
21.	HSBC Nominees (Asing) Sdn Bhd -Exempt An for Credit Suisse (SG BR-TST-ASING)	633,256	0.16
22.	Amanahraya Trustees Berhad -Amanah Saham Nasional 2	612,300	0.15
23.	HSBC Nominees (Tempatan) Sdn Bhd -HSBC (M) Trustee Bhd for MAAKL Al-Fauzan (5170)	611,000	0.15
24.	Lebar Daun Construction Sdn Bhd	550,000	0.14
25.	Citigroup Nominees (Asing) Sdn Bhd -CBNY for DFA Emerging Markets Small Cap Series	472,600	0.12
26.	Lee Yee Chong	422,000	0.10
27.	Malaysia Nominees (Tempatan) Sendirian Berhad Lee Foundation, States of Malaya (00-00197-000)	420,000	0.10
28.	Equity Heights Sdn Bhd	400,000	0.10
29.	Pee Yu Chi	360,000	0.09
30.	CIMSEC Nominees (Tempatan) Sdn Bhd -Pledged Securities Account for Yeoh Keat Chye (Sec 17 PJ-CL)	346,000	0.09

Analysis of Warrant Holdings

as at 15 April 2010

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 As At 15 April 2010

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	5.86	1,298	0.00
100 - 1,000	204	37.36	169,682	0.30
1,001 – 10,000	269	49.27	1,011,306	1.77
10,001 – 100,000	38	6.96	1,066,016	1.87
100,001 to less than 5% of issued shares	2	0.37	2,053,400	3.59
5% and above of issued shares	1	0.18	52,821,503	92.47
	546	100.00	57,123,205	100.00

Substantial Warrant Holders As At 15 April 2010

Names	Direct		Indirect	
	No. of Warrant-B held	%	No. of Warrant-B held	%
1. Permodalan Nasional Berhad	52,821,503	92.47	-	-
2. Yayasan Pelaburan Bumiputra ^a			52,821,503	92.47

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

List of Top Thirty (30) Warrant-B Holders as at 15 April 2010

No.	Names	Holdings	%
1.	Permodalan Nasional Berhad	52,821,503	92.47
2.	Mayban Nominees (Tempatan) Sdn Bhd -Mayban Trustees Berhad for Public Ittikal Fund (N14011970240)	1,753,400	3.07
3.	AMSEC Nominees (Tempatan) Sdn Bhd -Pledged Securities Account for Chin Chin Seong	300,000	0.53
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 Securites Account for Tong Chin Hen	50,500	0.09
9.	N Sadasivan a/ 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.	Lim Leng Chye	25,000	0.04
15.	Pretam Singh a/ Chanan Singh	25,000	0.04
16.	Citigroup Nominees (Asing) Sdn Bhd -Exempt An for Citibank NA, Singapore (Julius Baer)	25,000	0.04
17.	Tam Ley Chian	25,000	0.04
18.	HDM Nominees (Asing) Sdn Bhd -Phillip Securities Pte Ltd for Ho Poey Wee	22,000	0.04
19.	Lim Yong Keat	20,000	0.04
20.	Soon Khiat Voon	20,000	0.04

List of Top Thirty (30) Warrant-B Holders as at 15 April 2010 (cont.)

No.	Names	Holdings	%
21.	Ke-Zan Nominees (Asing) Sdn Bhd -Kim Eng Securities Pte Ltd for Lee Keow Jit	20,000	0.04
22.	HLG Nominee (Tempatan) Sdn Bhd -Bank of China Nominees (Pte) Ltd for Chow Ai Hwa	20,000	0.04
23.	Ng Su Yee	20,000	0.04
24.	Teoh Ooi King Ong	20,000	0.04
25.	Loh Yew Voon @ Lau Ah Moi	18,832	0.03
26.	Chin Moh Plantations Sdn Berhad	18,000	0.03
27.	RHB Capital Nominees (Tempatan) Sdn Bhd -Pledged Securities Account for Hoe Chien Yuan (MLK/SS)	17,000	0.03
28.	Goh Hua Sia	17,000	0.03
29.	Ang Siew Hoong	17,000	0.03
30.	Koh Pee Leong	16,000	0.03

List of Top Ten (10) Properties

as at 31 December 2009

Location	Tenure	Lease Period	Area (square metre)	Description	Approximate Age of Building	Net Book Value (RM million)	Date of Valuation
Shah Alam Works Padang Jawa, Klang, Selangor Darul Ehsan	Leasehold	99 years (1973 - 2072)	286,992	Industrial land, factory and offices	12 - 41 years	77.61	December 2009
UPHA Factory Lot 11454, 11458, 11459 Mukim of Kajang	Leasehold	99 years (1987 - 2086)	22,099	Industrial land, factory and offices	21 - 62 years	61.68	December 2005
Lot PT 3609 Mukim Teluk Panglima Garang Kuala Langat	Leasehold	99 years (1992 - 2091)	195,509	Industrial land	-	27.36	December 2009
CCM Duopharma GM1391, Lot No. 2599 Mukim and District of Klang Selangor Darul Ehsan	Freehold	-	11,655	Industrial land, factory and offices	15 years	26.73	November 2005
No. 18 & 18A Jalan Tun Ismail Kuala Lumpur	Freehold	-	8,878	Residential land and buildings	42 years	26.10	December 2009
CCM Pharma No. 2, Jalan Saudagar U1/16, Seksyen U1 Hicom Glenmarie Industrial Park 40150 Shah Alam	Freehold	-	5,907	Industrial land, factory and offices	13 years	18.50	December 2009
Nilai Industrial Land P.T. No. 6055 & 6056 Bandar Baru Nilai	Leasehold	99 years (1993 - 2092)	138,236	Industrial land	-	17.86	December 2009
No. 16A, Jalan Tun Ismail Kuala Lumpur	Freehold	-	8,498	Residential land and buildings	42 years	15.97	December 2005
Pasir Gudang Works Pasir Gudang Johor Darul Takzim	Leasehold	60 years (1991 - 2051)	104,599	Industrial land	18 years	15.39	December 2005
Kemena Land Bintulu Lot 3121 & Lot 3122 Block 26 Kemena Land District	Leasehold	60 years (1998-2058)	243,057	Industrial land and factory	1 year	11.50	February 2009

Recurrent Related Party Transactions of a Revenue Nature

As at the Annual General Meeting held on 11 June 2009, 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 financial year ended 31 December 2009 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")	17,000	<i>Person Connected:</i> Yeoh Keat Chye ²
Purchase/Sale of chemicals	CCMC	P.T. CCM Indonesia ("PTCCMI")	5,000	<i>Person Connected:</i> Yeoh Keat Chye ²
Purchase/Sale of chemicals	CCMC	CCM Usaha Kimia (M) Sdn Bhd ("CCMUK")	25,000	<i>Person Connected:</i> Dato' Dr Mohamad Hashim bin Ahmad Tajudin ⁵
Sale of fertilizers	P.T. CCM Agripharma ("PTCCMA")	P.T. Multigambut Industri	120,000	<i>Interested Major Shareholder:</i> Lembaga Tabung Haji ⁴ ("LTH")
Tenancy of land ⁶ at Lot PT 200, Persiaran Selangor, 40000 Shah Alam, Selangor (Total area – 47,210 sq.ft.)	Chemical Company of Malaysia Berhad ("CCM")	CCMC	275	<i>Persons Connected:</i> Yeoh Keat Chye ² Dato' Dr Mohamad Hashim bin Ahmad Tajudin ⁵
Tenancy of land ⁶ at Lot PT 200, Persiaran Selangor, 40000 Shah Alam, Selangor (Total area- 988,743 sq.ft.)	CCM	CCM Fertilizers Sdn Bhd ("CCMF")	3,315	<i>Interested Major Shareholder:</i> LTH ⁴ <i>Person Connected:</i> Dato' Dr Mohamad Hashim bin Ahmad Tajudin ⁵
Tenancy of land ⁶ at Lot PT 200, Jalan Assam Jawa, 16/15 Off Persiaran Kemajuan, 40000 Shah Alam, Selangor (Total area – 4,611 sq.ft.)	CCM	CCMC	90	<i>Persons Connected:</i> Yeoh Keat Chye ² Dato' Dr Mohamad Hashim bin Ahmad Tajudin ⁵
Purchase/Sale of chemicals	CCMC	Innovative Group ⁷	20,000	<i>Persons Connected:</i> Yeoh Keat Chye ² Dato' Dr Mohamad Hashim bin Ahmad Tajudin ⁵

Transaction	Vendor/ Provider	Purchaser/ Recipient	Aggregate Value¹ (RM'000)	Related Parties
Purchase/Sale of chemicals ¹⁰	CCMC	Upha Pharmaceutical Manufacturing (M) Sdn Bhd ("UPHA")	700	<i>Person Connected:</i> Dr Lee Yee Chong ³
Purchase/Sale of fertilizers	CCMF	CCM Agri-Max Sdn Bhd ("CCMAM")	200,000	<i>Interested Major Shareholder:</i> LTH ⁴
Purchase/Sale of fertilizers	CCMF	CCM Agriculture Sdn Bhd ("CCMA")	180,000	<i>Interested Major Shareholder:</i> LTH ⁴
Sale of fertilizers	CCMF	PTCCMA	100,000	<i>Interested Major Shareholder:</i> LTH ⁴
Sale of fertilizers	CCMF	TH Plantations Group	400,000	<i>Interested Major Shareholder:</i> LTH ⁴
Inter-Company borrowings	CCM	Duopharma (M) Sendirian Berhad ("DMSB")	25,000	<i>Persons Connected:</i> Dato' Dr Mohamad Hashim bin Ahmad Tajudin ⁵ Tan Sri Dato' Dr Abu Bakar bin Suleiman ⁸ Leonard Ariff bin Abdul Shatar ⁹
Inter-Company borrowings ¹¹	CCM	PTCCMI	10,000	<i>Person Connected:</i> Yeoh Keat Chye ²
Inter-Company borrowings	CCM	CCM Water Systems Sdn Bhd ("CCMWS")	15,000	<i>Person Connected:</i> 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 2009. Due to the nature of the transactions, the actual value of transactions may vary from the estimated value disclosed above.
- Yeoh Keat Chye was Director, Chemicals Division of CCM and Directors of CCMC, CCMSPL, PTCCMI and Innovative Group, prior to cessation of his contract with effect from 30 November 2009. He has indirect interest in CCMC, CCMSPL 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.

3. Dr Lee Yee Chong is currently Director, Group Information and Technology and Systems of CCM. He is "Person(s) connected" and is deemed interested in the Proposed Shareholders Mandate by virtue of him being a person connected to CCM. In addition, he also has indirect 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 by virtue of Section 122A of the Companies Act, 1965.
4. LTH holds direct interest of 49.9% in the issued share capital of CCMF and 2.16% in the issued share capital of CCM. LTH also has interest in P.T. Multigambut Industri.
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 in CCMD. He is also a Director of CCMUK which is the holding company and major shareholder of CCMWS. CCM has direct interest of 376,925 ordinary shares or 3.77% in CCMWS. Dato' Dr Mohamad Hashim bin Ahmad Tajudin is "Person(s) connected" and is deemed interested in the Proposed Shareholders Mandate by virtue of him being a person connected to CCM.
6. The duration for the tenancy of land is less than 3 years.
7. CCM holds 93% in total of the issued and paid-up ordinary shares in Innovative Group.
8. Tan Sri Dato' Dr Abu Bakar bin Suleiman is a Non-Independent Non-Executive Director of CCM and Chairman of CCMD. He is "Person(s) connected" and is deemed interested in the Proposed Shareholders Mandate by virtue of him being a person connected to CCM. Tan Sri Dato' Dr Abu Bakar bin Suleiman also has direct and indirect interest of 286,400 and 13,000 ordinary shares in CCMD respectively.
9. En Leonard Ariff bin Abdul Shatar is the Chief Executive Officer of CCMD cum Director, Pharmaceuticals Division of CCM. He is "Person(s) connected" and is deemed interested in the Proposed Shareholders Mandate by virtue of him being a person connected to CCM.

Notice of Annual General Meeting

Notice is hereby given that the Forty-Eighth Annual General Meeting of the Company will be held at 10.00 am on Wednesday, 9 June 2010 at the Ballroom, Nikko Hotel, Jalan Ampang, 50450 Kuala Lumpur for the following purposes:-

Agenda

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2009 together with the Reports of the Directors and Auditors thereon.

Ordinary Resolution 1

2. To approve a final tax exempt dividend of 8.0 sen per ordinary share for the financial year ended 31 December 2009.

Ordinary Resolution 2

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

- (a) Dato' Kalsom binti Abdul Rahman

Ordinary Resolution 3

- (b) Tan Sri Dato' Dr. Abu Bakar bin Suleiman

Ordinary Resolution 4

- (c) Dato' Dr. Mohamad Hashim bin Ahmad Tajudin

Ordinary Resolution 5

4. To approve the Directors' fees of RM460,000.00 for the financial year ended 31 December 2009.

Ordinary Resolution 6

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

Ordinary Resolution 7

6. 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:-

7. 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 8

"That subject to the Listing Requirements of 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 18 May 2010 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 final tax exempt dividend of 8.0 sen per ordinary share in respect of the Company's financial year ended 31 December 2009 will be paid on 9 July 2010 to shareholders whose names appear in the Record of Depositors on 23 June 2010.

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 23 June 2010 in respect of ordinary transfer; and
- (b) Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 21 June 2010 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

Date: 18 May 2010

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 shareholdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

4. The instrument appointing a proxy must be deposited with the Company's Registrar, Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for holding the meeting.

Explanatory Notes on Special Business

- (i) Ordinary Resolution 8 - 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 8 are set out in the Circular to Shareholders dated 18 May 2010.

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

Pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad

The details of the three (3) Directors seeking re-election and their interest in the securities of the Company are set out in their respective profiles which appear in the Directors' Profiles on pages 26, 28 and 29 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-Eighth Annual General Meeting of the Company to be held at 10.00 am on Wednesday, 9 June 2010 at the Ballroom, Nikko Hotel, Jalan Ampang, 50450 Kuala Lumpur 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 2009 and the Report of the Directors and Auditors thereon.	Ordinary Resolution 1	<input type="checkbox"/>	<input type="checkbox"/>
2. To approve a final tax exempt dividend of 8.0 sen per ordinary share.	Ordinary Resolution 2	<input type="checkbox"/>	<input type="checkbox"/>
3. Election of Directors under Article 91:			
i. Dato' Kalsom binti Abdul Rahman	Ordinary Resolution 3	<input type="checkbox"/>	<input type="checkbox"/>
ii. Tan Sri Dato' Dr. Abu Bakar bin Suleiman	Ordinary Resolution 4	<input type="checkbox"/>	<input type="checkbox"/>
iii. Dato' Dr. Mohamad Hashim bin Ahmad Tajudin	Ordinary Resolution 5	<input type="checkbox"/>	<input type="checkbox"/>
4. To approve the directors' fees for financial year ended 31 December 2009.	Ordinary Resolution 6	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Messrs KPMG as Auditors.	Ordinary Resolution 7	<input type="checkbox"/>	<input type="checkbox"/>
6. Special Business	Ordinary Resolution 8	<input type="checkbox"/>	<input type="checkbox"/>
i) Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate").			

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.
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Signature/Seal

No. of shares

Signed this _____ day of _____ 2010.

fold

affix
postage
stamp

The Registrar

CHEMICAL COMPANY OF MALAYSIA BERHAD (5136-T)

Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
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