CHEMICAL COMPANY
OF MALAYSIA BERHAD
(5136-T)

Strengthening Synergy,
Ensuring Resilience

2014 Annual Report

Strengthening Synergy,
Ensuring Resilience

Knots are a method for securing materials by tying or interweaving. It is used here to represent the bond between CCM and its various divisions, employees, partners and vendors, uniting to provide the synergistic strength to ensure the Company's resilience. Together, we offer a diverse range of quality pharmaceutical, chemical and fertilizer products and services to support the growth and wellbeing of industries and communities, staying true to our promise of Enhancing Quality of Life.

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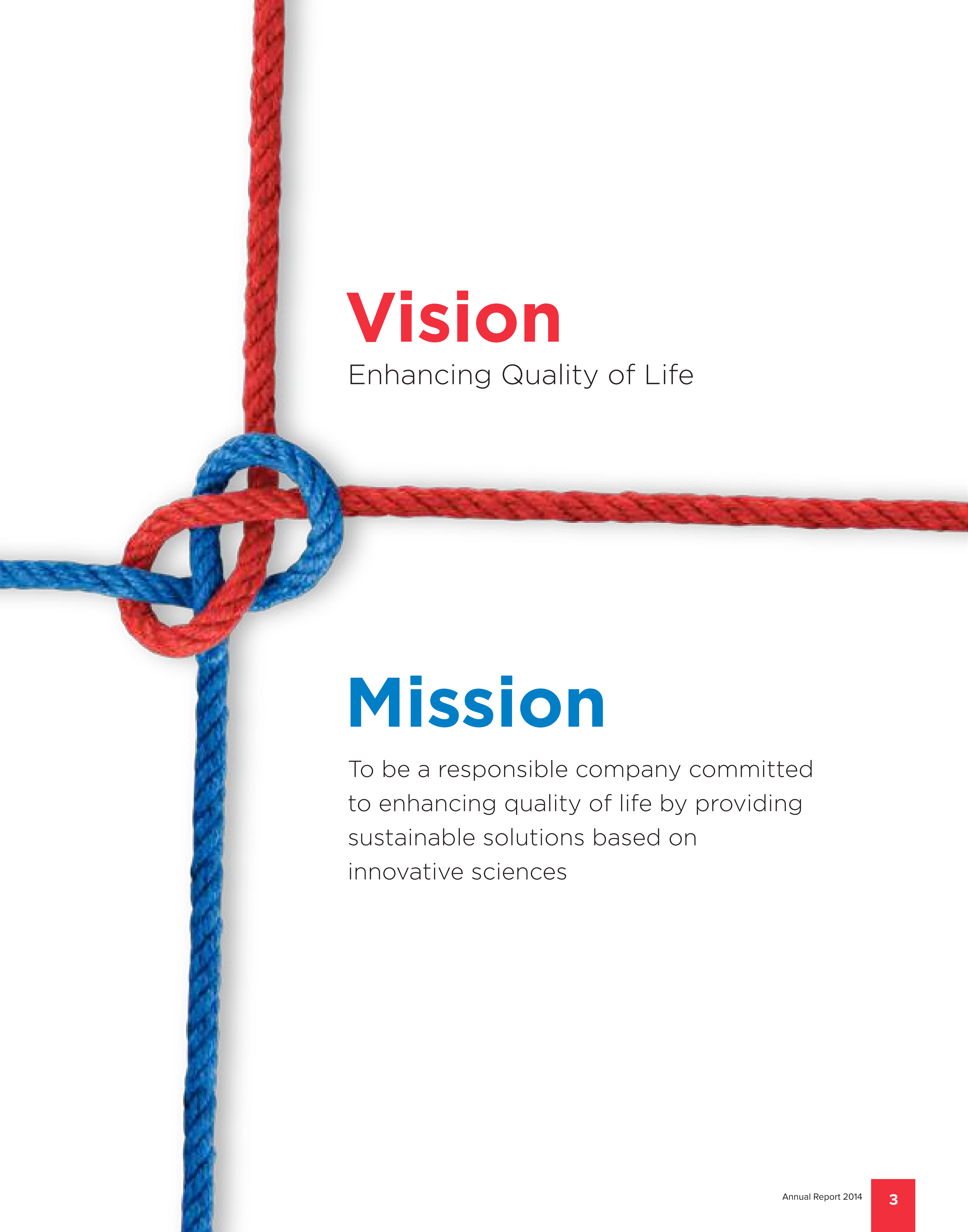


Vision

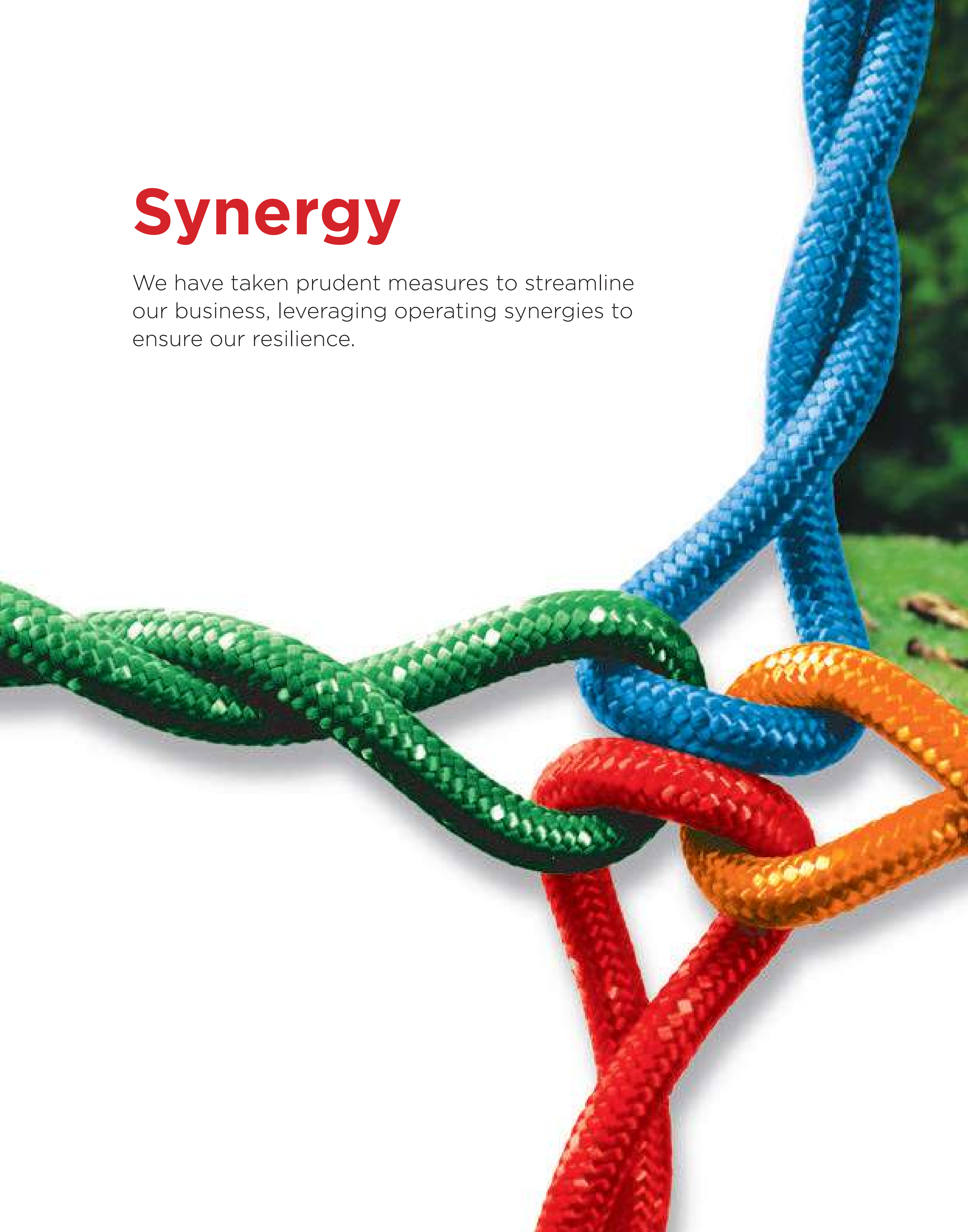
Enhancing Quality of Life

Mission

To be a responsible company committed to enhancing quality of life by providing sustainable solutions based on innovative sciences

Synergy

We have taken prudent measures to streamline our business, leveraging operating synergies to ensure our resilience.



Core Values

Passion
We inspire and energise everyone to be the best

Excellence
We consistently deliver outstanding performance through innovative solutions

Respect
We value differences and sincere intentions as the basis for achieving shared aspirations

Teamwork
We succeed together because we work as one

Responsible
We honour the trust given to us by being accountable for our actions

Integrity
We conduct ourselves with pride in being honest and ethical

Financial Calendar

Financial year end	31 December 2014
Annual General Meeting	27 May 2015

ANNOUNCEMENT OF 2014 QUARTERLY RESULTS

Three months (1st Quarter)	27 May 2014
Six months (2nd Quarter)	29 August 2014
Nine months (3rd Quarter)	27 November 2014
Full year (4th Quarter)	26 February 2015

Financial Review

TURNOVER AND PROFITABILITY

	Turnover		Profit/(Loss) before tax	
(RM'000)	**2014**	**2013**	**2014**	**2013**
Pharmaceuticals	**320.4**	295.9	**35.7**	30.8
Chemicals	**279.0**	299.5	**18.9**	16.6
Fertilizers	**488.7**	693.0	**(69.5)**	(12.9)
Intersegment Eliminations and others	**1.0**	0.2	**(7.2)**	(13.6)
Group	**1,089.1**	1,288.6	**(22.1)**	20.9

LIQUIDITY

(RM'000)	**2014**	**2013**
Net cash from operating activities	**103,662**	150,600
Net cash from/(used in) investing activities	**17,182**	(39,273)
Net cash from/(used in) financing activities	**(155,209)**	(152,036)
Exchange difference on translation of the financial statements of foreign operations	**(12,760)**	2,088
Net increase/(decrease) in cash and cash equivalents	**(47,125)**	(38,621)
Cash and cash equivalents at 1 January	**255,337**	293,958
Cash and cash equivalents at 31 December	**208,212**	255,337

Financial Highlights
as at 31 December

STATEMENT OF FINANCIAL POSITION

(RM'000)	**2014**	**2013**
Total non-current assets	**910,002**	926,712
Total current assets	**729,057**	927,191
Total assets	**1,639,059**	1,853,903
Financed by:		
Share Capital	**457,630**	457,630
Reserves	**22,644**	36,442
Retained profits	**269,998**	310,510
Total equity attributable to owners of the Company	**750,272**	804,582
Non-controlling interests	**130,326**	122,671
Total equity	**880,598**	927,253
Total non-current liabilities	**119,289**	399,897
Total current liabilities	**639,172**	526,753
Total liabilities	**758,461**	926,650
Total equity and liabilities	**1,639,059**	1,853,903

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

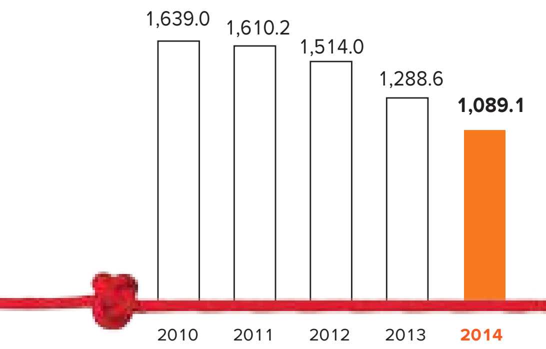
(RM'000)	**2014**	**2013**
Revenue	**1,089,057**	1,288,566
Profit before tax	**(22,081)**	20,850
Taxation	**(13,342)**	(9,313)
Profit for the year	**(35,423)**	11,537
Profit attributable to:		
Owners of the Company	**(42,514)**	647
Non-controlling interests	**7,091**	10,890
Profit for the year	**(35,423)**	11,537

Group Financial Ratios

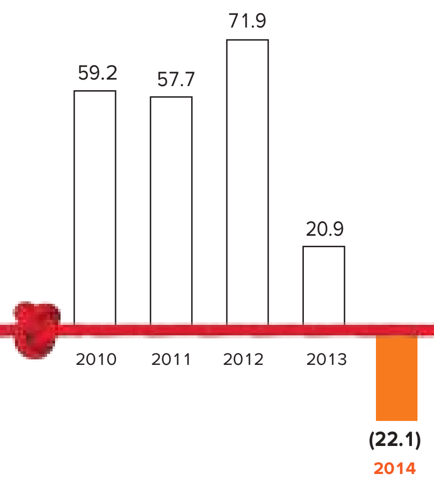
	2014	2013
Profitability (%)		
Turnover growth rate	**(15.48)**	(14.89)
Profit after taxation as a % of turnover	**(3.25)**	0.90
Return on Equity	**(4.02)**	1.24
Liquidity		
Current Ratio (x)	**1.14**	1.76
Acid test ratio (x)	**0.76**	1.21

	2014	2013
Market Ratios		
Net Assets per share (RM)	**1.65**	1.77
Earning per share (sen)	**(9.29)**	0.14
Dividend per share (sen)	**2.50**	2.15
Productivity		
Turnover per employee (RM'000)	**568**	653
Total Assets per employee (RM'000)	**855**	940
Number of employees	**1,918**	1,972

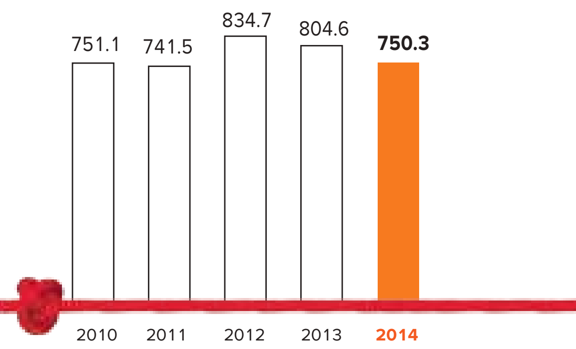
TURNOVER
(RM'mil)



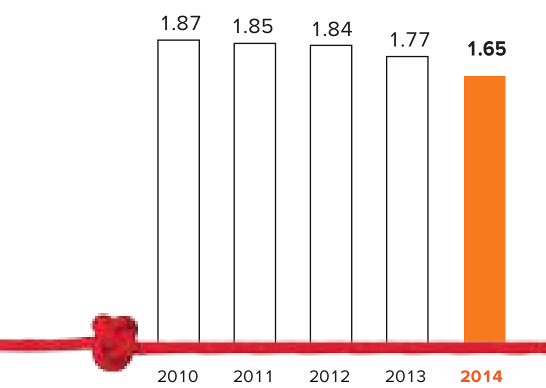
PROFIT BEFORE TAX
(RM'mil)



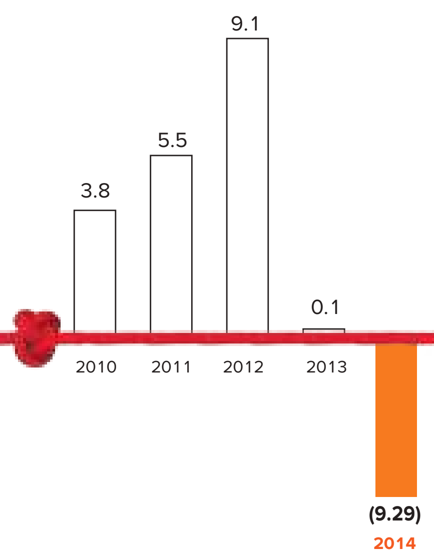
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY
(RM'mil)



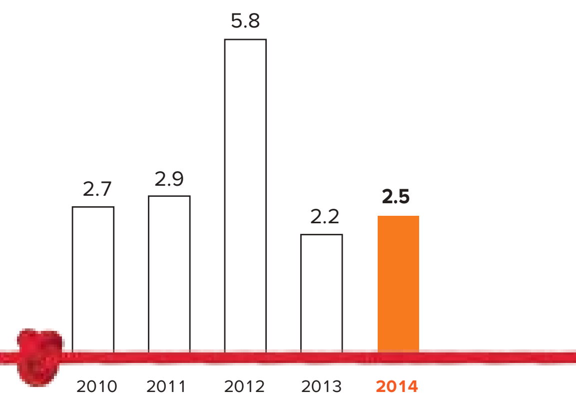
NET ASSETS PER SHARE
(RM)



EARNINGS PER SHARE
(sen)



DIVIDEND PER SHARE
(sen)



DATO' SRI AZALINA BINTI OTHMAN
CHAIRMAN

In 2014, CCM Group faced a challenging year as poor market conditions continued to affect our performance in both our Chemicals and Fertilizers Divisions. However, our Pharmaceuticals Division continued to show strong results as it had over the last three years. This was driven primarily by our government tenders and Over-The-Counter ("OTC") business. Nevertheless, amidst the difficulties faced, the Group remain steadfast to strengthen our strategic initiatives and use our working capital efficiently to boost our performance. With this, I present to you the Annual Report and financial statements of CCM Group for the financial year ended 31 December 2014.

OUR PERFORMANCE

For the financial year ended 31 December 2014, we registered a decline in financial results mainly due to lower revenue at our Fertilizers and Chemicals Divisions, coupled with an impairment loss made against our Medan plant assets. The Group's total revenue contracted 15.0% to RM1.09 billion compared to the corresponding period last year, while registering a loss before tax of RM22.1 million. Notably, our Pharmaceuticals Division turned in an improved performance in 2014 with revenue increasing by 8.2% to RM320.4 million and a profit before tax of RM35.7 million, which was a commendable growth of 16.0%. This was attributed to the increase in revenue generated from its ethical segment, as well as higher plant utilisation rate for the year. More information on our performance is available in the Group Managing Director's Operations Review on page 11.

BUSINESS OUTLOOK AND PROSPECTS

The global economy was expanding at a moderate and uneven pace in 2014 and it will be expected to strengthen in the next two years with the world gross product projected to grow by 3.1% and 3.3% in 2015 and 2016 respectively. At the same time, economic growth in South Asia is set to gradually pick up from an estimated 4.9% in 2014 to 5.4% in 2015 and 5.7% in 2016.

The Malaysian economy is expected to sustain its growth momentum in 2015 with strong domestic demand and improvements in the external sector as key factors for this growth. Gross Domestic Product ("GDP") is expected to expand at a steady pace between 5.0% and 6.0% in 2015. However, there still remain the downside risk factors including slower growth in emerging markets as well as geopolitical tensions.

On the supply front, all sectors are said to be expanding with the manufacturing and services remaining as drivers of growth. The domestic economy activity is also said to remain resilient along with higher export orientated manufacturing activities and trade-related services.

Our Chemicals Division will continue to face challenges from the fluctuating Chlor-Alkali prices this year. However, we will continue to strive to increase trading margins as well as focusing on new trading segments and expanding our customer base in the region.

Malaysia's pharmaceuticals market will remain upbeat in 2015 with a government allocation of RM23 billion for the healthcare sector. The government is also looking to improve medical access as well as mitigate the impact of the Goods and Services Tax ("GST") on medicine prices to buffer the impact of GST on the Rakyat. We will also continue to leverage on the stable demand for our products to boost sales. At the same time, the government's focus on the pharmaceuticals sector as one of the National Key Economic Areas ("NKEA") under the Economic Transformation Programme ("ETP") will aid our Division to continue growing sustainably. The Division will also strengthen our leadership in Halal pharmaceuticals to capitalise on the growing demand of Halal products.

At the same time, the fertilizers market is expected to remain volatile on a backdrop of a challenging plantation industry. Our Fertilizers Division will need to remain steadfast and will continue to focus on cost optimisation and operational excellence in improving our profit margins. We will also heighten our focus on market penetration as well as marketing activities to increase brand awareness.

On our research and development ("R&D") front, we aspire to focus on differentiation and innovation to align ourselves with the growing needs of our customers. We work on building sustainable partnerships with both local and foreign industry players as well as institutions of higher learning to help us develop products that will further drive our business and the market as a whole.

At the same time, the Group will remain committed to carry out our Corporate Responsibility programmes to positively bring about changes to the community we operate in. This year, I am proud to note that, among others, we helped in the aftermath of the flood in Temerloh, Pahang. With the help of 45 CCM employees, we cleaned up the surrounding areas and contributed essential items such as mattresses, blankets, pillows and cooking utensils to help alleviate their burden. In the spirit of our giving culture, we are confident that year on year, we will be able to play our part as pivotal members of the society.

DIVIDEND

The Board of Directors is pleased to approve an interim single tier dividend of 2.50 sen per share amounting to approximately RM11.4 million which was paid on 15 January 2015.

ACKNOWLEDGEMENT

As we move forward to 2015, I take this opportunity to thank all our stakeholders, particularly our shareholders, customers and partners for the ardent support given throughout the years. A special note of thanks and appreciation to Encik Amirul Feisal bin Wan Zahir who resigned as Group Managing Director in October 2014. Encik Amirul Feisal has been most instrumental in mapping the transformation programme for the CCM Group. My warm welcome to Encik Leonard Ariff bin Abdul Shatar who came on board to take over the baton to move the Group to greater heights.

I would also like to commend on the collective efforts of my fellow Board members, management and all employees for their hard work throughout the year. On behalf of the Board of Directors, I would like to thank our former Board member, Datuk Karownakaran @ Karunakaran a/l Ramasamy who resigned from the Board in December 2014 for his invaluable contributions and also to welcome Datin Paduka Siti Sa'diah binti Sh Bakir to the Board. I am confident that despite the challenges in the coming years, the support, passion and commitment we put in our work will see us through.

Thank you.

DATO' SRI AZALINA BINTI OTHMAN
Chairman

Group Managing Director's
Operations Review

LEONARD ARIFF BIN ABDUL SHATAR
GROUP MANAGING DIRECTOR

Dear Shareholders,

We faced yet another challenging year for 2014. The Group recorded a lower revenue for the financial year 2014 to RM1.09 billion, declined by 15.0% from RM1.29 billion in the previous year, amidst a backdrop of challenges facing two of our business divisions namely Fertilizers and Chemicals. As a result, the Group's operational profit before tax declined by 18.0% from RM17.93 million in 2013 to RM14.73 million for the financial year ended 2014.

The Group closed the Fertilizers' plant operations in Medan in October 2014, and recognised a full impairment on the related assets in Medan totalling RM36.8 million for the financial year 2014. This has resulted to the Group registering a loss before tax of RM22.08 million, from a profit before tax ("PBT") of RM20.85 million in the previous year.

On a positive note, our balance sheet continues to be healthy with Debt-to-Equity ratio improving to 0.67 times as at 31 December 2014, from the previous year's position of 0.81 times. This reflects our continuous effort to strengthen our balance sheet position with a view to attain a comfortable gearing ratio; apt for continuous expansion and tapping of new opportunities.

CHEMICALS DIVISION

The Chemicals Division has also shown an improvement in its PBT to RM18.94 million in 2014 which represent a 14.2% increased from RM16.58 million in 2013, albeit registering a lower revenue during the year. The Division recorded revenue of RM279.00 million in 2014, a decrease of 6.8% from RM299.50 million in 2013, largely attributable to the lower sales recorded in its trading regional businesses. The stable performance of the innovative polymer coatings business and tightening of its expenses during the year have contributed to the improved profitability.

Based on the challenges faced in 2014, we have developed comprehensive action plans to help mitigate the effects of external challenges. Among others, we will continue to expand our total solutions approach and enhance our portfolio of new products and focus on key industry segments. This include health and hygiene, food and pharmaceuticals. We aspire to market value-added products under our own label with sustainable margins. At the same time, the Division's polymer coatings business will roll out Research & Development ("R&D") programmes to develop newer products to enhance competitiveness and market share.

It is also our hope that commodity prices will stabilise this year as we strive to increase our trading margin. The Chemicals Division will also implement continuous improvement programmes to extract further operational savings whilst focusing on new trading segments and the expansion of our customer base within the region. Additionally, the instability of fuel prices has also pushed us to invest and consider newer technologies with improved efficiencies to extract operational savings.

As always, the Chemicals Division is an ardent supporter of the Chemical Industries Council of Malaysia ("CICM") Responsible Care programme where the processes of production, sales, distribution and disposal of chemical products are managed in such a way that it would not adversely impact on the environment. For the year 2013/2014, the Division was awarded with the Gold Awards in Community Awareness & Emergency Response Code and Distribution Code and the Silver Awards for Pollution Prevention Code, Process Safety Code and the Employee, Health & Safety Code. These awards are a testament to our commitment to Safety, Health and Environment ("SHE") as SHE is one of the key pillars in our activities. Despite the various accolades received by the Division, we will continue to work diligently towards providing the best for our stakeholders.

PHARMACEUTICALS DIVISION

The Pharmaceuticals Division continue to be our biggest PBT contributor. PBT increased by 15.7% in 2014 to RM35.66 million from RM30.83 million in 2013, driven by higher revenue and improvement in gross profit margin. The Division's revenue increased to RM320.38 million from RM295.92 million last year primarily attributable to higher sales from its Ethical segment. As was in previous years, the Division continued its disciplined execution of the Lean Six Sigma projects to improve Cost of Goods Sold ("COGS") and controlled expenses, both of which contributed positively to our profits.

In the Ethical segment, the Division continued our strategic focus in niche areas such as oncology, biotherapeutics and vaccines as well as improved its product pipeline and customer offerings. In 2013, we started the joint full scale Phase III clinical trials involving 316 patients in Malaysia and South Korea for an Erythropoietin ("EPO") biosimilar developed for use in the treatment of anaemia in end-stage renal failure patients, with PanGen Biotech Inc. ("PanGen") of South Korea. CCM also holds 12% equity stake in PanGen. In addition, an exclusive marketing and commercialisation rights in Malaysia, Singapore and Brunei was granted to CCM by PanGen for all biotherapeutics developed by the same. It is our hope that in the long term, we will be able to localise some of their production in Malaysia and inevitably, develop sound biotherapy manufacturing capabilities in Malaysia.

We have also collaborated with Biocon India to market their range of human insulin products in Malaysia. We launched the recombinant human insulin, *Insugen* in late 2014 which was developed by Biocon for CCM to exclusively distribute and market in Malaysia. This is the first generic insulin to be introduced in the country and we are confident that this will enable greater access to quality biopharmaceuticals for a larger diabetic patient pool.

At the same time, we also continued our efforts in the brand rationalisation and revitalising programme that we started in 2012. We heightened our focus on the four core brands namely *Champs*™, *Flavettes*™, *Proviton*™ and *Naturalle*™. Among others, we aim to promote and enhance the brand image of these products in the youth segment.

On the regional front, we continued our investment in key ASEAN markets and both our Singapore and Philippines operations showed positive growth potential. We are also exploring the options of potential acquisitions to avoid regulatory barriers and upgrading our dossiers to meet world-class standards. The Division is also targeting various therapeutic groups which are not well represented within the ASEAN community in the hope of delivering new products regionally.

Halal manufacturing has been one of our strongest platforms and we focus our strategies on differentiating ourselves from the other players in the market. We strive to continue strengthening our Halal positioning and leadership to lend credence to our recognition for obtaining the world's first Halal certified products in accordance to the Pharmaceuticals Standard MS2424:2012 – Halal Pharmaceuticals General Guidelines from Jabatan Kemajuan Islam Malaysia ("JAKIM") in 2013. Our commitment on the Halal journey will definitely enable us to strengthen our Halal positioning and leadership amongst our stakeholders.

Recently, we obtained approval from our shareholders to consolidate all of our pharmaceutical units into our subsidiary company, CCM Duopharma Biotech Berhad ("CCMD"). The deal, valued at RM245.1 million, will see CCMD acquiring CCM's pharmaceutical arm which includes CCM Pharmaceuticals Sdn. Bhd., CCM Pharma Sdn. Bhd., Innovax Sdn. Bhd., Upha Pharmaceutical Manufacturing (M) Sdn. Bhd., CCM International (Philippines) Inc. and CCM Pharmaceuticals (S) Pte. Ltd. The acquisition which has been several years in the planning will allow CCMD to enhance its product offerings, scale and competitiveness via the combined production facilities.

For 2015, we are confident that the demand for pharmaceuticals products will remain stable. The Division will continue to strengthen its position in the local and regional markets, with particular focus in biotherapeutics, niche therapeutics areas and to maintain our Halal leadership in the pharmaceutical space. We will also focus on improving our domestic market penetration and launching new products to meet the needs of our customers, both locally and internationally.

FERTILIZERS DIVISION

The Fertilizers Division reported a 29.5% decrease in revenue to RM488.65 million as compared to the previous year of RM692.95 million, primarily due to the reduced volume of compound and straight fertilizers sold during the year as a result of extremely dry weather in the early part of the year and very wet weather at the end of the year.

The Division posted a loss before tax of RM69.48 million as compared to RM12.92 million loss before tax in 2013. Our fertilizers' operation in Medan had been registering losses despite significant cost improvement initiatives made over the years. Although the trading operations for Indonesia remains profitable, the manufacturing plant operations faced the difficulties of operating in the local business environment; which led to the closure of the plant operations in October 2014. The Group anticipated that full economic benefits from the Medan plant and related current assets will not be recovered and therefore, an impairment loss of RM36.8 million was recognised in the financial year 2014. This impairment loss made against Medan has significantly impacted the results of the Fertilizers Division for the current financial year.

For the coming year, we anticipate that the demand for fertilizers will remain challenging in view of the expectation of low crude palm oil prices ("CPO") and plantation owners implementing cost saving measures. Despite these challenges, the Division will strive to maintain its focus on aggressive sales coupled with promotional activities and operational excellence to boost its financial performance. The Division will also undertake a review of its business and consciously look into ways to mitigate the external factors that often affect the performance of our business.

At the same time, we will also heighten our focus on expanding our dealers and distribution network to focus on small and medium sized estates. R&D will be further strengthened to help us understand the local needs and prescribe formulations to meet those conditions. The Division will also increase brand and marketing activities, especially to support the premier standing of its Cock's Head™ Brand.

In line with the strategy to supply quality products and services to our customers, the Division received two awards in 2014. The awards were Anugerah Pengguna Malaysian Standards from Standard Malaysia and MS1900: Quality Management System Requirements from Islamic Perspective from Sirim QAS International Sdn. Bhd.

STRENGTHENING OUR COMMITMENT TO SUSTAINABILITY

At CCM, we are committed to delivering value to all our stakeholders, guided by our vision of "Enhancing Quality of Life". To that end, we always endeavour to integrate good sustainability practices throughout our operations, and have produced our first Sustainability Report that provides a clear and comprehensive review of the Group's performance in managing the economic, social and environmental aspects of our operations which can be viewed from our corporate website at **www.ccmberhad.com**.

A summary of our sustainability initiatives can be found on pages 15 to 19 of this Annual Report.

ACKNOWLEDGEMENT

Throughout the year, although we suffered losses, we have made significant progress to improve the efficiency of the operations and strengthen the foundation of our Company. This is especially true in terms of governance, human capital and financial management. In 2014, it was evident that we are still vulnerable to external factors in the market and we need to strengthen our strategies to ease this. We will remain steadfast and resilient to focus on our strategic objectives and continue to be optimistic that we will grow from strength to strength in the future years.

I would like to take this opportunity to thank Encik Amirul Feisal bin Wan Zahir who resigned in October 2014 after helming the position as Group Managing Director for almost 4 years. He has put in place the transformation programme to steer CCM on the path of improvement and I truly believe that CCM will continue to be resilient coupled with the effort and cooperation from all of our employees.

Finally, on behalf of the senior management of CCM, I take this opportunity to specially acknowledge our Board of Directors for their guidance, wisdom and unwavering commitment towards achieving CCM's strategic objectives. I would also like to convey our gratitude to all our employees for their dedication and hard work for the year under review.

LEONARD ARIFF BIN ABDUL SHATAR
Group Managing Director

In 2014, we continued to enhance quality of life by implementing tangible and sustainable practices in the areas of Environment, Community, Marketplace and Workplace.

The following are the highlights of our sustainability initiatives in 2014. For more details of these initiatives, please refer to the full version of the Sustainability Report on our corporate website at **www.ccmberhad.com**.

HIGHLIGHTS OF OUR 2014 SUSTAINABILITY INITIATIVES

Safeguarding the Environment

- **Promoting Sustainable Practices**

  We continued to advocate sustainable practices throughout the Group via our E3R (Eliminate, Reuse, Reduce, Recycle) initiative and by measuring our carbon dioxide emissions (CO_2e). In 2014, the Group recorded an increase in CO_2e count to 127,645 metric tonnes (MT) as compared to 125,511 MT in the previous year due to increase in production to meet market demand.

- **Safeguarding the Environment and Our Children's Future**

  In collaboration with the Ministry of Natural Resources & Environment, we embarked on our fourth year of educating primary and secondary school students on environmental conservation via the Rakan Alam Sekitar Programme. Our efforts included the River Scientist Programme and the Environment Choir Competition. To date, the Group has impacted over 1,500 students via this programme.

- **Recognised for Our Good Environmental Performance**

  CCM Chemicals Sdn. Bhd. was awarded the CICM Silver Award for Pollution Prevention Code at the CICM 11th Responsible Care Awards. We also received certification for our ISO 14001 Environmental Management System and OHSAS 18001 Occupational Health and Safety Management System from Bureau Veritas.

Enriching Communities

- **Promoting Healthy Living Among Youngsters**

  We spread awareness on healthy living via our pilot programme, *CHAMPS* - Health on Wheels. Launched in March 2014, the programme impacted over 1,900 pre-schoolers in the vicinity of Pengerang through customised workshops and activities.

- **Strengthening English Proficiency**

  We continue to advocate exposure to the English language through the CCM PINTAR Programme. Since 2007, the programme has seen CCM enabling more than 3,500 students in our 12 adopted schools to improve their English proficiency.

- **Helping Curb Graduate Unemployment**

  CCM collaborated with leading universities in the nation under the CCM-JATI *(Jalinan Universiti dan Industri)* Programme to help reduce the number of unemployed graduates in the pharmaceutical industry. Some 200 students have successfully completed the programme since its inception in 2011.

- **In Support of Golf**

  2014 marked the fourth year of CCM's five-year commitment to the PGM CCM Rahman Putra Championship. To date, we have contributed a sum of RM800,000 including a RM200,000 prize purse.

- **In Support of Haj Pilgrims**

  CCM donated RM518,000 worth of personal health supplements to the Sahabat Korporat Tabung Haji Programme. 2014 marked the 11th year of CCM's continued contribution to the programme with about 404,000 health kits (worth over RM8 million) having been donated so far.

- **Reaching Out to Marginalised Groups**

  The Group collaborated with Pertubuhan SEED and the Malaysian AIDS Council to host a special *majlis berbuka puasa* celebration for the less fortunate and marginalised AIDS and HIV carriers in the community of Chow Kit and its surrounding areas. CCM also held open houses and made donations amounting to RM64,000 to several charities and foundations.

- **Lending a Helping Hand**

  CCM partnered with the Malaysian Integrated Medical Professionals Association ("MIMPA"), the International Medical University ("IMU") and Mercy Malaysia to provide aid to the victims of the recent flooding in Pahang, Kelantan and Terengganu. The Group's flood relief efforts in early January 2015 saw a total amount of RM113,500 in cash and kind going towards this initiative.

Upholding Good Marketplace Practices

- **Strengthening Industry Efforts**

  CCM continued to play a vital role in various industry governing bodies such as memberships in Chemical Industries Council of Malaysia ("CICM"), Malaysian Rubber Glove Manufacturers Association ("MARGMA") and working closely with Halal Industry Development Corporation.

- **Appreciating Dealers**

  CCM Fertilizers organised an Appreciation Night for its dealers with around 200 people attending the annual event.

- **Upholding Marketplace Integrity**

  CCM inked the Corporate Integrity Pledge ("CIP") with the Malaysian Anti-Corruption Commission ("MACC") in May 2014.

- **Participating in Industry Events**

  Through our Chemicals, Fertilizers and Pharmaceuticals Divisions, we participated in various exhibitions and conferences to actively promote the CCM brand and our diverse product offerings. We participated in the AsiaWater 2014 Expo & Forum; the Malaysia Agriculture, Horticulture and Agro-Tourism Exhibition ("MAHA") 2014 as well as Minggu Saham Amanah Malaysia ("MSAM") 2014.

- **Leveraging on Media Platforms**

  The Group engaged in several brand awareness initiatives that employed the use of media platforms. These included collaborations with JAKIM with a Halal Pharmaceutical Series on TV JAKIM and radio station IKIM.fm.

- **Improving OSH Standards among SMEs**

  CCM Chemicals Sdn. Bhd. signed a Memorandum of Understanding ("MoU") with Kejuruteraan Asas Jaya ("KAJ") Sdn. Bhd. under the Occupational Safety & Health Mentorship Programme. The programme is part of an on-going effort by the Department of Occupational Safety and Health ("DOSH") of Selangor to improve occupational safety and health ("OSH") standards within the SME sector with the support of key corporations.

- **Imparting Knowledge**

  Representatives of CCM's Fertilizers Division gave a talk on our product, MPOB F2 and oil palm agronomy as well as other agricultural related topics to 60 TUNAS officers from across Sabah at a seminar organised by the Malaysian Palm Oil Board ("MPOB").

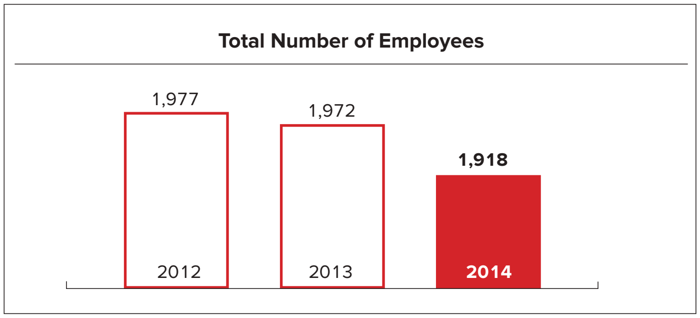
- **Recognised for Good Marketplace Practices**

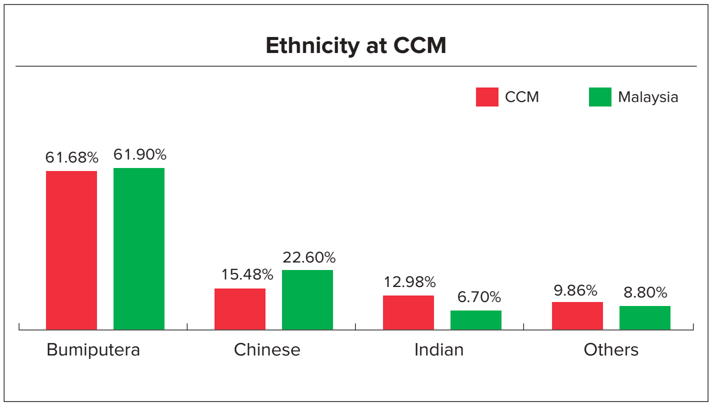
  In 2014, the CCM Group received several awards in recognition of our marketplace practices. These included the PNB Islamic Initiative Award, awards from CICM, Anugerah Pengguna Malaysia Standards and accreditations in various areas.

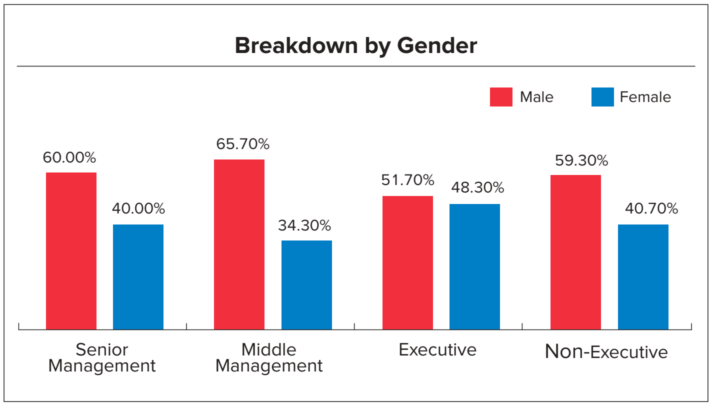
Bolstering Our Workplace Practices

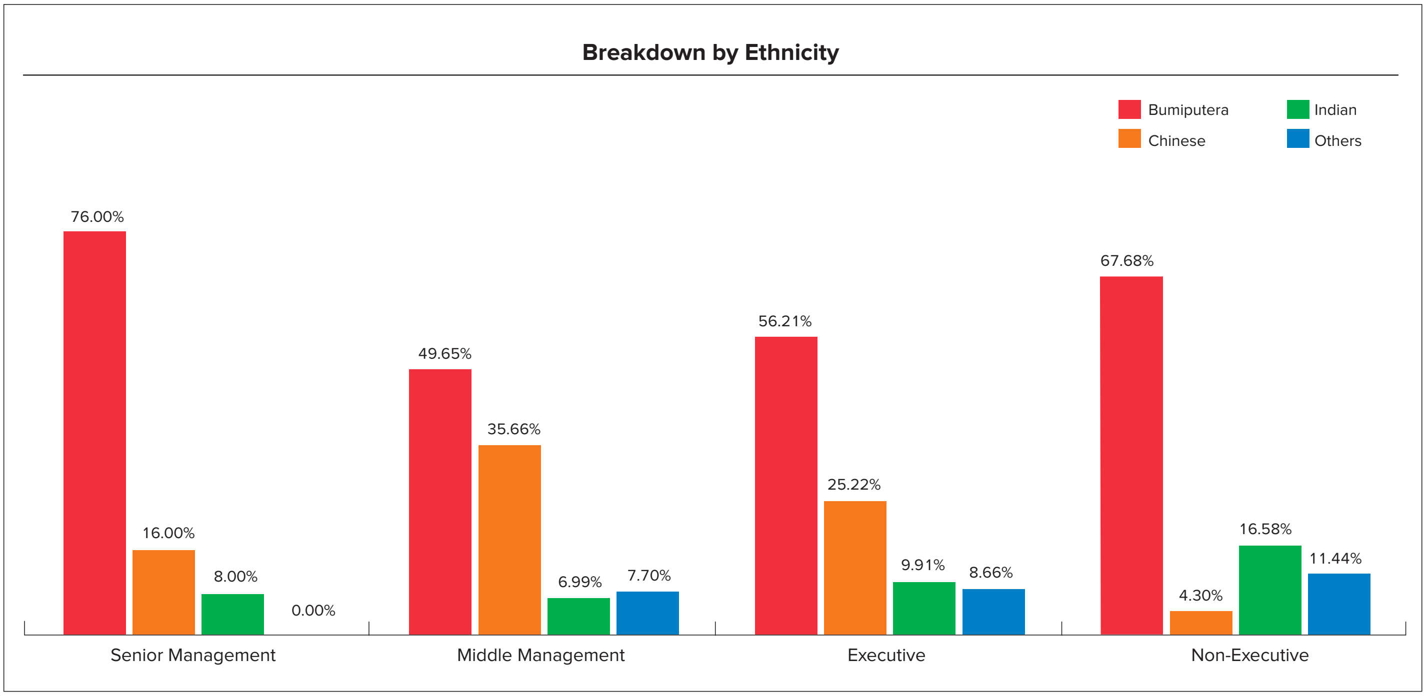
People – Our strength

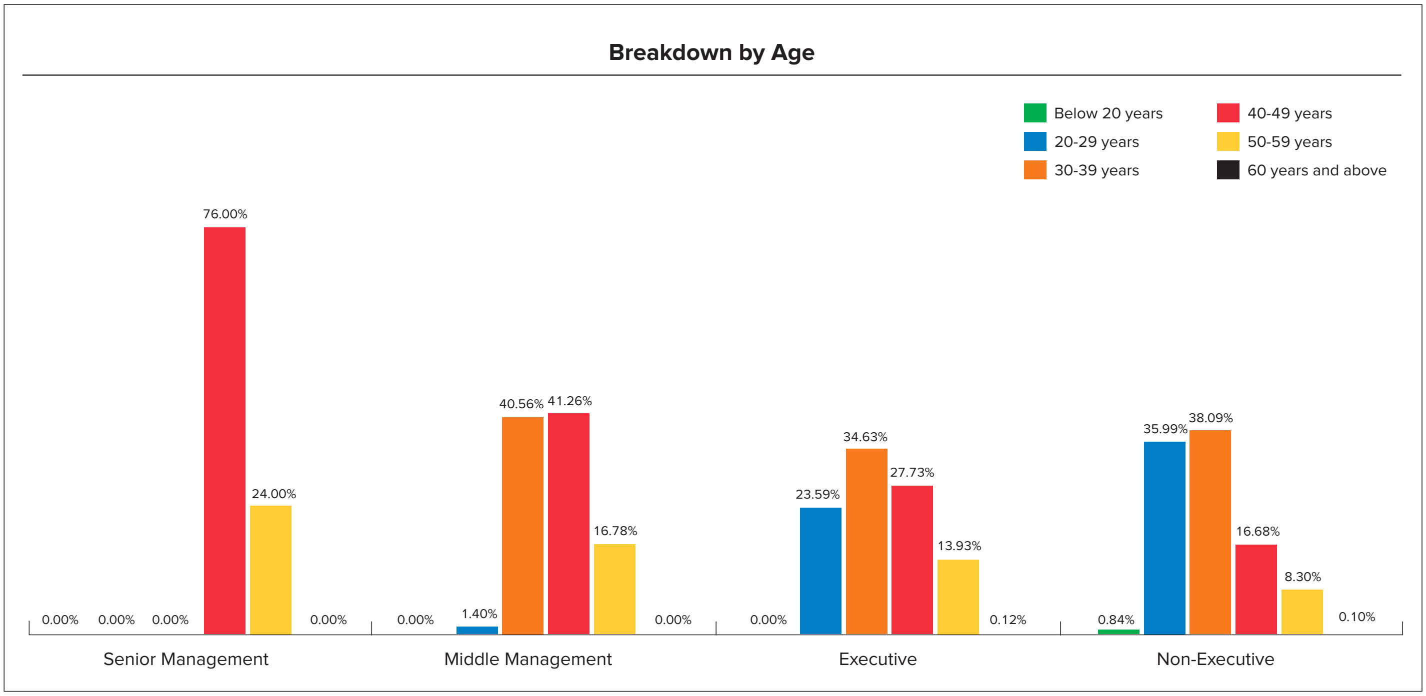
Our talented workforce of 1,918 employees reflects the diversity of the Malaysian population, and we count this as an invaluable trait when serving the varied needs of the marketplace. Irrespective of ethnicity, gender, age, disability, or status, we are committed to employing, promoting, developing and rewarding employees through the principles of meritocracy and fairness, championing equal opportunities and encouraging diversity and inclusiveness both in our workplace and marketplace.











- **Accelerating Non-Executive Careers**

  We continued to implement the My Career Acceleration Programme ("MyCAP") which we developed in cooperation with the Department of Skills Development. This programme is designed exclusively for our non-executive employees to strengthen their skills, competencies and capabilities in their career development. To date, 60 employees have been enrolled for this programme.

- **Integrating New Employees into Our Culture**

  To help new employees ease into the Group's culture, Group Human Resource has set up the New Employee Orientation Programme ("NEO").

- **Fast-tracking Graduate Careers**

  In October 2014, we launched the My Millennial Apprentice Programme ("MyMAP"), a development programme that aims to provide talented graduates a fast-tracked approach to achieving maximum potential while paving the way for them to establish a successful career with CCM.

- **Upholding Operational Excellence**

  In 2014, Lean Six Sigma contributed savings of RM18.2 million to operating profit. To date, the programme has generated savings of RM37.6 million since June 2012. Furthermore, some 146 employees have completed the Green Belt training, 11 employees have attended the Black Belt training and 204 projects were registered as of March 2015.

- **Engaging Our Employees**

  The Group organised numerous employee engagements throughout 2014 to foster unity within the CCM Family. Activities included the CCMC Quarterly Employee Engagement Programme, Healthy Living Programme, Town Hall Sessions, Employees Speak Sessions and the Stick2Stix programme.

- **Upholding Workplace Integrity**

  CCM rolled out several initiatives under our Integrity Unit which was established in November 2013. Group-wide efforts included the Group Integrity Quarterly Newsletter, a Group Certified Integrity Officer, a Group Empowering Integrity Series for all levels of the organisation and CCM's Integrity Hotline.

- **Ensuring Stringent SHE Implementation**

  Our Chemicals, Pharmaceuticals and Fertilizers Divisions continue to implement stringent Safety, Health and Environment ("SHE") standards and regulations throughout their operations. Overall, the Group recorded better performance in 2014 as compared to 2013 in terms of safety and health matters.

- **Reinforcing Safety on all Fronts**

  We reinforced safety measures throughout the Group by rolling out several effective initiatives. These included the Group's New Employee Safety, Health and Environment ("SHE") briefing, the Group/CCMC-PGW OHSAS 18001 for Safety and Health, the Group First Aiders training and a Group Mock Drill.

- **Showcasing Our Quality Efforts**

  CCM held its 19th CCM Innovation and Quality (IQ) Convention in which a total of seven projects from the Chemicals, Fertilizers and Pharmaceuticals Divisions were showcased. Additionally, CCM Innovative Solutions Sdn. Bhd. and CCM Duopharma Biotech Berhad received certification for their ISO 9001:2008 QMS, while CCM Fertilizers Sdn. Bhd. received certification for its MS1900:2005 QMS from Islamic Perspectives.

- **Recognised for Our Good SHE Practices**

  The Group received recognition for its good SHE performance and practices when CCM Chemicals Sdn. Bhd. received the following awards at the CICM 11th Responsible Care Awards:

  - CICM Gold Award for Community Awareness & Emergency Response Code;
  - CICM Gold Award for Distribution Code;
  - CICM Silver Award for Process Safety Code;
  - CICM Silver Award for Pollution Prevention Code; and
  - CICM Silver Award for Employee, Health and Safety Code.

Value

Our core values guide our business policies and decisions, serving as an anchor for all our employees and subsidiaries to advance together as one.

Calendar of Major Events

21 Jan 2014
CCMB Extraordinary Meeting

8 Mar 2014
CCMF Dealers Appreciation Dinner

14 Mar 2014
Champs Health on Wheels Programme

3 Apr 2014
PGM CCM Rahman Putra Championship

20-27 Apr 2014
Minggu Saham Amanah Malaysia

14 May 2014
Mock Drill at Senai-Desaru Expressway

20 May 2014
CCMD Annual General Meeting

27 May 2014
CCMB Annual General Meeting

27 May 2014
Anugerah Pemangkin Minda

Calendar of Major Events

28 May 2014
MOU Signing on Integrity Pledge

16 Jun 2014
Launch of SHE Week

18 Jun 2014
PNB Corporate Excellence Award

26 Jun 2014
Sahabat Korporat Tabung Haji

18 Jul 2015
Breaking fast with the underprivileged of Persatuan SEEDS

19 Aug 2014
MOU Signing on Bumiputera Vendor Development Programme

4 Sep 2014
CCM Innovation & Quality Convention

3 Nov 2014
Launch of Stick2Stix Programme

11 Nov 2014
Launch of *Insugen*

24 Nov 2015
Launch of Halal Pharmaceuticals Series on TV JAKIM

Corporate Information

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, Lahad Datu

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
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7721 3388
Fax : 03-7721 3399

BANKERS

Malayan Banking Berhad
Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

OCBC Bank (Malaysia) Berhad
Menara OCBC
18, Jalan Tun Perak
50050 Kuala Lumpur

Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad
Level 9-11, Menara IMC
8, Jalan Sultan Ismail
50250 Kuala Lumpur

AmBank (M) Berhad
Level 1, Menara Dion
Jalan Sultan Ismail
50250 Kuala Lumpur

SOLICITOR

Raja, Darryl & Loh
18th Floor, Wisma Sime Darby
Jalan Raja Laut
50350 Kuala Lumpur
Tel : 03-2694 9999
Fax : 03-2693 3823

Board and Management Structure

BOARD OF DIRECTORS

- Audit and Compliance Committee
  - Integrity Committee
- Risk Management Committee
- Nomination and Remuneration Committee
- Finance and Investment Committee

MANAGEMENT

- Management Committee
- Project Review Committee
- Executive Risk Management Committee
- Sustainability Committee
- Shared Service Transformation Committee

Unity

Our employees are united in our vision of Enhancing Quality of Life, using their collective capabilities to ensure the continued success of the CCM Group.

Group Structure

as at 31 March 2015

CHEMICAL COMPANY
OF MALAYSIA BERHAD
(5136-T)

100%
CCM Usaha Kimia (M) Sdn. Bhd.

- **80%** CCM Chemicals Sdn. Bhd.
  - **100%** CCM Watercare Sdn. Bhd.
  - **100%** CCM Singapore Pte. Ltd.
  - **99.67%** # PT CCM Indonesia
  - **45%** Orica-CCM Energy Systems
- **94.72%** + D CCM Water Systems Sdn. Bhd.
- **100%** CCM Innovative Solutions Sdn. Bhd.
  - **100%** Innovative Polymer Systems Sdn. Bhd.
  - **100%** Delta Polymer Systems Sdn. Bhd.

99.06% ^
Innovative Resins Sdn. Bhd.

100%
CCM Agri-Max Sdn. Bhd.

- **50.1%** CCM Fertilizers Sdn. Bhd.
  - **100%** D Max Agriculture Sdn. Bhd.
- **100%** CCM Agriculture Sdn. Bhd.
- **100%** CCM Agriculture (Sabah) Sdn. Bhd.

100%
CCM Pharmaceuticals Sdn. Bhd.

- **100%** D CCM Biopharma Sdn. Bhd.
- **100%** Sentosa Pharmacy Sdn. Bhd.
- **100%** D Unique Pharmacy (Ipoh) Sdn. Bhd.
- **100%** Unique Pharmacy (Penang) Sdn. Bhd.
- **100%** D Negeri Pharmacy Sdn. Bhd.

100%
CCM Pharma Sdn. Bhd.

100%
Upha Pharmaceutical Manufacturing (M) Sdn. Bhd.

100%
CCM Marketing Sdn. Bhd.

- 73.37%
  CCM Duopharma Biotech Berhad
  - 100%
    Duopharma (M) Sdn. Bhd.

100%
Innovax Sdn. Bhd.

100%
CCM Investments Ltd.

- 99.99%***
  CCM International (Philippines), Inc.
- 11.68%
  Synergy America, Inc.

100%
CCM International Sdn. Bhd.

- 100%
  CCM Pharmaceuticals (S) Pte. Ltd.
- 99.98%
  P.T. CCM Agripharma
- 99.99% D
  CCM Siam Ltd.

100%
Yayasan CCM

11.99%
PanGen Biotech, Inc.

*	0.01% held by 6 wholly-owned subsidiaries of CCM
**	0.02% held by CCM
***	0.01% held by 5 nominees of CCM
#	0.33% held by CCM Watercare Sdn. Bhd.
+	5.28% held by CCM
^	0.94% held by CCM Usaha Kimia (M) Sdn. Bhd.
D	Dormant Companies

Pharmaceuticals Division
Fertilizers Division
Chemicals Division
Others

Dato' Sri Azalina binti Othman
Age: 51 years
Nationality: Malaysian

POSITION ON THE BOARD
Non-Independent Non-Executive Chairman

DATE APPOINTED TO THE BOARD
13 November 2013

MEMBERSHIP OF BOARD COMMITTEES
None

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES
None

SECURITIES HOLDINGS IN THE COMPANY AND ITS SUBSIDIARIES
None as at 31 March 2015

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

QUALIFICATIONS
- Master of Laws (LL.M), London School of Economics & Political Sciences
- Bachelor of Laws (with Honours) [LL.B (Hons.)], University of Malaya
- Diploma in Public Administration, MARA Institute of Technology

WORKING EXPERIENCE AND OCCUPATION
Dato' Sri Azalina is the Member of Parliament for the Pengerang constituency. She was formerly the Minister of Youth and Sports from 2004 to 2008 and the Minister of Tourism from 2008 to 2009.

She started her career in Malaysia as a Legal Assistant at Messrs Raja Darryl & Loh during the period 1988-1989 and 1991-1994. She then became an Associate Partner of Azalina Chan & Chia until 2001 and subsequently joined Messrs Skrine & Co. for a year. In 2002, she formed a partnership with Messrs Zaid Ibrahim & Co.

Dato' Sri Azalina is also active in various social organisations and is directly involved as adviser to associations such as the Malaysian Muslim Lawyers Association, Malaysian Women Contractors and Construction Organisation, Yayasan Pembangunan Malaysia and the Women's Crisis Centre.

Leonard Ariff bin Abdul Shatar
Age: 50 years
Nationality: Malaysian

POSITION ON THE BOARD
Group Managing Director

MEMBERSHIP OF BOARD COMMITTEES
None

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES
None

SECURITIES HOLDINGS IN THE COMPANY AND ITS SUBSIDIARIES
None as at 31 March 2015

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

QUALIFICATIONS
- LL.B, Monash University, Melbourne, Australia
- Bachelor of Economics, Monash University, Melbourne, Australia

WORKING EXPERIENCE AND OCCUPATION
Leonard Ariff was appointed as Group Managing Director of Chemical Company Malaysia Berhad on 9 January 2015. He is also the Chief Executive Officer of CCM Duopharma Biotech Berhad and Director of CCM Pharmaceuticals Division since 1 January 2008. On 3 September 2014, Leonard Ariff was further appointed as Director of CCM Chemicals Division.

Leonard Ariff started his career in 1988 in various capacities in the legal profession before joining the CCM Group in 1990, where his main responsibilities were in business development and business management at CCM Chemicals Sdn. Bhd. In 2000, he assumed the position of Managing Director of Usaha Pharma (M) Sdn. Bhd. (formerly known as Prima Health Pharmacy (Retail) Sdn. Bhd.), CCM's pharmaceuticals retail arm. He later joined ICI Paints Malaysia Sdn. Bhd. in 2003 as the General Manager and was subsequently appointed as Managing Director in 2005 until 2007, before re-joining the CCM Group in 2008.

He holds directorships on the boards of several companies within the CCM Group and PanGen Biotech Inc. (Korea). He also acts in an advisory capacity at International Medical University School of Pharmacy, Chair of the School of Business Advisory Board at Monash University Malaysia, member of the advisory board of Chemical Engineering Faculty at Monash University Malaysia, industrial and community advisory panel of Institute for Research in Molecular Medicine ("INFORMM") at Universiti Sains Malaysia, and Committee Member of Good Governance for Medicines in the Ministry of Health, Malaysia and is a member of the Malaysian National Biotech Advisory Board.

Dato' Azmi bin Mohd Ali
Age: 54 years
Nationality: Malaysian

POSITION ON THE BOARD
Non-Independent Non-Executive Director

DATE APPOINTED TO THE BOARD
8 October 2010

MEMBERSHIP OF BOARD COMMITTEES
- Chairman, Risk Management Committee
- Member, Finance and Investment Committee

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES
- Sime Darby Berhad
- Perbadanan Nasional Berhad
- Pernec Corporation Berhad
- Cliq Energy Berhad

SECURITIES HOLDINGS IN THE COMPANY AND ITS SUBSIDIARIES
None as at 31 March 2015

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

QUALIFICATIONS
- LL.B (Hons.), University of Malaya
- LL.M in US & Global Business Law, University of Suffolk, Boston

WORKING EXPERIENCE AND OCCUPATION
Dato' Azmi, a senior corporate and commercial lawyer with 30 years of experience, is the Senior Partner of Messrs Azmi & Associates, a leading corporate and commercial law firm in Malaysia with close to 70 lawyers, since 2000. Prior to this, he was the Partner/Head Department of Corporate, Commercial and Special Projects of Messrs Hisham, Sobri and Kadir from 1995 to 2000. Dato' Azmi started his career in Petroliam Nasional Berhad ("PETRONAS") in 1984 and left PETRONAS' employment as Head of Gas/New Ventures, Upstream Legal Department in 1990 to join a boutique law firm of Messrs T. Tharu & Associates from 1990-1995. He has served as an Adjunct Professor to International Islamic University Malaysia ("IIUM") Law School for 2 years, and presently an Adjunct Professor to Universiti Kebangsaan Malaysia ("UKM") Law School. He is also a member of the Board of Financial Reporting Foundation, which is closely affiliated to the Malaysian Accounting Standards Board. He is one of the 4 designated members of Conciliators and of Arbitrators of the International Centre for Settlement of Investment Disputes ("ICSID") from Malaysia.

Khalid bin Sufat
Age: 59 years
Nationality: Malaysian

POSITION ON THE BOARD
Senior Independent Non-Executive Director

DATE APPOINTED TO THE BOARD
11 October 2010

MEMBERSHIP OF BOARD COMMITTEES
- Chairman, Audit and Compliance Committee
- Chairman, Nomination and Remuneration Committee

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES
- UMW Holdings Berhad
- Kuwait Finance House (Malaysia) Berhad

SECURITIES HOLDINGS IN THE COMPANY AND ITS SUBSIDIARIES
None as at 31 March 2015

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

QUALIFICATIONS
- Chartered Association of Certified Accountants, UK (ACCA)
- Malaysian Institute of Certified Public Accountants (MICPA)

WORKING EXPERIENCE AND OCCUPATION
Khalid, an accountant by profession, has vast experience in the banking industry having held several senior positions namely General Manager, Maybank in 1994, Executive Director of United Merchant Finance Berhad from 1995 to 1998 and Managing Director of Bank Rakyat from 1998 to 2000.

After his exposure in the banking industry, he went on to manage several listed companies namely Executive Director of Tronoh Mines Malaysia Berhad from January 2002 to February 2003, Deputy Executive Chairman of Furqan Business Organisation Berhad from February 2003 to December 2003 and Group Managing Director of Seacera Tiles Berhad from August 2006 to November 2007.

Dr. Leong Chik Weng
Age: 52 years
Nationality: Malaysian

POSITION
Independent Non-Executive Director

DATE APPOINTED TO THE BOARD
11 October 2010

MEMBERSHIP OF BOARD COMMITTEES
- Chairman, Finance and Investment Committee
- Member, Nomination and Remuneration Committee

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES
- A-Rank Berhad
- UMW Holdings Berhad
- UMW Oil & Gas Corporation Berhad

SECURITIES HOLDINGS IN THE COMPANY AND ITS SUBSIDIARIES
None as at 31 March 2015

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

QUALIFICATIONS
- Bachelor of Science in Chemical Engineering, West Virginia University, Morgantown, West Virginia
- Ph.D, in Chemical Engineering, University of Massachusetts, Amherst, Massachusetts
- Executive Training in Product & Manufacturing Strategy Development, Stanford University, School of Business

WORKING EXPERIENCE AND OCCUPATION
Dr. Leong is the founder of E-Lock Corporation Sdn. Bhd. and is currently its Chief Executive Officer. Prior to this, he was the Technical Director of Raychem Corporation, Menlo Park, California, USA and later joined Guidant Corporation, Santa Clara, USA as its Consultant. He was also the Managing Director of Universal Search Machine Sdn. Bhd. from 1998 to 2000.

Dato' Seri Ir. Dr. Zaini bin Ujang
Age: 50 years
Nationality: Malaysian

POSITION
Non-Independent Non-Executive Director

DATE APPOINTED TO THE BOARD
10 January 2011

MEMBERSHIP OF BOARD COMMITTEES
• Member, Risk Management Committee
• Member, Finance and Investment Committee

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES
None

SECURITIES HOLDINGS IN THE COMPANY AND ITS SUBSIDIARIES
None as at 31 March 2015

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

QUALIFICATIONS
- Bachelor of Chemical Engineering (Hons.) Universiti Teknologi Malaysia
- Master of Science (Environmental Engineering), University of Newcastle, United Kingdom
- Doctor of Philosophy (Environmental Engineering), University of Newcastle, United Kingdom
- Advanced Management Program, Harvard Business School, Harvard University
- Professional Engineer, Malaysia
- Chartered Engineer, United Kingdom

WORKING EXPERIENCE AND OCCUPATION
Dato' Seri Ir. Dr. Zaini is a professional environmental engineer cum scientist who integrates studies on water ecology with engineering systems towards pollution control and sustainability, especially with reference to river rehabilitation in developing countries. His interest in the field leads him to collaborate with leading scholars worldwide, particularly in membrane bioreactor, granulation process and biofouling control. He was Vice Chancellor of the oldest technical university in Malaysia and South East Asia, Universiti Teknologi Malaysia. For his remarkable contribution to the nation, he became the first recipient of the prestigious Malaysia Merdeka Award 2009 for the category of Outstanding Scholastic Achievement in environmental and sustainability water. He has been conferred the Darjah Seri Setia Tuanku Muhriz Yang Amat Terbilang ("SSTM") and Panglima Jasa Negara ("PJN"). He was awarded by His Royal Highness Yang Dipertuan Besar Negeri Sembilan Darul Khusus on 14 January 2013. He was the 'Tokoh Maal Hijrah 1433H' of Negeri Sembilan 2011, a Fellow of the Academy of Science Malaysia, Senior Advisor to the Prince Khalid bin Sultan Chair on Water Research, King Saud University, Chairman of the Environmental Quality Council, Malaysia and Fellow of the Institute of Chemical Engineers, United Kingdom. He is a Visiting Professor at Imperial College (UK) and Research Associate at Massachusetts Institute of Technology. He has registered more than 20 intellectual property rights and published more than 250 technical papers and 33 books.

Datin Paduka Kartini binti Hj. Abdul Manaf
Age: 53 years
Nationality: Malaysian

POSITION ON THE BOARD
Non-Independent Non-Executive Director

DATE APPOINTED TO THE BOARD
10 January 2011

MEMBERSHIP OF BOARD COMMITTEES
- Chairman, Integrity Committee
- Member, Audit and Compliance Committee
- Member, Finance & Investment Committee
- Member, Nomination and Remuneration Committee

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES
- See Sen Chemical Berhad

SECURITIES HOLDINGS IN THE COMPANY AND ITS SUBSIDIARIES
None as at 31 March 2015

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

QUALIFICATIONS
- Master of Business Administration, Ohio University, USA
- Bachelor of Business Administration, Ohio University, USA
- Diploma in Banking Studies, Universiti Teknologi Mara
- Certified Financial Planner, Financial Planning Association of Malaysia
- Capital Markets Services Representative License, Securities Commission

WORKING EXPERIENCE AND OCCUPATION
Datin Paduka Kartini started her career with Permodalan Nasional Berhad ("PNB") in March 1983 and is presently the Chief Strategy Officer of PNB. In her career of over 30 years at PNB, she has served in various capacities and has been involved in various aspects of investment management and corporate finance, including mergers and acquisitions, corporate restructuring, portfolio management, property investment as well as business development.

Datin Paduka Siti Sa'diah binti Sh Bakir
Age: 62 years
Nationality: Malaysian

POSITION ON THE BOARD
Independent Non-Executive Director

DATE APPOINTED TO THE BOARD
19 December 2014

MEMBERSHIP OF BOARD COMMITTEES
- Member, Audit and Compliance Committee
- Member, Risk Management Committee

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES
- KPJ Healthcare Berhad
- Kulim (Malaysia) Berhad

SECURITIES HOLDINGS IN THE COMPANY AND ITS SUBSIDIARIES
None as at 31 March 2015

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

QUALIFICATION
- Master of Business Administration, Henley Business School, University of Reading, United Kingdom
- Bachelor in Economics, University of Malaya

WORKING EXPERIENCE AND OCCUPATION
Datin Paduka Siti Sa'diah started her career with Johor Corporation (JCorp) in 1974 and had been directly involved in JCorp's Healthcare Division since 1978. She was appointed as the Chief Executive of Kumpulan Perubatan (Johor) Sdn. Bhd. from 1989 until the listing of KPJ Healthcare Berhad in November 1994. Subsequently, she was appointed the Managing Director of KPJ Healthcare Berhad from 1 March 1993 until her retirement on 31 December 2012. From 1 January 2013 until 31 December 2014, she served as KPJ's Corporate Advisor and is also the Chairman and Pro-Chancellor of KPJ Healthcare University College since 1 August 2011.

In 2010, Datin Paduka was named the 'CEO of the Year 2009' by the New Straits Times Press and the American Express. She has also received numerous awards and accolades for her invaluable contributions to the healthcare industry in Malaysia. She launched her biography entitled "Siti Sa'diah : Driven by Vision, Mission and Passion", authored by Professor Rokiah Talib, Penerbitan Universiti Kebangsaan Malaysia in 2013.

Datin Paduka has been actively involved in promoting private healthcare services in Malaysia and is presently the President of the Malaysian Society for Quality in Health ("MSQH"), the national accreditation body for healthcare services since its inception in 1997. She is also a member of the Academic Committee of the Razak School of Government ("RSOG"), a member of the University of Reading Malaysia ("UoRM") Advisory Board; a member of the Centre for University-Industry Collaboration ("CUIC") Advisory Council of Universiti Utara Malaysia (UUM); Adjunct Professor of UUM's Othman Yeop Abdullah Graduate School of Business and also a Member of University Malaya's Research Advisory Committee ("UMRAC").

Pulling Together for a Better Future

Synergy and collaboration are an integral part of our culture at CCM. Together, our Pharmaceuticals, Chemicals, and Fertilizers Divisions offer a diverse range of quality products and services to support the growth and wellbeing of industries and communities, ensuring our continued success in achieving our vision of Enhancing Quality of Life.

Abd Rahman bin Abdullah Thani
Director, CCM Fertilizers/Government Relations & Program Office
Age: 50 years
Nationality: Malaysian

QUALIFICATIONS

- Bachelor of Commerce, Accounting and Finance, University of Tasmania, Australia
- Fellow, Certified Practising Accountant, Australia
- Chartered Accountant, Malaysian Institute of Accountants
- Harvard Business School – Alumni Club Malaysia
- ICLIF – Leading Leaders Alumni

WORKING EXPERIENCE AND OCCUPATION

Abd Rahman was attached to Price Waterhouse 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 a pharmaceutical manufacturing company, Raza Manufacturing Berhad, in May 1995 as the General Manager of Finance and Administration and was involved in the formation of Pharmaniaga Berhad in 1998 through a merger of Raza, Strand Pharmaceuticals and Remedi Pharmaceuticals before being promoted to the position of Director of International and subsequently Director of Indonesia Operations in Pharmaniaga. His last position was as the President Director of an Indonesia listed company in Bursa Efek Indonesia, PT Millennium Pharmacon International Tbk, a subsidiary of Pharmaniaga International Corporation Sdn. Bhd. Abd. Rahman joined CCM in July 2009 as Director Finance (designate) and was appointed as Director, Finance on 1 December 2009. Beginning 1 May 2012, he took on the role which oversees Group Strategy, Security, Corporate Affairs, Halal and Transformation. He was then appointed the Director, CCM Fertilizers Division on 1 December 2014 besides helming the position as Director, Government Relations & Program Office.

Nik Fazila binti Nik Mohamed Shihabuddin
Director, Finance & Corporate Services
Age: 48 years
Nationality: Malaysian

QUALIFICATIONS

- Bachelor of Economics (Accounting), Flinders University of South Australia, Adelaide, Australia
- Chartered Accountant, Malaysian Institute of Certified Public Accountants (MICPA)
- Chartered Accountant, Malaysian Institute of Accountants (MIA)
- Associate Member, Certified Practising Accountant (CPA) Australia

WORKING EXPERIENCE AND OCCUPATION

Nik Fazila has more than 20 years of experience in the field of accounting, finance, business assurance and various corporate transactions. She started her career with Price Waterhouse (now known as PricewaterhouseCoopers - PwC) in the audit and business advisory services, and was with PwC for 10 years from 1988 to 1998. Her last position at PwC was as Senior Manager, Audit & Business Advisory.

She has also served three (3) Main Board public listed companies in Malaysia, as General Manager Finance and Chief Financial Officer. During her tenure at those public listed companies, apart from accounting, finance and treasury, she was involved in various corporation transactions, namely merger and acquisitions, corporate restructuring, creditors' scheme of arrangement and capital repayment exercises. The listed companies that she had worked for were Sapura Telecommunication Berhad, KUB Malaysia Berhad and UDA Holdings Berhad.

Her last employment prior to joining CCM was as Chief Financial Officer of Biotropics Malaysia Berhad, a subsidiary of Khazanah Nasional Berhad.

Mohamed Nazmi bin Sallehhudin
Director, Sustainability
Age: 49 years
Nationality: Malaysian

QUALIFICATIONS

- Bachelor of Commerce & Administration, University of Victoria, Wellington, New Zealand
- Building Construction Certificate
- INSEAD Asia Executive Program

WORKING EXPERIENCE AND OCCUPATION

Mohamed Nazmi started his career in the CCM Group as Head Market Development in 2006. He was then transferred to CCM Chemicals Sdn. Bhd. to head the Water Chemicals business. In 2008, he was appointed the Chief Operating Officer and managed the Malaysian market operations for the Chemicals Division. He further managed the South East Asia Chemicals markets as the Director Chemicals Division in December 2009 until September 2014. He was then reassigned as Director, Sustainability on 3 September 2014.

His experience ranges from Oil and Gas and Telecommunication, working in various capacities in product sales, management and development, market development and Retail Planning and Development. He is also an EXCO member of Chemical Industries Council of Malaysia ("CICM").

Norzaimah binti Maarof
Director, Group Corporate Development
Age: 45 years
Nationality: Malaysian

QUALIFICATIONS

- Barrister-at-Law, Bar of England and Wales
- Bachelor of Laws, University of Southampton, United Kingdom

WORKING EXPERIENCE AND OCCUPATION

Norzaimah was appointed as Director, Group Corporate Development on 1 November 2014. Prior to her appointment, Norzaimah was the Chief Business Development Officer in CCM Duopharma Biotech Berhad since March 2013.

Norzaimah has an extensive corporate commercial experience; she started her career in 1994 in the Corporate Department of General Lumber Fabricators & Builders Bhd until 2000. Thereafter, she moved to Philips Malaysia Sdn. Bhd. as Senior Legal Counsel from 2000 to 2003. She joined Pfizer Malaysia Sdn. Bhd. in 2003 where she was first appointed as Legal Director for Malaysia, Singapore and Brunei and then seconded to Pfizer Headquarters in New York in 2006. She was later appointed as Legal Director for Asia Research and Development where she provided core research and development, legal support and counsel for Pfizer Global Research and Development organisations in Asia and provided support and counsel for international clinical trials. Her last employment prior to joining CCM was Chief Counsel of Felda Global Ventures Holdings Berhad from 2009 to 2013.

Noor Azwah binti Samsudin
Group Company Secretary
Age: 44 years
Nationality: Malaysian

QUALIFICATIONS
- LL.B (Hons.), University of Sheffield, United Kingdom
- Certificate in Legal Practice, Legal Qualifying Board, Malaysia

WORKING EXPERIENCE AND OCCUPATION
Noor Azwah joined the CCM Group as Company Secretary in 2006. Prior to her appointment, Noor Azwah has served in the legal and corporate secretarial capacity in the automotive and insurance industries. She is also an affiliate member of the Malaysian Institute of Chartered Secretaries and Administrators.

Ibrahim Hussin Salleh
General Manager, Legal/Company Secretary
Age: 47 years
Nationality: Permanent Resident of Malaysia

QUALIFICATIONS
- LL.B (Hons.), International Islamic University Malaysia
- LL.M, University of Malaya
- Advocate & Solicitor of the High Court of Malaya

WORKING EXPERIENCE AND OCCUPATION
Ibrahim was admitted to the Roll of Advocates and Solicitors of the High Court of Malaya in 1993 and thereafter practised as an Advocate & Solicitor, gaining experience in banking, conveyancing, corporate and litigation matters. He joined a public listed property development company in 2002 as Head of the Legal & Secretarial Department. He subsequently joined CCM in April 2006 as Legal Manager and was appointed as the Joint Company Secretary in September 2006. He was promoted to General Manager, Legal in 2008.

Strength

Our subsidiaries leverage on the strength of the CCM Group to gain a competitive edge in the regional and global market.

Statement on Corporate Governance

The Malaysian Code on Corporate Governance 2012 (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 (the "Board") 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 financial year ended 31 December 2014.

PRINCIPLE 1

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Recommendation 1.1
Clear Functions between the Board and Management

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. To ensure effective discharge of its function and responsibilities, the Board has delegated specific responsibilities to Board Committees namely; the Nomination and Remuneration Committee, Audit and Compliance Committee, Finance and Investment Committee and Risk Management Committee.

The Board has also established sub-holding boards for each of the Group's businesses to ensure that the strategies and policies set at the Group level are implemented at the respective business divisions. In addition to these Board Committees, the Board has established a sub-committee named Integrity Committee, which is under the purview of the Audit and Compliance Committee to enhance its corporate governance practices and strengthen the ethical standards within the Group.

The Board has established clear functions which are reserved for the Board and those delegated to Board Committees and Management. Key matters, such as approval of annual and quarterly results, acquisitions and disposals, as well as material agreements, major capital expenditure, short-term and long-term plans and strategies and succession planning for top management are reserved for the Board.

Meanwhile, all Board 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. At each Board meeting, the Chairman of the relevant Committees presents reports and minutes of Board Committee meetings to keep the Board informed and updated on the key issues deliberated by the Board Committees at their respective meetings. The Terms of Reference, composition and activities of the respective committees are stated in their respective reports.

The Board on 31 December 2014 had reviewed the composition of all its Board Committees, as part of its continuous effort to ensure effective Boardroom dynamic.

The Board maintains a close and transparent relationship with the Management. Clear Limits of Authority for Management to manage the business of the Group has been established and reviewed as and when necessary to ensure that the limits of authority are up to date. Many of the responsibilities of the Board are delegated to Management through the Group Managing Director. The Group Managing Director is accountable to the Board for the achievement of the Group's corporate objectives which include performance targets and long-term goals of the business.

The Board conducts a quarterly review of the performance targets and long-term goals of the business to ensure that the needs of the Group are consistently met. The Board is furnished with information relating to the running of the Group's operations through various financial and operational monthly and quarterly reports prepared by Management. This allows them to understand the operations better and make decisions in steering the Group towards a profitable business. At each normal Board meeting, the Board receives from or through the Group Managing Director the operational report and other reports and proposals and assurances as the Board considers necessary to ensure that Management authorities are being observed.

Recommendation 1.2
Clear Roles and Responsibilities

The Board assumes, among others, the following responsibilities:-

(i) Review and adopt strategic plan of the Group

The Board plays an active role in the development of the Group's strategy. The Board is presented with the short and long term strategy of the Group annually together with its proposed business plans for the ensuing year. The Board has adopted a two stage approach in formulation of the Group's strategy. The Board has assembled a team comprising of at least two board members with specific knowledge of the relevant industries to sit on the respective sub-holding entities for each of the Group's businesses to challenge and deliberate the Group's strategy before it is presented to the Board.

This process allows the respective sub-holding board members to provide valuable feedback and input as well as assurance that all appropriate considerations have been taken into account. The outcome of the deliberation is then tabled to the Board to ensure the best outcome.

The Board also reviews and approves the annual budget for the ensuing year and sets the Key Performance Indicators ("KPIs") which supports the Group's strategy and business plan.

(ii) Oversee the Conduct of the Group's Business

The Board oversees the performance of Management to determine whether the business is being properly managed. In this regard, the Group Managing Director is critical to the performance of the Group and provides the leadership and strategic vision of the Group. He is responsible for the day-to-day running of the business and operations of the Group including organisational effectiveness, implementation of Board policies and strategies and clarifies matters relating to the Group's business to the Board. His 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 Group Managing Director is supported by the Group Management Committee and other committees established under the Group. These committees have their own specific Terms of Reference to ensure that the objectives and aspirations of the Group are met.

The Board has established clear targets and KPIs to measure Management's performance. These targets and KPIs are tabled to the Board and deliberated on a quarterly basis. The Board is also kept informed of the significant operational highlights, issues and performance of the Group on a monthly basis through various reports to ensure they are kept updated with the latest development of the Group.

To ensure independence, the Group Risk Department provides the Board with a separate status report on a regular basis to update the Board on the enterprise risk. The Group Internal Auditor also provides the Audit and Compliance Committee with audit reports as and when audit assignments are completed.

(iii) Identifying principle risks and ensuring the implementation of appropriate internal controls and mitigation measures

The Board, through the Risk Management Committee determines the Group's level of risk tolerance and actively identifies, assesses and monitors key business risks to safeguard the Group. In managing risks, the Board has developed an Enterprise Risk Management ("ERM") Framework for the Group in line with the universally accepted standard ISO 31000 for Risk Management. A Risk Management Policy has been established to ensure the Group has an effective risk management programme and control system to facilitate the Group in meeting all its business objectives.

The internal control mechanism established by the Board is embedded within the organisation structure in all its processes. The internal control system is independently reviewed by the Group Integrity and Assurance Department (formerly known as Group Internal Audit Department) to ensure its adequacy and integrity.

Details on the Report of the Risk Management Committee and Statement on Risk Management and Internal Controls are set out in this Annual Report on pages 70 to 73 and 80 to 82.

(iv) Succession Planning

The Board has entrusted the Nomination and Remuneration Committee with the responsibility to review and recommend to the Board, candidacy for boards within the Group and key responsible persons. These candidates go through a rigorous assessment prior to being invited to the respective boards or recruited as part of the key responsible persons to ensure that they have the sufficient experience and are the right fit for the Company.

The Group has, in place, a talent management programme to ensure the Group has talents to meet its future needs besides having a pipeline of successors for mission critical positions.

(v) Oversee the development and implementation of a shareholder communication policy

The Board values the dialogue with shareholders and appreciates the keen interest of shareholders on the Group's performance. In this regard, the Board has established a Shareholder and Investor Communication Policy to meet or otherwise communicate with the shareholders of the Group.

(vi) Review the adequacy and integrity of the management information and internal control systems

The Board is fully aware of the responsibilities to maintain a sound internal control system. The Board's responsibilities for the Group's system of internal controls cover not only financial aspects of the business but also operational, regulatory compliance as well as risk management matters. Details pertaining to the Company's internal control system and the review of its effectiveness are set out in the Statement on Risk Management and Internal Control in the Annual Report on pages 80 to 82.

Recommendation 1.3
Formalise Ethical Standards through a Code of Conduct and Ensure its Compliance

The Group has in place, Directors' Code of Best Practice and a Code of Conduct to govern the standard of ethics and good conduct expected of Directors and employees respectively. The Directors' Code of Best Practice includes among others, matters relating to their duties and conduct as Directors, conflict of interests and conduct in meetings. On an annual basis, the Directors are also required to submit a Directors' Confirmation Form to the Company confirming their remuneration and benefits, interest in shares and debentures and any related party transactions with the Group.

The Board has approved a Code of Conduct which commits the employees to ethical values and standards of conduct expected of them. It is based upon the Group's vision, mission and core values and embodies the principles contained in various policies adopted by the Group and gives guidance on how employees and other people affected by the Code of Conduct should apply the core values to the Group's businesses and activities. The Code of Conduct covers among others, all aspects of the business operations such as confidentiality of information, dealings in securities, conflict of interest, provision of gifts and gratuities, anti-bribery and sexual harassment.

As part of best practices in good corporate governance, the Group has also established a "Whistle-Blowing" policy, which provides an avenue for employees to report on their concerns of 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 such concerns 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.

To further enhance its good corporate governance practices and strengthen the ethical standards within the Group, in September 2013, the Board has approved the establishment of an Integrity Unit to manage integrity issues within the organisation. The unit, among others, is responsible for the following:-

- Governance – to ensure the conduct of best practices in governance;
- Strengthen integrity – to ensure that integrity is inculcated into the Group's culture and is institutionalised in the actions of all employees;
- Detection and verification of wrongdoings – to detect and confirm the information/complaints on criminal misconducts as well as violations of the Group's Code of Conduct and business ethics and to ensure that follow-up actions are duly taken. The unit is also responsible for reporting the criminal misconducts to the relevant enforcement agencies;
- Complaint management – to receive and take the necessary actions on all information/complaints received on criminal misconducts as well as violations of the Group's Code of Conduct and business ethics;
- Compliance – to ensure compliance with laws and regulations; and
- Disciplinary actions – to be the secretariat function to the Integrity Committee.

The function of the Integrity Unit is under the purview of the Audit and Compliance Committee. The Integrity Unit has set up a hotline at ***ccmintegrity@gmail.com*** for any parties to whistle blow on any concerns affecting them.

Recommendation 1.4
Strategies Promoting Sustainability

The Board understands the importance of sustainability in operating its businesses and is committed towards achieving sustainability that shall benefit stakeholders, environment, our people and the community. In achieving this, the Board has approved a Corporate Sustainability policy focusing on stakeholder and marketplace expectation, environment, workplace sustainability and community needs.

In ensuring strong and sustainable business, the Group will continue to consolidate its efforts to ensure a strong culture of Continuous Improvement with Safety, Health and Environment ("SHE") in mind; implementing all Sustainability programmes based on the Group's core values.

In 2014, CCM Operational Excellence programmes have contributed RM18.2 million towards Operating Profit and a total of RM37.6 million since June 2012. To ensure consistent quality process, CCM Innovative Solutions and CCM Duopharma were both certified with ISO 9001:2008 whilst CCM Fertilizers was certified with MS1900 Quality Management System from Islamic Perspective.

On Safety, Health and Environment the Group have improved Total Recordable Case Frequency to 1.34 against a target of 2.7. The Group will continue with its SHE Week programme to continuously instil SHE practices especially at all manufacturing sites. In line with Excellence, CCM Chemicals was awarded the Gold Award for Distribution Code and Community Awareness & Emergency Response Code, Silver Award for Process Safety Code, Pollution Prevention Code, and Employee Health & Safety Code. These awards reflect the Group's commitment to Chemical Industry 6 Code of Management practice and Guiding Principles. CCM Chemicals Sdn. Bhd. also participated actively in Chemical Industries Council Malaysia's ("CICM") Sound Chemical Management Proposal to promote better way in chemicals handling.

The Group was also awarded the PNB Islamic Initiative Award within the PNB Group. CCM Fertilizers also won the Malaysian Standard User Award being the first company with this certification in the fertilizer industry. Led by Halal Industry Development Corporation, the Group participated in developing the Halal plan for the 11th Malaysia Plan.

Recommendation 1.5
Access to Information and Advice

The Chairman is primarily responsible for ensuring that sufficient information is provided to the Board members to assist them in their deliberation. She ensures that all relevant issues and quality information to facilitate decision making and effective running of the Group's business are included in the agenda of Board meetings. In doing so, the Chairman will liaise with the Group Managing Director and the Company Secretary on the agenda for Board meetings. Board meetings are scheduled a year ahead in order to ensure full attendance. 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. The Board papers include, among others, the following:-

- Minutes of Meetings/Reports of all Board Committees;
- Business plan and direction;
- Current operating and business issues;
- Annual budget review, forecasts and projections;
- Quarterly and annual financial reports;
- Potential acquisitions and disposal of assets of substantial value;
- Major investment and financial decisions;
- Key policies, procedures and authority limits; and
- Reports, advices and opinions of external consultants/advisors as had been sought for.

During the financial year, seven (7) Board Meetings were held. Details of the Directors' meeting attendance during the financial year are as follows:-

Name of Directors	No. of Meeting Attendance
Dato' Sri Azalina binti Othman Non-Independent Non-Executive Chairman	5/7
Dato' Azmi bin Mohd Ali Non-Independent Non-Executive Director	7/7
Khalid bin Sufat Senior Independent Non-Executive Director	7/7
Dr. Leong Chik Weng Independent Non-Executive Director	6/7
Dato' Seri Ir. Dr. Zaini bin Ujang Non-Independent Non-Executive Director	7/7
Datin Paduka Kartini binti Hj. Abdul Manaf Non-Independent Non-Executive Director	7/7
Datin Paduka Siti Sa'diah binti Sh Bakir Independent Non-Executive Director (Appointed w.e.f. 19 December 2014)	0/7
Datuk Karownakaran @ Karunakaran A/L Ramasamy Independent Non-Executive Director (Resigned w.e.f. 31 December 2014)	7/7
Amirul Feisal bin Wan Zahir Group Managing Director (Resigned w.e.f. 1 October 2014)	5/7

Following the resignation of Amirul Feisal bin Wan Zahir as the Group Managing Director on 1 October 2014, the Board has approved the appointment of Leonard Ariff bin Abdul Shatar as the new Group Managing Director on 9 January 2015.

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, Board training or during the business unit 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 Secretary who is available to provide them with the appropriate advice and services and also to ensure that the relevant procedures are followed.

The Directors are regularly updated on the latest developments in the legislations as well as statutory and regulatory requirements relating to the duties and responsibilities of Directors. When necessary, the Directors also visit locations of business units which would assist the Board to make effective decisions relating to the Group.

Recommendation 1.6
Qualified and Competent Company Secretary

The appointment or removal of Company Secretary or Secretaries of the Board shall be the prerogative of the Board as a whole. The Board is currently assisted by two qualified and competent Company Secretaries in ensuring that Board procedures are followed and the applicable rules and regulations for the conduct of the affairs of the Board are complied with. The Company Secretary also plays an important role as a gatekeeper of corporate governance. All Board Members, particularly the Chairman, have unrestricted access to the advice and services of the Company Secretary for the purposes of the Board's affairs and the business.

Recommendation 1.7
Board Charter

The Board Charter sets out the authority, responsibilities, membership and operation of the Board in adopting principles of good corporate governance and practice, in accordance to applicable laws. The document clearly states the roles and responsibilities of the Board and Board Committees and the processes and procedures for convening their meetings. It also serves as a reference for all Board members as well as a primary induction literature for newly appointed Board members in providing insights into the fiduciary and leadership functions of the Board.

The Board endeavours to comply at all times with the principles and practices set out in this Charter. Any updates to the principles and practices set out in the Charter will be made available on the Company's website, ***www.ccmberhad.com***.

PRINCIPLE 2

STRENGTHEN COMPOSITION

The Company's Articles of Association stipulates that the minimum and maximum number of directors on the Board shall not be less than three (3) or more than twelve (12). An alternate director shall not be counted in the determination of minimum or maximum number of directors on the Board.

The Group considers 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. They constructively challenge and contribute to the development of the business strategies and direction of the Group. 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. The classification for independence is in accordance with paragraph 1.01 (Definition and Interpretations of Bursa Malaysia's Main Market Listing Requirements).

The Senior Independent Non-Executive Director is available to deal with concerns affecting the Group, other than through the Chairman. The Senior Independent Director is expected to ensure that all independent directors have the opportunity to provide input for the agenda, and advise the Chairman on the quality, quantity and the timeliness of the information submitted by Management that is necessary for the independent directors to perform their duties effectively. He is also the principal conduit between the independent directors and the Chairman on sensitive issue and the designated contact for consultation and direct communication with shareholders on areas that cannot be resolved through the normal channel of contact with the Chairman or Group Managing Director. Khalid bin Sufat has been appointed the Senior Independent Non-Executive Director.

The Board currently has eight (8) Directors of whom three (3) are Independent Directors. The composition of the Board was maintained so that at any one time, at least three (3) or one-third (1/3) of the Board, whichever is higher, shall be independent. A brief profile of each Director is presented on pages 32 to 39 of the Annual Report.

In ensuring that the composition of the Board is strengthened, the Board has entrusted the Nomination and Remuneration Committee to implement policies and procedures with respect to selection and nomination of Board and Board committees, review of Board's succession plans and training programmes for the Board.

Recommendation 2.1
Nomination and Remuneration Committee

The Company has in place a Nomination and Remuneration Committee ("NRC") with specific terms of reference. The NRC comprise of three members who are Non-Executive Directors with the majority being independent directors. The Chair of the Committee is held by the Senior Independent Director, Khalid bin Sufat.

Details pertaining to the NRC and its terms of reference are set out in the Annual Report on pages 74 to 76.

Recommendation 2.2
Develop, Maintain and Review Criteria to be used in Recruitment Process and Annual Assessment of Directors

(i) Recruitment/Appointment of Directors

One of the Terms of Reference of NRC is to recommend to the Board, candidates to fill all directorships and Board Committees within the Company and the Group, be it a new appointment or re-election/re-appointment. In executing this role, the NRC is guided by the Group's Board Nomination and Selection Process which has been approved by the Board. The Board Nomination and Selection Process outlines the skill sets, knowledge/experience, mindset and the intrinsic values required of the concerned director vis-a-vis the need of the Company. The process also provides the relevant point of reference in identifying the most suitable candidates to sit on the Board.

The NRC is responsible for reviewing, on an annual basis, the appropriate skills, experience and characteristics required for Board Members. The Chairman of the Board is required to actively participate in the selection of Board Members. A formal invitation to join the Company as a Board Member would be extended by the Chairman after approval from the Board.

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 ("AGM") are recommended by the NRC to the Board for their approval. 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 AGM 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 mandate. 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 AGM.

Director who is over seventy (70) years of age shall retire at every AGM and may offer himself for re-appointment to hold office until the Company's next AGM in accordance with Sections 129 (2) and 129 (6) of the Companies Act, 1965.

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

For the current year, the Board is recommending to the shareholders that Dato' Azmi bin Mohd Ali, Datin Paduka Kartini binti Hj. Abdul Manaf, Datin Paduka Siti Sa'diah binti Sh Bakir and Leonard Ariff bin Abdul Shatar be re-elected as directors of the Company at the forthcoming AGM.

(ii) Induction Programme

As part of the familiarisation process, newly appointed Board members are required to undergo an Induction Programme specially designed to familiarise the directors with the businesses within the Group. This familiarisation process includes briefing session on the range of products and services, business structure and visits to the respective operating facilities. The visits will include briefings from the Division's management to provide in-depth knowledge of the latest progress of the Division and appreciation of the key drivers behind the Group's core businesses.

(iii) Board Evaluation Assessment ("BEA")

The Group has in place a Board Evaluation Assessment ("BEA") which is conducted on an annual basis. The Board Evaluation criterias are based on the Green Book - Enhancing Board Effectiveness as well as guidelines and best practices issued by Bursa Malaysia and other relevant authorities which are based on the following main components:-

- Structuring a high performing Board;
- Ensuring a day-to-day Board operations and interactions; and
- Fulfilling fundamental Board roles and responsibilities at best practice levels.

The NRC is given the task to review annually the activities and effectiveness of the Board, Board Committees and the individual Board Members. The results of such evaluation will be discussed with the Committee and/or the Chairman and subsequently will be tabled to the Board. Actionable improvement programme will be developed to improve the performance of the Board.

(iv) Boardroom Diversity

The Board recognises the importance of diversity as an essential measure of good governance. Consequently, as part of the Board's Selection and Nomination process, due emphasis will be given to ensure that the Board of the Company comprises members from a diverse background of skills, professional experience, age, ethnicity and culture to provide different perspective and viewpoints for better decision making. The Board currently comprised of seven (7) Bumiputera Directors and one (1) Non-Bumiputera director. Seven directors are in the 50 – 59 years age group while one director is in the 60 years and above age group.

The Board at its meeting in February 2015 has also given their commitment on gender diversity by adopting a policy to ensure that at least 30% women directors on the Board. With the appointment of Datin Paduka Siti Sa'diah binti Sh Bakir as the Independent Non-Executive Director on 19 December 2014, the Board now comprise of five (5) male directors and three (3) female directors.

(v) Remuneration Policy

The remuneration of Directors is determined at levels which enable the Group 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 the Group Managing Director. In the case of Non-Executive Directors, the Board has established a formal and transparent remuneration policy to attract and retain Directors, motivate Directors to achieve Company's objective and align interest of Directors with long-term interest of shareholders. The level of remuneration for Non-Executive Directors is based on their responsibilities in Committees and the Board, their attendance and/or special skills and expertise they bring to the Board.

(a) Directors' Remuneration

The Non-Executives Directors are entitled to directors' fees. The Board has recommended to shareholders in 2012 for a proposed revision to the directors' fees so that it is in line with market and industry's practice. The proposal has been approved at the Annual General Meeting of the Company in 2012. As a result of the approval, the Chairman of the Board now receives a director's fee of RM100,000 per annum while each Non-Executive Directors receive director's fees of RM75,000 per annum.

In addition to the directors' fees, the Non-Executive Directors are also entitled to Board Committee Fees on which they sit and meeting allowance for each meeting attended.

The Group Managing Director is not entitled to receive any directors' fees, board committee fees or meeting allowance. The Group Managing Director's remuneration comprises of a fixed component which includes a monthly salary and benefit-in-kind/emoluments and a variable component in the form of performance bonus.

The aggregate remuneration of Directors categorised into appropriate components for the financial year ended 31 December 2014 is as follows:-

	Category of Directors	
	Group Managing Director (RM)	**Non-Executive Directors (RM)**
Fees	–	654,000
Allowance	–	299,200
Salaries and Bonus	991,341	–
Other Emoluments	280,475	–
Benefits-in-Kind	45,677	–
Total	**1,317,493**	**953,200**

Range of Remuneration	**Executive**	**Non-Executive**
RM1 to RM50,000	–	1
RM50,001 to RM100,000	–	1
RM100,001 to RM150,000	–	5
RM150,001 to RM200,000	–	–
RM200,001 and above	1[1]	1

Note:

[1] *Indicates the remuneration of the former Group Managing Director who resigned on 1 October 2014.*

(b) Directors and Officers Liability Insurance

In addition to the directors remuneration above, the directors are provided with a Directors and Officers Liability Insurance in respect of any liability arising in the course of discharging their duties as directors of the Company provided always that such liability occurs in good faith and not as a result of dishonesty, fraud, insider trading, malicious conduct and/or intentional breach of contract.

PRINCIPLE 3

REINFORCE INDEPENDENCE

The Independent Non-Executive Directors provide an unbiased and independent view in ensuring that the strategies proposed by Management are fully deliberated and examined in the interest of the Group, minority shareholders, employees and the business communities in which the Group conducts its business.

Recommendation 3.1
Annual Assessment of Independent Directors

The Board consists of seven (7) Non-Executive Directors and one (1) Executive Director. Three (3) of the Non-Executive Directors are independent. In ensuring that independent judgments are not compromised, the Board has adopted a policy on assessment of independence on its independent directors which is conducted on an annual basis or as and when a disclosure is made by any Director in respect of any new interest or relationship. The policy makes reference to Chapter 1 and Practice Note 13 of Bursa Malaysia's Main Market Listing Requirements.

Based on the assessment conducted recently, the Board is generally satisfied with the level of independence demonstrated by the independent directors and their ability to act in the best interest of the Group.

Recommendation 3.2 and 3.3
Tenure of Independent Director

One of the recommendations under the Code is to limit the tenure of independent directors to not more than nine (9) years, cumulatively. The recommendation is based on the view that the independence of an independent director may be affected if his tenure exceeds a cumulative term of nine years either in a consecutive service of nine years or cumulative service of nine years interval. The Board may, upon the completion of the nine years, re-designate the independent directors to a non-independent director if it is so determined that the expertise and experience of the independent director is still relevant to the Group (Recommendation 3.2) The Board may also justify and seek the shareholders' approval to otherwise retain the Independent Director who has served in that capacity for more than nine (9) years as Independent Director (Recommendation 3.3). Currently, the tenure of all Directors on the Board has not exceeded nine (9) years.

Recommendation 3.4 and 3.5
Position of Chairman and CEO and Board Balance

There is a division of responsibility between the Chairman and the Group Managing Director to ensure a balance of power and authority. The roles of the Chairman and the Group Managing Director are separate and clearly defined (Recommendation 3.4). As part of good corporate governance, the Chairman is responsible for ensuring board effectiveness and conduct. She ensures that all relevant issues and quality information to facilitate decision making and effective running of the Group's business are included in the meeting agenda. In doing so, the Chairman will liaise with the Group Managing Director and the Company Secretary on agenda for Board meetings. The Chairman 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 Chairman also chairs the meeting of shareholders of the Group.

At the general meetings of the Group, the Chairman will ensure that the shareholders are given the opportunity to enquire on the Group's affairs. The Group Managing Director focuses on the business and the day-to-day management of the Company and Group. He is the conduit between the Board and Management in ensuring the success of the Group's governance and management functions. The Group Managing Director implements the policies, strategies and decisions adopted by the Board.

The Board is chaired by a Non-Independent Non-Executive Chairman. Whilst the Company supports the recommendations made under the Code, the Company maintains that the Chairmanship of the Board shall continue to be held by a Non-Independent Non-Executive Director. At the moment, the Board is of the view that the Chairman will remain objective in expressing her views and will allow all Board members the opportunity to participate and express their views in deliberations and decision making in the Board without fear or favour. In addition, any decisions arrived at the Board are made on consensus. Despite this, the Board will endeavour that the composition of the independent directors comprise of more than one third (1/3) of the Board to ensure balance of power and authority on the Board (Recommendation 3.5).

PRINCIPLE 4

FOSTER COMMITMENT

Recommendation 4.1
Time Commitment

The Board has established a formal and transparent policy on the Appointment of Directors. In recommending or nominating a candidate to fill the position of Director of the Company, the Board will consider the candidate's ability to devote sufficient time to effectively discharge the duties as a director of the Company. This includes attendance of at least 50% of all board of directors and board committee meetings, or as determined from time to time by the Board. Appointed directors are also expected to devote their time to other matters involving the Company's affairs. In addition to the policy above, the time commitment required of the Directors are also incorporated as one of the terms in their appointment letter to the Board.

Any Board Member, while holding office, is at liberty to accept other Board appointments (outside the Group) so long as the appointment is not in conflict with the business of the Company and Group or does not detrimentally affect the director's performance as a Board member. All such appointments must first be discussed with the Chairman or the Board before being accepted.

In line with Bursa Malaysia's Main Market Listing Requirements ("MMLR"), Directors are also required to comply with the requirements of having not more than five (5) directorships in listed companies. This allows them to devote their time and discharge their duties effectively for the companies in which they are directors. Board meetings are scheduled a year ahead in order to enable full attendance.

Recommendation 4.2
Continuing Education Programme

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 as prescribed by MMLR and the costs are borne by the Company.

The Continuing Education Programme focuses on business specific issues relating to the Group and the latest development within the related industries and is conducted in-house at least two times a year. The programme is extended to all Directors and Senior Management of the Group. The Directors had on their own initiatives, requested to attend ad-hoc trainings, seminars or conferences conducted by third party to enhance their knowledge or skills in specific areas. The costs of attending such training or forum are borne by the Group. The training/seminars/conferences attended by Directors cover the areas of law, corporate governance, finance, tax, pharmaceutical industry and corporate integrity.

During the year, the Group has organised "Training on Corporate Integrity" and "IMS Briefing on Pharmaceuticals Industry" for the Directors and Senior Management of the Group which were facilitated by industry experts as part of the Continuing Education Programme.

The "Training on Corporate Integrity" was organised for the Directors and Senior Management on 2 April 2014 to introduce the Group to the creation of Integrity culture and as a stepping stone for the Group to be involved in the integrity initiative in order to promote the Anti-Corruption Principles of Transparency, Integrity and Good Corporate Governance and to enable the Group's top personnel to gain a deeper understanding of the National Integrity Plan ("NIP"), CCM Corporate Integrity initiatives, issues pertaining to corporate fraud and other related issues with regards to integrity knowledge.

In respect of the breakfast training on "IMS Briefing on Pharmaceuticals Industry" which was held on 22 June 2014, the Board was briefed on the latest development in the pharmaceutical industry, in particular the biosimilar business in Malaysia and the ASEAN region.

PRINCIPLE 5

UPHOLD INTEGRITY IN FINANCIAL REPORTING

Recommendation 5.1
Compliance with Applicable Reporting Standards

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 Board has delegated to the Audit and Compliance Committee to ensure that the preparation of financial statements comply with Companies Act, 1965 and approved Malaysia Financial Reporting Standards and that the accounts give a true and fair view of the state of affairs of the Group at the end of the financial year.

The Audit and Compliance Committee meets on a quarterly basis to review the integrity and reliability of the financial statements in the presence of the Director, Finance and Group Internal Auditor prior to recommending them for Board approval.

The Audit and Compliance Committee, with the assistance and assurance of the Group Internal Auditor, also reviews the internal control within the organisation in ensuring the custody, effective and efficient utilisation of Group assets.

Recommendation 5.2
Suitability and Independence of External Auditors

The Audit and Compliance Committee reviews the performance of the External Auditor on an annual basis after completion of the year-end audit on the suitability and independence of the External Auditors. In evaluating the suitability and effectiveness of external audit, the Audit and Compliance Committee will review the overall comprehensive external audit plan, the timeliness and quality of deliverables and the competency/adequacy of the resources to achieve the scope outlined in the audit plan.

The Board has also approved a policy on External Auditors' Independence whereby the Audit and Compliance Committee is given the task to review and assess the independence of the External Auditor annually at the time the External Auditor presents its annual audit plan. It is expected that the External Auditor will rigorously comply with its own internal policies on independence and all relevant professional guidance on independence. The Audit and Compliance Committee will further ensure that the policies governing the provision of non-audit fees are observed.

The Audit and Compliance Committee held two (2) meetings with the External Auditors without the presence of Management during the financial year under review.

PRINCIPLE 6

RECOGNISE AND MANAGE RISKS

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

Recommendation 6.1
Establish Sound Framework to Manage Risks

The Board, through the Risk Management Committee ("RMC"), determines the Group's level of risk tolerance and actively identify, assess and monitor key business risks to safeguard shareholders' investment and the Group's assets.

The Group's risk management function is performed by the Group Risk Department who reports the results of the risk management activities to RMC. The Department facilitates the risk management processes within the Group.

The Group's ERM Framework is automated and is aligned with the methodologies of ISO 31000 guidelines on managing risks. It includes quantification of risks, review of CCM Risk Universe and adopt a KPI linked risk reporting.

A Group Risk Management Policy has been established to ensure an effective risk management programme and control systems and thereby facilitating the Company in meeting its business objectives.

Recommendation 6.2
Internal Audit Function

The Group has established an internal audit function which is performed in-house by the Group Integrity and Assurance Department (formerly known as the Group Internal Audit Department) that reports to the Audit and Compliance Committee. The internal audit function is independent of the activities performed with impartiality, proficiency and due professional care.

The internal audit function is well resourced and critically reviews all aspects of the Company's activities and internal controls. Comprehensive audits of the practices, procedures, expenditure and internal controls of all business and support units and subsidiaries are undertaken on a regular basis.

The Group Internal Auditor has direct access to the Board through the Chairman of the Audit and Compliance Committee.

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

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

Details of the Company's internal control system and framework are set out in the Statement on Risk Management and Internal Control, the Risk Management Committee Report and Audit and Compliance Committee Report of this Annual Report on pages 80 to 82, 70 to 73, and 64 to 69 respectively.

PRINCIPLE 7
ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Recommendation 7.1
Corporate Disclosure Policy

The Group has long observed the continuing disclosure obligation imposed on a listed issuer by Bursa Malaysia. The Group has put in place a Corporate Disclosure Policy and Procedures for the following purposes:-

(a) Provide shareholders, investors, analysts, media representatives and other stakeholders with comprehensive, accurate and quality information issued by the Group on a timely and even basis;

(b) Raise awareness and provide guidance to the Board, Management, officers and employees on the Group's disclosure requirements and practices;

(c) Ensure that the Group meets its disclosure obligations in accordance with the securities laws and regulations governing corporate disclosure and confidentiality in relation to securities listed on Bursa Malaysia;

(d) Ensure that the Group observes best practices in relation to disclosure as illustrated in the Corporate Disclosure Guide by the Exchange; and

(e) Promote investor confidence in the integrity of the Company.

The policy is applicable to the conduct of directors, officers, managers and employees of the Group and to all method that the Group uses to communicate with the investing public in the dissemination of material information especially price sensitive information.

The following material information and material developments have been released to shareholders via the Bursa Malaysia Link on a timely manner:-

Date of Announcement	Subject Matter of Material Information
2 January 2014	Announcement on the completion of the Proposed Internal Restructuring Exercise on the Acquisition by CCM Usaha Kimia (M) Sdn. Bhd. ("UKSB") of 99.07% Equity Interest in CCM Innovative Solutions Sdn. Bhd. ("CCMIS") and 80% Equity Interest in CCM Chemicals Sdn. Bhd. ("CCMC") from the Company dated 1 November 2013.
13 February 2014	Proposed disposal by the Company of 2 contiguous parcels of freehold land together with 3 units of double-storey detached houses erected on Geran 25607, Lot 17, Seksyen 71, Bandar dan Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur and Geran 14977, Lot 332, Seksyen 71, Bandar Kuala Lumpur, Daerah Wilayah Persekutuan ("Properties") to Permodalan Nasional Berhad for a total cash consideration of RM74,814,000 ("Proposed Disposal").
21 April 2014	Members Voluntary Winding-Up of i) CCMF Agronomic & Technical Services Sdn. Bhd. ii) Usaha Progresif Sdn. Bhd. iii) Liberal Wira Sdn. Bhd. iv) Euphorex Corporation Sdn. Bhd. v) CCM Chemtrans Sdn. Bhd.
27 June 2014	Proposed Restructuring Exercise involving the disposal of the Company's 50.1% equity interest in CCM Fertilizers Sdn. Bhd. and 100 % equity interest, in both CCM Agriculture (Sabah) Sdn. Bhd. and CCM Agriculture Sdn. Bhd. (collectively referred to as the "Target Companies") to its wholly-owned subsidiary, CCM Agri-Max Sdn. Bhd. ("Proposed Internal Restructuring").
2 September 2014	Resignation of Group Managing Director
19 November 2014	Announcement on the completion of the Proposed Restructuring Exercise involving the disposal of the Company's 50.1% equity interest in CCM Fertilizers Sdn. Bhd. and 100 % equity interest, in both CCM Agriculture (Sabah) Sdn. Bhd. and CCM Agriculture Sdn. Bhd. (collectively referred to as the "Target Companies") to its wholly-owned subsidiary, CCM Agri-Max Sdn. Bhd.

27 November 2014	Execution of the following Share Sale Agreements ("SSA") (hereinafter referred to as the "Proposed Disposals") in relation to the following: **SSA 1:** (i) Proposed disposal of 8,000,000 CCM Pharmaceuticals Sdn. Bhd. ("CCMP") Shares, representing 100% of the issued and paid-up share capital of CCMP, for a disposal consideration of RM17,599,000 and the settlement of outstanding inter-company advances owed by CCMP to CCM Group as at 30 September 2014; and (ii) Proposed disposal of 200,000 Innovax Sdn. Bhd. ("Innovax") Shares, representing 100% of the issued and paid-up share capital of Innovax, for a disposal consideration of RM1,000 and the settlement of outstanding inter-company advances owed by Innovax to CCM Group as at 30 September 2014; **SSA 2:** (i) Proposed disposal of 3,300,000 CCM Pharma Sdn. Bhd. ("CCM Pharma") Shares, representing 100% of the issued and paid-up share capital of CCM Pharma, for a disposal consideration of RM34,942,000 and the settlement of outstanding inter-company advances owed by CCM Pharma to CCM Group; and (ii) Proposed disposal of 30,000,000 UPHA Pharmaceutical Manufacturing (M) Sdn. Bhd. ("UPHA") Shares, representing 100% of the issued and paid-up share capital of UPHA, for a disposal consideration of RM78,365,000 and the settlement of outstanding inter-company advances owed by UPHA to CCM Group as at 30 September 2014; **SSA 3:** (i) Proposed disposal of 1,600,000 CCM Singapore Pte. Ltd. ("CCMSPL") Shares, representing 100% of the issued and paid-up share capital of CCMSPL, by CCM International Sdn. Bhd. ("CCMI") for a disposal consideration of RM2,417,000 and the settlement of outstanding inter-company advances owed by CCMSPL to CCM Group as at 30 September 2014; and **SSA 4:** (i) Proposed disposal by CCM Investments Limited (BVI) ("CCM Investments") of the entire enlarged issued and fully paid-up share capital of CCM International (Philippines), Inc. ("CCMI (P)") including 5 CCMI (P) Shares held by five (5) directors of CCMI (P) for CCM Investments for a disposal consideration of RM1,000 and the capitalisation of inter-company advances made by CCM Investments or CCM Group to CCMI (P) and for that purpose, issuance of new shares in CCMI (P) to CCM Investments. The completion of the transactions is currently pending the fulfilment of the Conditions Precedents.

19 December 2014	Appointment of Datin Paduka Siti Sa'diah binti Sh Bakir, as an Independent, Non-Executive Director of the Company.
24 December 2014	Execution of Supplementary Agreement 1 and Supplementary Agreement 2 pertaining to the Proposed Disposals to amend the terms of SSA 1 and **SSA 2,** respectively.
31 December 2014	Resignation of Datuk Karownakaran@ Karunakaran A/L Ramasamy, Independent, Non-Executive Director, from the Board.
31 December 2014	Change in Audit Committee

Recommendation 7.2
Leverage on Information Technology for Effective Dissemination

The Group uses its website to disseminate information and enhance its investor relations. The Group's website, ***www.ccmberhad.com***, contains information about the Company/Group, its products and businesses, announcements which have been made available to the public as well as other areas of interest to the public. The website contains a section on Investor Relations which provides the investing public with all material information documents which have been released.

All timely disclosure and material information documents will be posted on the website as soon as possible after their release by the news wire service.

PRINCIPLE 8

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Recommendation 8.1
Encourage Shareholder Participation at General Meetings

Notices of general meetings and the accompanying explanatory materials are provided within the prescribed time or earlier than the minimum notice period prior to the meetings on the Bursa Malaysia website and by post to shareholders. This allows shareholders to make the necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney.

To encourage participation in general meetings, the Company has in 2012, removed the limit on the number of proxies to be appointed by an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account. The Company has also included a new provision in its Articles of Association in respect of the qualification and the right of a proxy to speak at general meetings. Under the new provision, any person could be appointed by the shareholders as a proxy. The proxy shall have the same rights as the shareholder to speak at the meeting.

Recommendation 8.2
Encourage Poll Voting

Shareholders also have the right to demand poll vote for substantive resolutions and the detailed results showing the number of votes cast for and against each resolution will be announced through Bursa Malaysia.

At the last AGM, the Company had highlighted the right of the shareholders to demand for poll voting. However, the shareholders have opted for voting to be done by show of hands and resolutions put forth for shareholders' approval at the last AGM were voted on by show of hands.

Recommendation 8.3
Effective Communication and Proactive Engagement

The Company encourages shareholders to ask questions and provide constructive feedback on the performance of the Company. Members of the Board, the Group's Senior Management, as well as the Group's auditors will be present to answer questions about the Group's affairs. In addition to the normal agenda for the AGM, the Board also presents the progress and performance of the business as contained in the Annual Report.

The Board believes that Management speaks for the Group. In this instance, the Group has adopted a Shareholders & Investors Communication Policy to provide sufficient information to shareholders to allow them to effectively evaluate the performance of the Company. The Company has adopted the following communication channels with shareholders:-

(a) Annual General Meeting

The Annual General Meeting ("AGM") provides a forum for dialogue with shareholders and aims to ensure that the AGM provides an important opportunity for effective communication with and constructive feedback from the Company's shareholders. Members of the Board, the Group's Senior Management, as well as the Group's auditors will be present to answer questions about the Group's affairs. In addition to the normal agenda for the AGM, the Board presents the progress and performance of the business as contained in the Annual Report and provides opportunities for shareholders to raise questions pertaining to the business activities of the Group. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Where necessary, the Chairman or the Group Managing Director will undertake to provide written answers to any significant questions that cannot be readily answered at the meeting.

The turnout of shareholders at the Company's AGM has always been large. A total of 578 shareholders and 1,074 proxies attended the AGM in 2014.

(b) Extraordinary General Meetings

Extraordinary General Meetings ("EGM") will be held as and when required. The Directors will consider requisitions by shareholders to convene EGM or any other urgent matters requiring immediate attention of the Company.

Notices of general meetings and the accompanying explanatory materials are provided within the prescribed time or earlier than the minimum notice period prior to the meetings on the Bursa Malaysia website and by post to shareholders. Shareholders also have the right to demand poll vote for substantive resolutions and the detailed results showing the number of votes cast for and against each resolution will be announced through Bursa Malaysia.

The Company had conducted an Extraordinary General Meeting on 21 January 2014 to approve the disposal of two contiguous parcels of freehold land together with three units of double-storey detached houses to Permodalan Nasional Berhad. Since the transaction was a related party transaction, the voting was carried out by poll.

Additionally, on 10 March 2015, an Extraordinary General Meeting was also conducted to approve the disposal of the following companies for a total cash consideration of RM133,325,000:

(i) 8,000,000 ordinary shares of RM1.00 each in CCM Pharmaceuticals Sdn. Bhd., representing 100% of its issued and paid-up share capital, by Chemical Company of Malaysia Berhad ("CCMB") to CCM Duopharma Biotech Berhad ("CCMD") for a disposal consideration of RM17,599,000;

(ii) 200,000 ordinary shares of RM1.00 each in Innovax Sdn. Bhd., representing 100% of its issued and paid-up share capital, by CCMB to CCMD for a disposal consideration of RM1,000;

(iii) 3,300,000 ordinary shares of RM1.00 each in CCM Pharma Sdn. Bhd., representing 100% of its issued and paid-up share capital, by CCMB to Duopharma (M) Sdn. Bhd. ("DMSB") for a disposal consideration of RM34,942,000;

(iv) 30,000,000 ordinary shares of RM1.00 each in UPHA Pharmaceutical Manufacturing (M) Sdn. Bhd., representing 100% of its issued and paid-up share capital, by CCMB to DMSB for a disposal consideration of RM78,365,000;

(v) 1,600,000 ordinary shares of Singapore dollar 1.00 each in CCM Pharmaceuticals (S) Pte. Ltd., representing 100% of its issued and paid-up share capital, by CCM International Sdn. Bhd., a wholly-owned subsidiary of CCMB, to CCMD for a disposal consideration of RM2,417,000; and

(vi) The entire enlarged issued and paid-up share capital of CCM International (Philippines) Inc. ("CCM Philippines"), including five (5) CCM Philippines shares held by five (5) directors of CCM Philippines for CCM Investments Ltd., by CCM Investments Ltd., a wholly-owned subsidiary of CCMB, to CCMD for a disposal consideration of RM1,000.

(c) 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.ccmberhad.com***.

(d) Company's Website

The Company also maintains a website at ***www.ccmberhad.com*** which can be accessed by shareholders to keep abreast with the Company's development. The Board ensures the timely release of financial results on quarterly basis to provide shareholders with an overview of the Company's performance and operations in addition to the various announcements or press releases made during the year which can also be obtained from Bursa Malaysia's website. The shareholders can also leave their queries/feedbacks on the Company's website.

(e) Announcement of Quarterly Results for the Financial Year Ended 31 December 2014

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 2014	**Date of Announcement**
1st Quarter	27 May 2014
2nd Quarter	29 August 2014
3rd Quarter	27 November 2014
4th Quarter	26 February 2015

STATEMENT OF COMPLIANCE WITH THE PRINCIPLES AND RECOMMENDATIONS OF THE CODE

The Group has in all material respects complied with the principles and recommendations of the Malaysian Code of Corporate Governance 2012 (the "Code") throughout the financial year ended 31 December 2014, save for Recommendation 3.5 on Non-Independent Chairman (Principle 3) which was explained earlier.

This statement is made in accordance with a resolution of the Board of Directors dated 18 March 2015.

Report of the Audit and Compliance Committee

The Board is pleased to issue the following report of the Audit and Compliance Committee and its activities during the financial year ended 31 December 2014.

COMPOSITION OF AUDIT AND COMPLIANCE COMMITTEE AND MEETINGS

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

A total of eleven (11) meetings of the Audit and Compliance Committee were held during the year. The status of directorship and attendance record of each of the members during the financial year, are as follows:-

Name of Directors and Status	No. of Meetings Attended
Khalid bin Sufat Chairman, Senior Independent Non-Executive Director	10/11
Datin Paduka Kartini binti Hj. Abdul Manaf Member, Non-Independent Non-Executive Director	11/11
Datuk Karownakaran @ Karunakaran A/L Ramasamy Member, Independent Non-Executive Director (Resigned w.e.f. 31 December 2014)	10/11

Following the resignation of Datuk Karownakaran @ Karunakaran A/L Ramasamy, the Board has approved the appointment of Datin Paduka Siti Sa'diah binti Sh Bakir (Independent Non-Executive Director) as a member of the Committee on 1 January 2015 to replace Datuk Karownakaran @ Karunakaran A/L Ramasamy.

TERMS OF REFERENCE

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

Membership

(i) The Audit and Compliance Committee shall be appointed by the Board of Directors and shall consist of a minimum of three (3) Non-Executive Directors, a majority of whom are Independent;

(ii) The Chairman of the Audit and Compliance Committee shall be approved by the Board and shall be an Independent Non-Executive Director;

(iii) 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

(i) Meetings shall be held no less than four (4) times a year;

(ii) The quorum shall be two (2) members, of which the majority of members present must be independent directors;

(iii) The Group Managing Director, the Group Finance Director and the Group Internal Auditor shall normally be invited to attend the meeting;

(iv) Any other Board members and any other representatives as deemed necessary shall be invited to attend the meeting;

(v) With regards to integrity matters, care should be taken to minimise the risk of any conflict of interest that might be seen to give rise to an unacceptable influence;

(vi) The Committee shall meet with the external auditors, the internal auditors or both, in the absence of other directors or employees of the listed issuer at least twice a year or whenever deemed necessary; and

(vii) The Secretary to the Committee shall be the Group Company Secretary.

Authority

The Audit and Compliance Committee is authorised by the Board:-

(i) To seek any information relevant to its activities from employees of the Group;

(ii) To engage the necessary resources required to carry out its duties and to obtain independent professional advice it considers necessary; and

(iii) To have full and unlimited access to any information and documents pertaining to the Group.

RESPONSIBILITIES

(a) Financial

To review the quarterly and year-end financial statements of the Board, focusing particularly on:-

(i) Any change in accounting policies and practices;

(ii) Significant adjustments arising from the audit;

(iii) The going concern assumption; and

(iv) Compliance with accounting standards and other legal requirements.

(b) External Audit

To carry out the following, in relation to the external audit function of the Group:-

(i) To consider and recommend to the Board the nomination, appointment and termination of the External Auditors, as well as the audit fee;

(ii) To discuss with the External Auditors 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 discuss problems and reservations arising from the interim and final audits, and any matter the External Auditors may wish to discuss (in the absence of management where necessary); and

(iv) To review the External Auditors management letter and management's response.

(c) Internal Audit

To carry out the following, in relation to the internal audit function of the Group:-

(i) Review and approve the annual audit plan;

(ii) Review the adequacy of the scope, functions, competency and resources of internal audit functions and that it has the necessary authority to carry out its work;

(iii) Review and endorse the audit charter which outlines the purpose, authority and responsibility of the Group's internal audit function;

(iv) Review the internal audit plans and results of these activities and where necessary, ensure that appropriate actions are taken on the recommendations of these functions;

(v) Review the annual budget for the Group's internal audit function;

(vi) Review any appraisal on performance as well as competency of the Group's internal audit function;

(vii) Approve any appointment or termination of senior staff members of the Group's internal audit function; and

(viii) Take cognisance of resignations of staff/members of the Group's internal audit function and provide the resigning staff/members an opportunity to submit his reasons for resigning.

(d) Integrity

To carry out the following, in relation to the integrity function of the Group:-

(i) To review annually:-

(a) The Group's business ethics and integrity policy and to make recommendations to the Board thereon; and

(b) The Group's business ethics and integrity policies, processes and practices.

(ii) To monitor the Group's compliance with existing legislations such as the Malaysian Anti-Corruption Commission Act 2009, Competition Act 2010, Whistle Blower Protection Act 2010, Witness Protection Act 2009 and Personal Data Protection Act 2010;

(iii) To ensure that the Group's communication and training programmes on ethics and business integrity are effective in reinforcing ethical values and further enhance good corporate governance;

(iv) To monitor the responses to the Group's whistleblowing line and other mechanisms used to raise concerns, and to oversee actions following breaches of the ethics and business integrity policy or allegations of misconduct;

(v) To review the major findings of internal investigations and Management's response and recommend the rectification needed;

(vi) To review the policies and practices of the Group in respect of business ethics and integrity in relation to the commencement of operations in any new country or territory in which the Group has not previously operated;

(vii) To review and recommend to the Board, compliance with particular best practice guidance or codes in relation to business ethics, integrity and compliance.

(e) Related Party Transactions

(i) To review any related-party transactions that may arise within the Group;

(ii) To review and recommend to the Board the Circular to Shareholders on Recurrent Related Party Transactions ("RRPTs") and new RRPTs.

(f) Other Matters

To consider other matters as defined by the Board.

ACTIVITIES DURING THE FINANCIAL YEAR

(i) Reviewed and recommended to the Board, the amendments to the Terms of Reference of the Audit and Compliance Committee;

(ii) Reviewed and approved the appointment of Group Internal Auditor;

(iii) Reviewed and approved the annual internal and external audit plans of the Group;

(iv) Reviewed the scorecard and status report of internal audit activities of the Group for the year to ensure that all planned activities were properly carried out;

(v) Reviewed the internal audit and special investigation reports prepared by the Group Internal Auditor and monitored the status of corrective actions taken by the Management to ensure all audit issues are addressed;

(vi) Reviewed the Management letters and reports of the external auditors;

(vii) Evaluated the performance of the External Auditors and made recommendations to the Board on their re-appointment and audit fees;

(viii) Reviewed the Group's financial performance, quarterly announcement to Bursa Malaysia, draft audited accounts and Annual Reports of the Group, prior to submission to the Board for consideration and approval;

(ix) Reviewed and recommended to the Board dividends to be declared to the shareholders of the Company;

(x) Reviewed the recurrent and new 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;

(xi) Reviewed, monitored and ensured that processes were in place for the implementation of Goods & Services Tax ("GST") within the Group;

(xii) Reviewed and monitored the implementation of the SAP system within the Group;

(xiii) Reviewed the proposed disposal of companies within the Group including the appointment of the various consultants in relation thereto;

(xiv) Reviewed and recommend to the Board the appeal to Tax Court of Indonesia against the objection decisions of the Director General of Tax on several tax adjustments/corrections made by the tax auditor;

(xv) Ensured the recommended principles and best practices of the Malaysian Code on Corporate Governance are implemented throughout the Group;

(xvi) Reviewed and recommended to the Board the CCM Corporate Integrity System; and

(xvii) Reviewed and approved the implementations of Corporate Integrity programme for the Group.

STATEMENT ON INTERNAL AUDIT FUNCTIONS

The Audit and Compliance Committee is supported by an in-house Group's internal audit function, which reports functionally to the Committee.

The Group's internal audit function's 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 and governance processes are adequate and continue to operate effectively and efficiently in achieving the objectives of the Group. The Group's internal audit function also provides an independent, objective assurance and consulting services designed to add value and improve the Company's operations.

Adopting a risk-based approach after evaluation and assessment of risks at Company and Group level, the Group's internal audit function formulated an Annual Audit Plan, which was approved by the Audit and Compliance Committee. The scope of audit covered all business units and operations of the Company and its subsidiaries.

The Internal Audit Reports, which included issues and action plans, were presented to and discussed with the Management. The Group's internal audit function subsequently monitored the implementation of the agreed action plans to ensure full compliance. The reports together with the follow-up action plans and implementation status were presented to the Audit and Compliance Committee for their deliberation and subsequent approval.

The total expenditure incurred for the Group's internal audit function for the financial year, which amongst others included departmental expenditures such as office running expenses, training expenses, travelling expenses, staff remuneration, etc. was approximately RM803,000.

STATEMENT ON GROUP INTEGRITY FUNCTIONS

In 2014, the Group Internal Auditor's role had broadened in scope following the establishment of the Group Integrity Unit, which is placed in the Group Internal Audit Department. The department's name is subsequently changed to Group Integrity & Assurance Department.

On integrity matters, the Group Integrity Unit reports to the Integrity Committee, which is chaired by Datin Paduka Kartini binti Hj. Abdul Manaf (Non-Independent Non-Executive Director) and in turn, reports to the Audit and Compliance Committee.

The Group Integrity Unit is responsible for, amongst others, conducting programmes to further inculcate and enhance integrity in the Group's culture, managing the CCM Whistleblowing hotline, enhancing business practices to further improve governance and confirming information/complaints received via the hotline.

The key events/activities in 2014 were as follows:-

(i) One staff was sent to attend the six-month Certified Integrity Officer ("CeIO") programme, which was conducted at the Malaysian Anti-Corruption Academy. The programme was aimed at equipping the Integrity Officers with the necessary knowledge in planning, implementing and monitoring the organisation's integrity programmes;

(ii) Signing of the Corporate Integrity Pledge ("CIP") between CCM and the Malaysian Anti-Corruption Commission. This marked the Company's commitment towards upholding the Anti-Corruption Principles for Corporations in Malaysia;

(iii) A Memorandum of Understanding on being a "Rakan Integriti" with Malaysian Institute of Integrity ("IIM") was signed to effectively implement integrity programmes such as enhancing corporate governance, business ethics and corporate responsibility;

(iv) Board of Directors and Senior Management Forum on Corporate Integrity was conducted in April 2014;

(v) Integrity awareness trainings for staff from all levels were conducted in the second half of 2014 and were successfully completed in December 2014;

(vi) An annual Integrity Day was held in November 2014 and the first quarterly Integrity Bulletin was launched during the Integrity Day;

(vii) Revision of policies such as Gift and Sponsorship Policy, Conflict of Interest Policy and the inclusion of the Anti-Bribery and Corruption Policy into the Code of Conduct.

Report of the Risk Management Committee

The Board is pleased to issue the following report on the Risk Management Committee and its activities during the financial year ended 31 December 2014.

COMPOSITION OF RISK MANAGEMENT COMMITTEE AND MEETINGS

The Risk Management Committee comprises three (3) members, all of whom are Non-Executive Directors. The quorum for meetings of the Committee shall be two (2) members, who must include the Chairman provided that in the event the Chairman is unable to be present for a meeting, the members who are present at the meeting can elect a Chairman from among themselves to chair the meeting. Any other Board members, the Group Managing Director and any other officer or person, as may be deemed necessary from time to time, may be invited to attend the meeting. The Secretary of the Committee shall be the Group Company Secretary.

A total of four (4) meetings were held during the financial year. The status of directorship and attendance record of each of the members during the financial year are as follows:-

Name of Directors and Status	No. of Meetings Attended
Dato' Azmi bin Mohd Ali Chairman, Non-Independent Non-Executive Director	4/4
Dato' Seri Ir. Dr. Zaini bin Ujang Member, Non-Independent Non-Executive Director	3/4
Datin Paduka Kartini binti Hj. Abdul Manaf Member, Non-Independent Non-Executive Director (Resigned w.e.f. 1 January 2015)	4/4

Following the resignation of Datin Paduka Kartini bin Hj. Abdul Manaf from the Committee, the Board has approved the appointment of Datin Paduka Siti Sa'diah binti Sh Bakir (Independent Non-Executive Director) as a member of the Committee with effect from 1 January 2015.

TERMS OF REFERENCE

Purpose

The purpose of the Risk Management Committee is to assist the Board of Directors in the effective discharge of its primary responsibilities of identifying principal risks and implementing appropriate systems and risk assessment processes to manage such risks, in line with the Malaysian Code on Corporate Governance issued by Securities Commission and Bursa Malaysia Listing Requirements.

Principles

(i) CCM Group consciously takes measured amount of risks and manages these risks effectively to meet its long term goals and objectives.

(ii) Risk Management is an integral part of the Group's business practice at all levels of the CCM Group.

(iii) The Committee will keep under review the effectiveness of Group's Risk Management system, taking into account:-

- The development and maintenance by management of a comprehensive Risk Management framework;
- The Group's culture of Risk Management (including awareness, education and training for all levels of staff);
- Feedback from the Management and the External Auditors on the effectiveness of Risk Management system;
- Changes to the divisional risk profiles, arising from the material, financial and non-financial risks facing the divisions and/or any part of the CCM Group;
- The impact and mitigation of significant risk events.

Duties

Subject to any resolution of the Board, the duties of the Committee are to:-

(i) Set risk appetite, approve frameworks, policies and processes for managing risk, and accept risks beyond the approval discretion provided to the management;

(ii) Recommend to the Board the parameters of the CCM Group's risk-reward strategy, monitor the alignment of the Group's risk profile with the risk appetite and ensure that the Group maintains an appropriate level and quality of capital in line with the risks inherent in its activities and projected business performance;

(iii) Monitor changes anticipated for the economic and business environment, including consideration of emerging risks, legislative or regulatory changes, major initiatives and other factors considered relevant to the CCM Group's risk profile and provide report on the same to the Board for overall consideration on the Group's business and operations;

(iv) Receive, review, scrutinise and provide commentaries on reports from the Executive Risk Management Committee ("ERMC") and/or Group Risk Department ("GRD") which have been duly reviewed/deliberated by the ERMC concerning:-

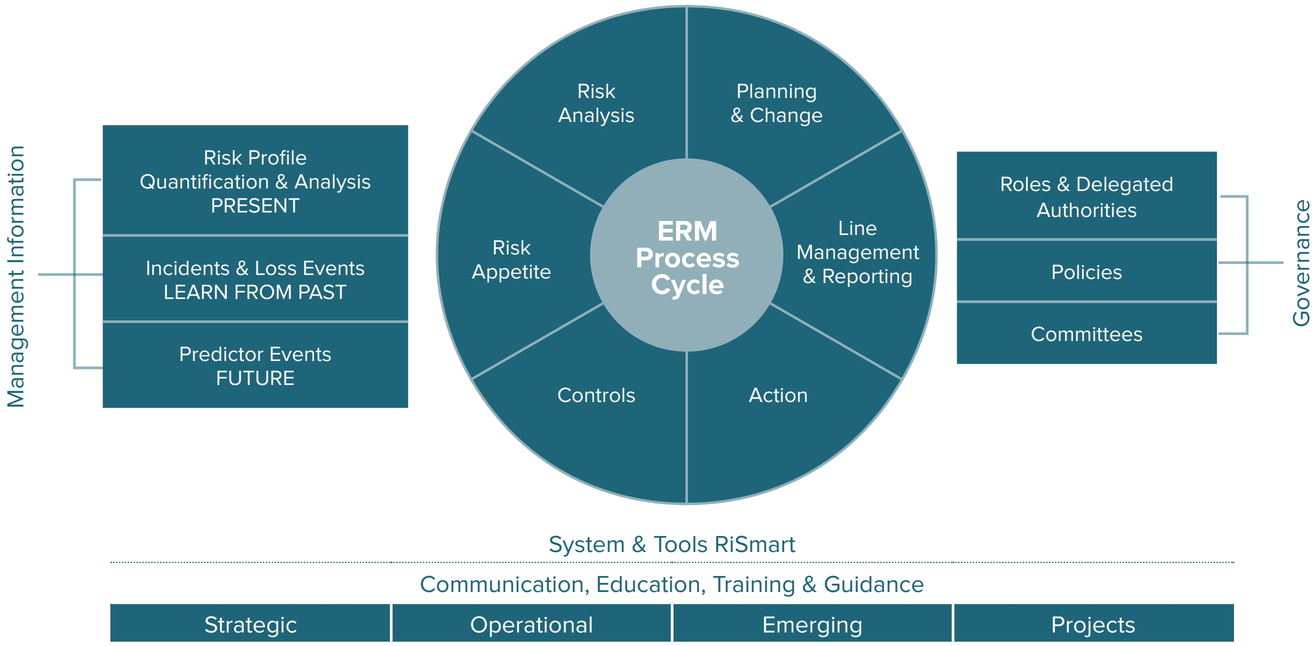
- Risk Management policies, strategies, processes and controls, status of the implementation and effectiveness thereof, within the divisions and, if thought fit, approve or vary them;
- Alignment or integration of risk management activities with other management activities/tools which include formulation of strategies, development of business plans, budgeting, forecasting and performance review, within the divisions;
- Identification and management of enterprise risks which could impact the achievement of business objectives.

RISK MANAGEMENT FUNCTION

The Group's Board Risk Management Committee ("BRMC") is supported by an in-house risk management function i.e. Group Risk Department. GRD provides risk advisory and supports various risk committees in the Group in all matters of Enterprise Risk Management (ERM).

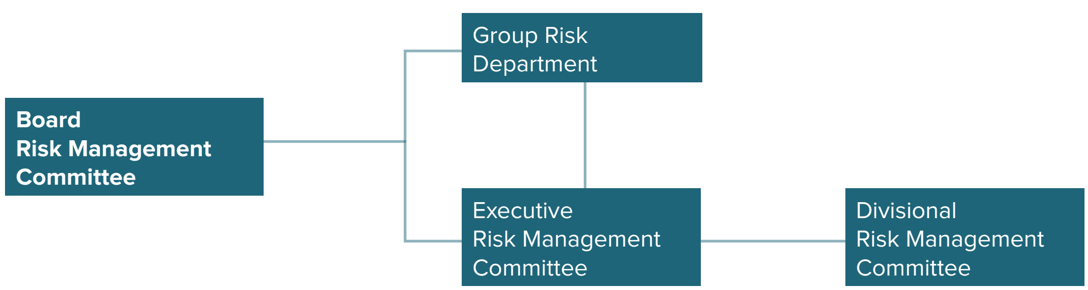
The ERM framework for risk management defines policy and objectives and sets the risk reporting structure. The framework structure includes risk profiling of current and historical risk information to anticipate probable future exposures. The framework ties into the Group's governance policies and guidelines via deliberations at various risk committees. The framework incorporates "RiSmart" which is an automated ERM tool for reporting and management of risks as well as continuous education and training for the Group. The framework operates within the context of Strategic, Operational, Emerging and Project risks categories.

ERM Framework



The BRMC receives reports from the Executive Risk Management Committee (ERMC) which is chaired by the Group Managing Director and comprises Senior Management of the Group. The ERMC is assisted by the Divisional Risk Management Committees whose role is to identify, mitigate and manage risks within their businesses. The ERMC retains the overall risk governance responsibility and risk oversight of the Group and its subsidiaries. The ERM structure is summarised below:-

Enterprise Risk Management Reporting Structure



The Group's risk management process establishes the context of risk in relation to the Group and its various businesses. The process includes risk identification, analysis, evaluation and treatment with continuous monitoring, review, communication and consultation. Analysis of risks based on likelihood of occurrence and significance of their consequences is consistent with the Risk Ranking of an approved Risk Matrix.

Risk Matrix

CONSEQUENCES

LIKELIHOOD

High	High High	Extreme	Extreme	Extreme
Moderate	High	High High	Extreme	Extreme
Minor	Moderate	High	High High	Extreme
Trivial	Moderate	Moderate	High	High High
Trivial	Minor	Moderate	High	High High

GRD drives the implementation of the Business Continuity plan for the Group. Risk Coordinators are appointed at each business division to act as risk liaison.

ACTIVITIES DURING THE YEAR

Risk Reporting

Quarterly reports to Board Risk Management Committee (BRMC) highlight the Group's Risk Profile to enable Board and Management to focus on, appraise and consider key risks affecting the Group's businesses and operations and the system of internal control necessary to manage and mitigate such risks. The BRMC reviewed significant risks comprising Strategic, Operational and Emerging risk categories. The review included movements from Gross to Residual Risk Levels which monitors Management's progress in implementing controls and assessing the effectiveness of measures addressing the sources of risk.

In summary, the range of risk issues deliberated for the Group during 2014 included revenue growth, working capital management, operational efficiency, business expansion through sales and marketing, sustainability, human capital development, employee engagement, strategic directions and regulatory compliance.

ERM System

In 2014, risks were fully identified and reported by risk committees via the online ERM system "RiSmart". Risk information is made available to risk owners and senior management with online accessibility and improves the efficiency, consistency and accuracy of reporting. The reporting captures updates of risk decisions made based on defined risk appetite, controls and treatment measures undertaken by risk owners. Audit trail report monitors risk reporting frequency of risk owners and the Risk Review function allows review of risks. Risk quantification and Key Risk Indicators (KRIs) were established within the online registers where Management is continually moving towards an integrated KPI and ERM management of risks.

Code on Corporate Governance

The BRMC recognises the recommendations of the revised Malaysian Code of Corporate Governance 2012 ("MCCG") in particular Principle 6.1: "Recognise and Manage Risk" ensuring the current Group's ERM meets the objective of the said Code. The Group's ERM framework built within the "RiSmart" system is based on ISO 31000, premised on international guideline for managing risk.

The "RiSmart" information system facilitates the Group's ERM framework, methodology and processes to meet with the requirements of the MCCG.

Report of the Nomination and 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 2014.

COMPOSITION OF NOMINATION AND REMUNERATION COMMITTEE

(i) The Nomination and Remuneration Committee consists of three (3) members, all of whom are Non-Executive Directors with the majority being independent directors. The quorum for the Committee shall be two (2) members, of which one shall be an independent director;

(ii) The Chairman of the Committee shall be the Senior Independent Director. In the absence of the Chairman of the Committee, the members present shall elect one of their number to chair the meeting;

(iii) In the event of equality of votes, the Chairman of the Committee shall have a casting vote (except where two (2) directors form the quorum); and

(iv) The appointment of a Committee member terminates when the member ceases to be a director, or as determined by the Board.

MEETINGS

(i) The Committee shall meet at least twice a year. Additional meetings shall be scheduled as considered necessary by the Committee or Chairman. The Committee may establish any procedures from time to time to govern its meetings, keeping of minutes and its administration;

(ii) The Committee shall have access to such information and advice, both from within the Group and externally, as it deems necessary or appropriate in accordance with the procedures determined by the Board and at the cost of the Group. The Committee may request other directors, members of management, counsels, consultants as applicable to participate in Committee meetings, as necessary, to carry out the Committee's responsibilities. Non-Committee directors and members of management in attendance may be required by the Chairman to leave the meetings of the Committee when the Chairman so request;

(iii) The Secretary of the Committee shall be the Group Company Secretary. Committee meeting agendas shall be the responsibility of the Committee Chairman with input from Committee members. The Chairman may also request management to participate in this process. The agenda for each meeting including supporting information shall be circulated at least seven days before each meeting to the Committee members and all those who are required to attend the meeting;

(iv) The Committee shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Committee. Such minute shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. The minutes of the Committee meeting shall be available to all Board Members;

(v) The Committee, through its Chairman, shall report to the Board at the next Board of Directors' meeting after each Committee meeting. When presenting any recommendation to the Board, the Committee will provide such background and supporting information as may be necessary for the Board to make an informed decision. The Committee shall provide such information to the Board as necessary to assist the Board in making a disclosure in the Annual Report in accordance with the Best Practices and the Principles of the Malaysian Code on Corporate Governance and the Bursa Malaysia Listing Requirements;

(vi) The Chairman of the Committee shall be available to answer questions about the Committee's work at the Annual General Meeting of the Company.

A total of nine (9) meetings were held during the year. The attendance record of each member during the financial year are as follows:-

Name of Directors and Status	No. of Meetings Attended
Khalid bin Sufat Chairman, Senior Independent Non-Executive Director	8/9
Dr. Leong Chik Weng Member, Independent Non-Executive Director	9/9
Datin Paduka Kartini binti Hj. Abdul Manaf Member, Non-Independent Non-Executive Director	9/9

TERMS OF REFERENCE

Objectives

(i) To recommend to the Board of Directors, candidates for all directorships in the Company and Group;

(ii) To recommend to the Board, directors to fill seats on Board Committees;

(iii) To consider candidates for directorships proposed by the Group Managing Director or Chief Executive Officer 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 establish the Key Performance Indicators (KPIs) of the Group Managing Director and review his performance against the KPIs set;

(vi) 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;

(vii) 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;

(viii) To recommend to the Board whether Directors retiring by rotation should be put forward for re-election;

(ix) To ensure an appropriate framework and plan for Board and management succession in 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 recommend to the Board, Management's recommendation on the appointment, promotion or termination of the Group Managing Director and the Key Responsible Person(s) of the Group;

(xii) To review and approve the Group Managing Director's recommendation on the KPIs of the Key Responsible Person(s) of the Group and their performance against the KPIs set;

(xiii) To review and recommend to the Board the policies on the remuneration package including increment and bonus of the Group Managing Director and the Key Responsible Person(s) of the Group;

(xiv) To review and recommend to the Board the global increment, bonus and incentive package for employees of the CCM Group of Companies;

(xv) To review and recommend to the Board any new incentive package and/or amendments to any existing incentive package for employees in the CCM Group of Companies; and

(xvi) To consider other matters as referred to the Committee by the Board.

ACTIVITIES DURING THE FINANCIAL YEAR

During the year, the Committee:-

(i) Reviewed the result of the Board Effectiveness Assessment of the Board of Directors and Committee of the Board and recommend improvement plans;

(ii) Recommended for approval of the Board the appointment of new Directors to the subsidiaries of the Group;

(iii) Recommended for approval of the Board the contract of employment and the remuneration package of the Key Responsible Person(s) of CCM Group of Companies;

(iv) Reviewed and recommended for approval of the Board the composition and the remuneration package for the Board of Directors of the CCM Group;

(v) Reviewed and recommended for approval of the Board the appointment, renewal of contracts of service or promotions of the Group Managing Director and the Key Responsible Person(s), where appropriate;

(vi) Reviewed and recommended for approval of the Board the bonus and salary review of Group Managing Director and the Key Responsible Person(s);

(vii) Reviewed and recommended for approval of the Board the annual global salary review, bonus and incentive package for employees of the Group;

(viii) 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;

(ix) Reviewed and recommended for approval of the Board the establishment of KPIs for the Group Managing Director;

(x) Reviewed Management's succession planning for the Group;

(xi) Reviewed and recommended the necessary action in relation to audit findings;

(xii) Reviewed and recommended for approval of the Board the Group's organisation structure;

(xiii) Reviewed and recommended for Board approval the policy on the Group's directors remuneration package;

(xiv) Reviewed and recommended for Board approval on Directors casual vacancy and retirement by rotation;

(xv) Reviewed and recommended for Board approval changes to the Group's Leave Policy;

(xvi) Reviewed and recommended for Board approval on proposed changes to HR policies due to implementation of Goods and Services Tax 2015;

(xvii) Reviewed and recommended for Board approval on the proposed mandate for the Collective Agreement with unionised employees; and

(xviii) Considered other matters as referred by the Board.

Report of the Finance and 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 2014.

TERMS OF REFERENCE

Purpose

The Finance and Investment Committee, a Committee of the Board of Directors, is established primarily to:-

(i) Review, recommend and approve to the Board, capital expenditure as proposed by companies within the Group;

(ii) Review and recommend to the Board all acquisitions, investments and divestment of companies and setting up of new business (including joint ventures) and companies;

(iii) Advise Management on suitable plans in respect of future investments.

Composition of Finance and Investment Committee

(i) The Committee shall have at least three (3) members, all of whom shall be Non-Executive Directors. The quorum for the Committee shall be two (2) members;

(ii) In the event of equality of votes, the Chairman of the Committee shall have a casting vote (except where two (2) directors form the quorum). In the absence of the Chairman of the Committee, the members present shall elect one of their number to chair the meeting; and

(iii) The appointment of a Committee member terminates when the member ceases to be a director, or as determined by the Board.

The current composition of the Committee stands at four (4) members.

Meetings

(i) The Committee shall meet at least once in every quarter. Additional meetings shall be scheduled as considered necessary by the Committee or Chairman. The Committee may establish any procedures from time to time to govern its meetings, keeping of minutes and its administration;

(ii) The Committee shall have access to such information and advice, both from within the Group and externally, as it deems necessary or appropriate in accordance with the procedures determined by the Board and at the cost of the Group. The Committee may request other directors, members of Management, counsels or consultants to participate in Committee meetings, as necessary. Non-Committee directors and members of Management in attendance may be required to leave the meetings of the Committee when the Chairman so request;

(iii) The Secretary of the Committee shall be the Group Company Secretary. Committee meeting agendas shall be the responsibility of Management. The agenda for each meeting including supporting information shall be circulated at least seven days before each meeting to the Committee members and all those who are required to attend the meeting;

(iv) All submission to the Finance and Investment Committee shall be approved by the Project Review Committee before it is escalated to the Committee;

(v) The Committee shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Committee. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. The minutes of the Committee meeting shall be available to all Board members;

(vi) The Committee, through its Chairman, shall report to the Board at the next Board of Directors' meeting after each Committee meeting. When presenting any recommendation to the Board, the Committee will provide such background and supporting information as may be necessary for the Board to make an informed decision. The Committee shall provide such information to the Board as necessary to assist the Board in making a disclosure in the Annual Report in accordance with the Principles of the Malaysian Code on Corporate Governance;

(vii) The Chairman of the Committee shall be available to answer questions about the Committee's work at the Annual General Meeting of the Company.

A total of eleven (11) meetings were held during the year. The status of directorship and attendance record of each of the members during the financial year were as follows:-

Name of Directors and Status	No. of Meetings Attended
Datuk Karownakaran @ Karunakaran A/L Ramasamy Chairman, Independent Non-Executive Director (Resigned w.e.f. 31 December 2014)	11/11
Dato' Seri Ir. Dr. Zaini bin Ujang Member, Non-Independent Non-Executive Director	10/11
Dato' Azmi bin Mohd Ali Member, Non-Independent Non-Executive Director	11/11

Following the resignation of Datuk Karownakaran @ Karunakaran A/L Ramasamy on 31 December 2014, the Board has approved the appointment of Dr. Leong Chik Weng (Independent Non-Executive Director) as the new Chairman of the Committee with effect from 1 January 2015. The Board has also approved the appointment of an additional member, Datin Paduka Kartini binti Hj. Abdul Manaf (Non-Independent Non-Executive Director) with effect from 1 January 2015.

Scope of Activities

The duties of the Finance and Investment Committee shall include the following:-

(i) To review and recommend to the Board of Directors the Group's operational plan and budget;

(ii) To review and approve all capital expenditure in excess of RM3 million and up to RM20 million as proposed by companies within the Group;

(iii) To review and approve all acquisition and disposal of the Company's land and properties as proposed by companies within the Group, up to RM20 million;

(iv) To review and recommend to the Board of Directors all capital expenditure (including land and properties) in excess of RM20 million as proposed by companies within the Group;

(v) To review and approve unbudgeted capital expenditure item of up to RM5 million if no budget was originally allocated or the lower of 10% of original budget and RM5 million for potential expenditure exceeding original budget;

(vi) To review and approve any unbudgeted operating expenditure item exceeding the Group Managing Director's limits of authority up to a maximum of RM2 million;

(vii) To review and recommend to the Board of Directors all acquisitions, investments and divestments of companies (excluding dormant companies) and setting up of new business including joint ventures, irrespective of value;

(viii) To monitor progress of investment proposals, capital expenditure and projects approved by the Board of Directors;

(ix) To review the post-expenditure review of the investment proposal, capital expenditures and projects approved by the Board of Directors at least eighteen (18) months upon commencement of the projects; and

(x) To consider other matters as referred to the Committee by the Board.

In respect of items (ii) the Group Managing Director is given the authority to approve any capital expenditure (excluding land and properties) of RM3 million and below, in line with the Group's Limits of Authority. All capital expenditure approved by the Group Managing Director shall be tabled to the Finance and Investment Committee for information.

Activities during the financial year

During the year, the Committee reviewed, approved and recommended to the Board of Directors the following:-

(i) The operational plan and budget for the year;

(ii) The implementation of the Group's strategies and internal corporate restructuring exercise;

(iii) Expenditures and investment proposals in relation to new equipment, machine replacements and refurbishments, construction of related plant facilities as well as new projects undertaken within the Group;

(iv) Acquisition and disposal of the Group's assets and properties as proposed by the companies within the Group;

(v) Funding requests by entities within the Group;

(vi) Investments, divestment and collaboration opportunities;

(vii) Appointment of advisors and consultant;

(viii) Established the Group KPIs on Working Capital Position for financial year 2014;

(ix) The appointment of advisors or consultant for specific projects; and

(x) Any other matters as referred to by the Board.

The Committee also monitored during the year the progress of investment proposals, capital expenditures and projects approved by the Board of Directors.

In addition, the Committee also reviewed the post-Expenditure Review of the investment proposals, capital expenditures and projects approved by the Board of Directors at least one year upon commencement of the projects.

Statement on Risk Management and Internal Control

RESPONSIBILITY

The Board is responsible for the review of the adequacy and effectiveness of the Group's system of risk management and internal controls, which includes financial, operational and compliance controls. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, it can only provide reasonable and not absolute assurance against material misstatement or loss.

The risk management and control processes are implemented by the Management, led by the Group Managing Director and Senior Management of the Group, who collectively is responsible for good business practices and governance.

RISK MANAGEMENT

The Board confirms that as an integral part of the system of internal control, there is an ongoing group-wide risk management process for identifying, evaluating and managing the significant risks faced by the Group. Risk management is practised within the Group on an iterative basis. All new and major investments have to observe a process approval that includes an assessment of the associated risks. The Group has in place an Enterprise Risk Management System (named RiSmart) which supports ISO 31000, premised on international principles and guidelines for managing risk. Risk owners across the business divisions of the Group uses RiSmart to define, highlight, report on and manage the key business and operational risks anticipated by them.

The Group-wide risk management process is subjected to regular review by the Board. The Group has an Executive Risk Management Committee which is chaired by the Group Managing Director and comprises Senior Management of the Group, to provide oversight and added impetus to the risk management process.

Management from major business or department 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 which is dedicated to the role.

The Group Risk Management 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.

KEY ELEMENTS OF THE GROUP'S SYSTEM OF INTERNAL CONTROLS

The key elements of the Group's system of internal controls are described below:-

Board Committees

The delegation of responsibilities to the various committees of the Board of Directors is clearly defined. At present, the committees which are established are the Audit and Compliance Committee, Nomination and Remuneration Committee, Finance and Investment Committee and Risk Management Committee. There is also an Integrity Committee which is chaired by a member of the Board who reports to the Audit and Compliance Committee.

Assignment of Authority and Responsibility

Clearly defined lines of authority within a divisionalised organisation structure have been established to facilitate the supervision and monitoring of conduct and operations of individual business units and support services departments. The Board has approved a defined and documented Limits of Authority ("LOA") which is used consistently throughout the Group. These LOAs specify clear division and delegation of responsibilities from the Board to the Board Committees and to members of management and the authorisation levels of various aspects of operations. These are regularly reviewed and updated to resolve operational effectiveness and challenges and to reflect changing risks. Additionally, the Group has a Project Review Committee to provide added assurance to the Finance and Investment Committee 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 Project Review Committee is chaired by the Group Managing Director and members include the Group Senior Management.

Planning, Monitoring & Reporting

The Group undertakes a strategic and budgeting planning process annually, to establish plans and targets against which performance is monitored. These business plan and budgets are subjected to evaluation and assessment by the Senior Management Group and the Finance and Investment Committee before it is recommended to the Board for approval. Monthly review is carried out by the Management to ensure that the businesses are operating according to the plans, as well as to monitor adherence to the internal control procedures established. Monthly financial and operational reports are circulated to the Board and quarterly financial reports are tabled and presented to the Board providing financial information including key performance and risk indicators. The information is reviewed by the Audit and Compliance Committee before it is presented to the Board for consideration and approval.

Policies & Procedures

There are policies and procedures in place to ensure adequacy of controls, and compliance with relevant law and regulations. These policies and procedures are periodically reviewed and updated to reflect changes in business structure and processes. In various instances, these documents form an integral part of the Integrated Quality Management Systems ("IQMS"). Chemical Company of Malaysia Berhad ("CCM Berhad") IQMS is ISO 9001, 14001 and OHSAS 18001 certified namely by Bureau Veritas. Certain companies within the Group have ISO 9001:2008 and MS49:1994 accreditations for operational purposes. These certifications demonstrate our ongoing commitment to drive for excellence and continuous quality improvement.

The Group has implemented Enterprise Resource Planning System (SAP) across its key business activities namely its Pharmaceuticals Division, Chemicals Division, the regional entities (covering 3 countries) and the holding company, CCM Berhad. The Group plans to embark on implementing SAP system for its Fertilizers Division in the future. This is part of the Group initiative to establish best practices across key business functions promoting greater visibility, transparency and efficiency.

Annual assurance is provided by the Group Managing Director and Director Finance to the Board on the adequacy and effectiveness of controls in the business processes.

Business Continuity Management ("BCM")

A framework on BCM has been established to ensure continuity of business in the event of a disaster. Recognising the diverse nature of risk and business within the Group, BCM in the Group is a business-owned and business driven process that establishes a fit-for-purpose strategic and operational framework to proactively improve the business resilience against the crisis and its ability to achieve its key objectives.

The framework includes a Crisis Management component at Group level which provides a rehearsed method of restoring the Group's ability to supply its key products and services to an agreed or acceptable level within an agreed time after a crisis. Processes within the framework also support the objective of protecting the Group's reputation and brand and adds to the overall assurance of achieving the strategic objectives of the Group.

As part of the continuous BCM process, the Group is currently working on a revised Succession Planning Framework for key positions; which amongst others includes structured plans to improve the Group's bench strength in key positions, talent identification and retention, and strengthening the process in performance management.

Human Resource Management

Key Performance Indicators are used to measure the achievement of staff in achieving the business and operational objectives. To enhance the competencies of the Group's talent pool, staff are kept updated with required training programmes ensuring their capabilities to carry out duties and responsibilities towards achieving the Group's objectives.

To ensure unsatisfactory performance and workplace conflicts are properly dealt with, the Group has in place guidelines for handling misconduct and disciplinary matters which include breach of integrity and other misconduct which do not comply with the terms and conditions of service whether expressed or implied.

Internal Audit

The Group Internal Audit Department (GIA) independently reviews the adequacy and integrity of the system of internal controls in managing the key risks, and reports accordingly to the Audit and Compliance Committee of the Board on a quarterly basis. Where weaknesses have been identified as a result of the reviews, improvement measures are recommended to strengthen controls, and follow-up audits are conducted by GIA to assess the status of implementation thereof by Management. In carrying out its work, GIA focuses on areas of priority as directed and approved by the Audit and Compliance Committee of the Board.

The Board remains committed towards maintaining a sound system of internal controls and believe that a balanced achievement of the Group's business objectives and operational efficiency can be attained. The Group continues to take measures to further strengthen the internal control environment.

BOARD'S ASSESSMENT

The Board is of the view that the Company's overall risk management and internal control system is operating adequately and effectively, in all material aspects, and have received the same assurance from both the Group Managing Director and Director Finance of the Company.

The Board confirms that the risk management process in identifying, evaluating and managing significant risks faced by the Group has been in place throughout 2014 up to the date of approval of this statement.

For the financial year 2014, the Board is of the view that the system of internal controls was adequate and effective and, has not resulted in any material loss, contingency or uncertainty that would require disclosure in the Annual Report 2014.

The statement has been approved by the Board of Directors at its meeting on 18 March 2015.

MATERIAL CONTRACTS

Save as disclosed below, there is no other material contract entered into by the CCM Group, involving directors and major shareholders' interests, either still subsisting at the end of the financial year ended 31 December 2014 or if not subsisting, entered into since the end of the previous financial year, other than contracts entered into in the ordinary course of business:

a) On 30 September 2013, the Company had entered into a sale and purchase agreement with Permodalan Nasional Berhad ("PNB") for the disposal of 2 contiguous parcels of freehold land together with 3 units of double-storey detached houses erected on Geran 25607, Lot 17, Seksyen 71, Bandar dan Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur and Geran 14977, Lot 332, Seksyen 71, Bandar Kuala Lumpur, Daerah Wilayah Persekutuan ("Properties") in favour of PNB for a total cash consideration of RM74,814,000. The disposal has been completed and vacant possession of the Properties had been delivered to PNB on 13 February 2014.

b) On 27 November 2014, the Company has entered into the following Share Sale Agreements ("SSA") (hereinafter referred to as the "Proposed Disposals") in relation to the following:

SSA 1:

(i) Proposed disposal of 8,000,000 CCM Pharmaceuticals Sdn. Bhd. ("CCMP") Shares, representing 100% of the issued and paid-up share capital of CCMP, for a disposal consideration of RM17,599,000 and the settlement of outstanding inter-company advances owed to the CCM Group as at 30 September 2014; and

(ii) Proposed disposal of 200,000 Innovax Sdn. Bhd. ("Innovax") Shares, representing 100% of the issued and paid-up share capital of Innovax, for a disposal consideration of RM1,000 and the settlement of outstanding inter-company advances owed by Innovax to the CCM Group as at 30 September 2014;

SSA 2:

(i) Proposed disposal of 3,300,000 CCM Pharma Sdn. Bhd. ("CCM Pharma") Shares, representing 100% of the issued and paid-up share capital of CCM Pharma, for a disposal consideration of RM34,942,000 and the settlement of outstanding inter-company advances owed by CCM Pharma to the CCM Group; and

(ii) Proposed disposal of 30,000,000 UPHA Pharmaceutical Manufacturing (M) Sdn. Bhd. ("UPHA") Shares, representing 100% of the issued and paid-up share capital of UPHA, for a disposal consideration of RM78,365,000 and the settlement of outstanding inter-company advances owed by UPHA to the CCM Group as at 30 September 2014;

SSA 3:

(i) Proposed disposal of 1,600,000 CCM Singapore Pte. Ltd. ("CCMSPL") Shares, representing 100% of the issued and paid-up share capital of CCMSPL, by CCM International Sdn. Bhd. ("CCMI") for a disposal consideration of RM2,417,000 and the settlement of outstanding inter-company advances owed by CCMSPL to the CCM Group as at 30 September 2014; and

SSA 4:

(i) Proposed disposal by CCM Investments Limited (BVI) ("CCM Investments") of the entire enlarged issued and fully paid-up share capital of CCM International (Philippines), Inc. ("CCMI (P)") including 5 CCMI (P) Shares held by five (5) directors of CCMI (P) for CCM Investments for a disposal consideration of RM1,000 and the capitalisation of inter-company advances made by CCM Investments or CCM Group to CCMI (P) and for that purpose, issuance of new shares in CCMI (P) to CCM Investments.

The completion of the transactions is currently pending the fulfilment of the Conditions Precedents.

c) On 24 December 2014, the Company has entered into Supplementary Agreement 1 and Supplementary Agreement 2 pertaining to the Proposed Disposals to amend the terms of **SSA 1** and **SSA 2,** respectively.

As at 31 December 2014, the Group has material commitments for capital expenditure of RM31,498,000 (contracted but not provided for) and RM28,543,000 (authorised but not contracted for), amounting to a total of RM60,041,000.

Other Disclosures

MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Save as disclosed below, neither CCM nor any of its subsidiaries are engaged in any material litigation, claims or arbitration proceedings, either as plaintiff or defendant, which will have a material effect on the financial position of the CCM Group and the Board is not aware of any proceedings pending or threatened against CCM and/or its subsidiaries or any facts likely to give rise to any proceedings which might materially affect the financial position and business of the CCM Group:

a) PT CCM Indonesia ("PTCCMI") a subsidiary of CCM, had on 23 September 2014 submitted five (5) letters of appeal to the Indonesian Tax Court against the objection decisions of the Director-General of Tax, Indonesia ("DGT") on several tax adjustments/ corrections made by the tax auditor totalling IDR36.1 billion (or equivalent to RM9.7 million) in aggregate. The DGT has filed his replies to the letters of appeal and PTCCMI has filed its rebuttals in relation thereto. The Indonesian Tax Court has informed that the appeals will be heard on 6 May 2015.

RECURRENT RELATED PARTY TRANSACTION OF A REVENUE NATURE

At an Annual General Meeting ("AGM") held on 27 May 2014, 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 27 May 2014 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 2014 is set out on pages 169 and 177 of the Annual Report.

The Group intends to seek a renewal of the said general mandate and a proposed extension of the scope of the shareholders' mandate to apply to recurrent related party transactions of a revenue or trading nature with new related parties at the forthcoming Annual General Meeting of the Group. The details of the new mandate to be sought are furnished in the Circular to Shareholders dated 30 April 2015.

SHARE BUY-BACK

There were no repurchase of its issued and paid up shares since 2003. As at 31 December 2014, 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 2014, the Group has paid a sum of RM209,000 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.

Amounts in RM'000 unless otherwise stated

The Directors of Chemical Company of Malaysia Berhad hereby submit their fifty third annual report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014. This report and the financial statements will be presented to the shareholders at the Annual General Meeting to be held on 27 May 2015.

PRINCIPAL ACTIVITIES

Chemical Company of Malaysia Berhad is an investment holding and management company with subsidiaries engaged in the manufacturing and marketing 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
(Loss)/Profit for the year attributable to:		
Owners of the Company	(42,514)	(86,172)
Non-controlling interests	7,091	–
	(35,423)	(86,172)

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 an interim single tier dividend of 2.50 sen per ordinary share totalling RM11,365,796 in respect of the financial year ended 31 December 2014 on 15 January 2015.

The Directors do not recommend any final dividend to be paid for the financial year ended 31 December 2014.

DIRECTORS OF THE COMPANY

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

Dato' Sri Azalina binti Othman, Chairman
Leonard Ariff bin Abdul Shatar, Group Managing Director (appointed 9 January 2015)
Dato' Azmi bin Mohd. Ali
Khalid bin Sufat
Dr. Leong Chik Weng
Dato' Seri Ir. Dr. Zaini bin Ujang
Datin Paduka Kartini binti Hj. Abdul Manaf
Datin Paduka Siti Sa'diah binti Sh Bakir (appointed 19 December 2014)
Amirul Feisal bin Wan Zahir, Group Managing Director (resigned on 1 October 2014)
Datuk Karownakaran @ Karunakaran A/L Ramasamy (resigned on 31 December 2014)

DIRECTORS' INTERESTS IN SHARES

None of the Directors holding office at 31 December 2014 had any interest in the ordinary shares and options 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, or with a company in which the Director has a substantial financial interest.

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

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

TREASURY SHARES

There were no changes in treasury shares during the year.

OTHER STATUTORY INFORMATION

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

(i) all known bad debts have been written off and adequate provision made for doubtful debts, and

(ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

(i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

(ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

(iv) not otherwise dealt with in this report or the financial statement that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

(i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

(ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, except for those disclosed in the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2014 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.

HOLDING COMPANY

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

SUBSEQUENT EVENTS

Subsequent events are disclosed in Note 31 to the financial statements.

AUDITORS

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

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

Dato' Sri Azalina binti Othman

Leonard Ariff bin Abdul Shatar

Kuala Lumpur,
Date: 18 March 2015

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 92 to 171 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2014 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 34 on page 172 to the financial statements has been compiled in accordance with Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

Dato' Sri Azalina binti Othman

Leonard Ariff bin Abdul Shatar

Kuala Lumpur,
Date: 18 March 2015

Statutory Declaration
pursuant to Section 169(16) of the Companies Act, 1965

I, **Nik Fazila binti Nik Mohamed Shihabuddin,** 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 92 to 172 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 18 March 2015.

Nik Fazila binti Nik Mohamed Shihabuddin

Before me:

Commissioner for Oaths
Kuala Lumpur

Independent Auditor's 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 statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 92 to 171.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 entity's preparation of financial statements that give a true and fair view 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 entity'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 give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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.

(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 REPORTING RESPONSIBILITIES

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 34 on page 172 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

KPMG
Firm Number: AF 0758
Chartered Accountants

Hasman Yusri Yusoff
Approval Number: 2583/08/16(J)
Chartered Accountant

Petaling Jaya,
Date: 18 March 2015

Statements of Financial Position

as at 31 December 2014

Amounts in RM'000 unless otherwise stated

	Note	Group 2014	Group 2013	Company 2014	Company 2013
Assets					
Property, plant and equipment	3	**540,718**	578,306	**22,793**	25,134
Investment properties	4	**31,140**	30,940	**113,530**	111,030
Intangible assets	5	**290,091**	288,090	**63**	63
Prepaid lease payments	6	**5,357**	5,744	**–**	–
Investments in subsidiaries	7	**–**	–	**360,961**	351,142
Investment in associate	8	**15,269**	13,563	**–**	–
Other investments	9	**15,864**	124	**15,740**	–
Deferred tax assets	10	**11,563**	9,945	**–**	–
Receivables	11	**–**	–	**414,968**	582,279
Total non-current assets		**910,002**	926,712	**928,055**	1,069,648
Inventories	12	**245,454**	290,107	**–**	–
Current tax assets		**18,454**	23,285	**3,092**	9,081
Trade and other receivables	11	**256,937**	283,648	**134,808**	100,706
Cash and cash equivalents	13	**208,212**	255,337	**81,307**	96,814
Assets classified as held for sale	14	**–**	74,814	**–**	74,814
Total current assets		**729,057**	927,191	**219,207**	281,415
Total assets		**1,639,059**	1,853,903	**1,147,262**	1,351,063
Equity					
Share capital		**457,630**	457,630	**457,630**	457,630
Reserves		**22,644**	36,442	**34,181**	36,183
Retained earnings		**269,998**	310,510	**206,775**	290,945
Total equity attributable to Owners of the Company	15	**750,272**	804,582	**698,586**	784,758
Non-controlling interests		**130,326**	122,671	**–**	–
Total equity		**880,598**	927,253	**698,586**	784,758

The notes on pages 101 to 172 are an integral part of these financial statements.

Amounts in RM'000 unless otherwise stated (continued)

		Group		Company	
	Note	2014	2013	2014	2013
Liabilities					
Loans and borrowings	16	**100,000**	380,000	**100,000**	380,000
Deferred tax liabilities	10	**19,289**	19,897	**12,218**	11,999
Total non-current liabilities		**119,289**	399,897	**112,218**	391,999
Loans and borrowings	16	**494,003**	369,634	**320,000**	150,000
Provision	17	**758**	410	**–**	–
Trade and other payables	18	**143,046**	155,093	**16,458**	24,306
Current tax liabilities		**1,365**	1,616	**–**	–
Total current liabilities		**639,172**	526,753	**336,458**	174,306
Total liabilities		**758,461**	926,650	**448,676**	566,305
Total equity and liabilities		**1,639,059**	1,853,903	**1,147,262**	1,351,063

The notes on pages 101 to 172 are an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2014

Amounts in RM'000 unless otherwise stated

	Note	Group 2014	Group 2013 Restated	Company 2014	Company 2013
Revenue	19	**1,089,057**	1,288,566	**8,088**	62,086
Cost of sales		**(885,564)**	(1,079,831)	**(785)**	(1,030)
Gross profit		**203,493**	208,735	**7,303**	61,056
Other income		**14,190**	26,005	**3,050**	21,578
Distribution expenses		**(77,277)**	(68,859)	**–**	–
Administrative expenses		**(95,009)**	(89,808)	**(15,358)**	(17,073)
Other expenses		**(46,807)**	(31,556)	**(85,063)**	(19,452)
Results from operating activities		**(1,410)**	44,517	**(90,068)**	46,109
Finance income		**4,891**	5,448	**22,311**	28,018
Finance costs		**(27,268)**	(31,772)	**(18,472)**	(22,347)
Net finance (costs)/income		**(22,377)**	(26,324)	**3,839**	5,671
Share of profit of equity accounted associate, net of tax		**1,706**	2,657	**–**	–
(Loss)/Profit before tax		**(22,081)**	20,850	**(86,229)**	51,780
Tax (expense)/income	20	**(13,342)**	(9,313)	**57**	(13,270)
(Loss)/Profit for the year	21	**(35,423)**	11,537	**(86,172)**	38,510
Other comprehensive (loss)/income net of tax					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		**(11,654)**	5,789	**–**	–
Other comprehensive (loss)/income for the year, net of tax		**(11,654)**	5,789	**–**	–
Total comprehensive (loss)/income for the year		**(47,077)**	17,326	**(86,172)**	38,510

The notes on pages 101 to 172 are an integral part of these financial statements.

Amounts in RM'000 unless otherwise stated (continued)

	Note	Group 2014	Group 2013	Company 2014	Company 2013
(Loss)/Profit attributable to:					
Owners of the Company		**(42,514)**	647	**(86,172)**	38,510
Non-controlling interests		**7,091**	10,890	**–**	–
(Loss)/Profit for the year		**(35,423)**	11,537	**(86,172)**	38,510
Total comprehensive (loss)/income attributable to:					
Owners of the Company		**(54,310)**	5,816	**(86,172)**	38,510
Non-controlling interests		**7,233**	11,510	**–**	–
Total comprehensive (loss)/income for the year		**(47,077)**	17,326	**(86,172)**	38,510
Basic earnings per ordinary share (sen)	22	**(9.29)**	0.14		
Diluted earnings per ordinary share (sen)	22	**(9.29)**	0.14		

The notes on pages 101 to 172 are an integral part of these financial statements.

Statements of Changes in Equity
for the year ended 31 December 2014

Amounts in RM'000 unless otherwise stated

		Attributable to equity holders of the Company											
		Non-distributable								Distributable			
	Note	**Share capital**	**Share premium**	**Capital redemp-tion reserve**	**Trans-lation reserve**	**Fair value reserve**	**Revalua-tion reserve**	**Other capital reserve**	**Treasury shares**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Group													
At 1 January 2013		457,630	39,944	73	(7,915)	23	2,002	2,982	(5,836)	345,779	834,682	133,272	967,954
Foreign currency translation differences for foreign operations		–	–	–	5,169	–	–	–	–	–	5,169	620	5,789
Total other comprehensive income for the year		–	–	–	5,169	–	–	–	–	–	5,169	620	5,789
Profit for the year		–	–	–	–	–	–	–	–	647	647	10,890	11,537
Total comprehensive income for the year		–	–	–	5,169	–	–	–	–	647	5,816	11,510	17,326
Dividends to owners of the Company	23	–	–	–	–	–	–	–	–	(35,916)	(35,916)	–	(35,916)
Dividends to non-controlling interests		–	–	–	–	–	–	–	–	–	–	(22,111)	(22,111)
At 31 December 2013/ 1 January 2014		457,630	39,944	73	(2,746)	23	2,002	2,982	(5,836)	310,510	804,582	122,671	927,253
		Note 15.1	Note 15.7	Note 15.2	Note 15.3	Note 15.4	Note 15.5		Note 15.6				

The notes on pages 101 to 172 are an integral part of these financial statements.

Amounts in RM'000 unless otherwise stated (continued)

	Note	Share capital	Share premium	Capital redemption reserve	Translation reserve	Fair value reserve	Revaluation reserve	Other capital reserve	Treasury shares	Retained earnings	Total	Non-controlling interest	Total equity
		Attributable to equity holders of the Company											
		Non-distributable								*Distributable*			
Group													
At 1 January 2014		457,630	39,944	73	(2,746)	23	2,002	2,982	(5,836)	310,510	804,582	122,671	927,253
Realisation of revaluation reserve		–	–	–	–	–	(2,002)	–	–	2,002	–	–	–
Foreign currency translation differences for foreign operations		–	–	–	(11,796)	–	–	–	–	–	(11,796)	142	(11,654)
Total other comprehensive (loss)/ income for the year		–	–	–	(11,796)	–	–	–	–	–	(11,796)	142	(11,654)
(Loss)/Profit for the year		–	–	–	–	–	–	–	–	(42,514)	(42,514)	7,091	(35,423)
Total comprehensive (loss)/ income for the year		–	–	–	(11,796)	–	–	–	–	(42,514)	(54,310)	7,233	(47,077)
Issue of new shares to non-controlling interests		–	–	–	–	–	–	–	–	–	–	9,780	9,780
Dividends to non-controlling interests		–	–	–	–	–	–	–	–	–	–	(9,358)	(9,358)
At 31 December 2014		457,630	39,944	73	(14,542)	23	–	2,982	(5,836)	269,998	750,272	130,326	880,598
		Note 15.1	Note 15.7	Note 15.2	Note 15.3	Note 15.4	Note 15.5		Note 15.6				

The notes on pages 101 to 172 are an integral part of these financial statements.

Amounts in RM'000 unless otherwise stated (continued)

	Note	Share capital	Share premium	Capital redemption reserve	Revaluation reserve	Treasury shares	Retained earnings	Total equity
		I---------- Non-distributable				*----------I*	*Distributable*	
Company								
At 1 January 2013		457,630	39,944	73	2,002	(5,836)	288,351	782,164
Total comprehensive income for the year		–	–	–	–	–	38,510	38,510
Dividends to owners of the Company	23	–	–	–	–	–	(35,916)	(35,916)
At 31 December 2013/ 1 January 2014		**457,630**	**39,944**	**73**	**2,002**	**(5,836)**	**290,945**	**784,758**
Total comprehensive loss for the year		**–**	**–**	**–**	**–**	**–**	**(86,172)**	**(86,172)**
Realisation of revaluation surplus		**–**	**–**	**–**	**(2,002)**	**–**	**2,002**	**–**
At 31 December 2014		**457,630**	**39,944**	**73**	**–**	**(5,836)**	**206,775**	**698,586**
		Note 15.1	Note 15.7	Note 15.2	Note 15.5	Note 15.6		

The notes on pages 101 to 172 are an integral part of these financial statements.

Statements of Cash Flows
for the year ended 31 December 2014

Amounts in RM'000 unless otherwise stated

		Group		Company	
	Note	**2014**	**2013**	**2014**	**2013**
Cash flows from operating activities					
(Loss)/Profit before tax		**(22,081)**	20,850	**(86,229)**	51,780
Adjustments for:					
Amortisation of prepaid lease payments	6	**387**	387	**–**	–
Change in fair value of investment properties	4	**(200)**	(18,706)	**(2,500)**	(21,534)
Depreciation of property, plant and equipment	3	**54,817**	51,597	**3,549**	3,463
Dividend income from subsidiaries		**–**	–	**(2,660)**	(56,730)
Net loss/(gain) on disposal of property, plant and equipment		**6**	(283)	**(2)**	–
Finance costs		**27,268**	31,772	**18,472**	22,347
Finance income		**(4,891)**	(5,448)	**(22,311)**	(28,018)
Impairment loss on property, plant and equipment	3	**24,086**	–	**–**	–
Impairment loss on intangible asset		**–**	15,787	**–**	15,787
Impairment loss on amount due from subsidiaries		**–**	–	**82,128**	–
Impairment loss on trade receivables		**14,507**	1,650	**–**	–
Share of profit of equity accounted associate, net of tax		**(1,706)**	(2,657)	**–**	–
Property, plant and equipment written off		**24**	515	**3**	108
Unrealised foreign exchange loss		**5,623**	3,308	**6**	–
Unrealised foreign exchange gain		**(10)**	(1,702)	**–**	–
Operating profit/(loss) before changes in working capital		**97,830**	97,070	**(9,544)**	(12,797)
Change in inventories		**44,653**	62,711	**–**	–
Change in trade and other payables		**(17,660)**	(49,881)	**(7,842)**	(7,913)
Change in trade and other receivables		**12,204**	84,941	**51,081**	(17,784)
Cash from/(used in) operations		**137,027**	194,841	**33,683**	(38,494)
Interest paid		**(27,268)**	(31,772)	**(18,472)**	(22,347)
Interest received		**4,891**	5,448	**22,311**	28,018
Income taxes paid		**(22,120)**	(20,703)	**(524)**	(928)
Income taxes refunded		**11,132**	2,786	**6,789**	1,253
Net cash from/(used in) operating activities		**103,662**	150,600	**43,787**	(32,498)
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	**(41,896)**	(39,220)	**(1,213)**	(5,958)
Acquisition of intangible asset		**–**	(1,062)	**–**	–
Acquisition of investment properties		**–**	(1,243)	**–**	(15)
Acquisition of unquoted shares		**(15,740)**	–	**(15,740)**	–
Dividends received from subsidiaries		**–**	–	**2,660**	45,280
Dividends received from associate		**–**	1,969	**–**	–
Increase in investment in subsidiaries		**–**	–	**(9,819)**	(15,000)
Proceeds from disposal of property, plant and equipment		**4**	283	**4**	–
Proceeds from disposal of assets held for sale		**74,814**	–	**74,814**	–
Net cash (used in)/ from investing activities		**17,182**	(39,273)	**50,706**	24,307

Amounts in RM'000 unless otherwise stated (continued)

	Note	Group 2014	Group 2013	Company 2014	Company 2013
Cash flows from financing activities					
Dividends paid to non-controlling interests		**(9,358)**	(22,111)	**–**	–
Dividends paid to owners of the Company	23	**–**	(35,916)	**–**	(35,916)
Proceeds from new shares issued to non-controlling interests		**9,780**	–	**–**	–
Proceeds from loans and borrowings		**82,243**	75,000	**40,000**	–
Repayment of loans and borrowings		**(237,874)**	(169,009)	**(150,000)**	(20,000)
Net cash from/(used in) financing activities		**(155,209)**	(152,036)	**(110,000)**	(55,916)
Exchange differences on translation of the financial statements of foreign operations		**(12,760)**	2,088	**–**	–
Net decrease in cash and cash equivalents		**(47,125)**	(38,621)	**(15,507)**	(64,107)
Cash and cash equivalents at 1 January	(i)	**255,337**	293,958	**96,814**	160,921
Cash and cash equivalents at 31 December	(i)	**208,212**	255,337	**81,307**	96,814

Cash and cash equivalents

(i) Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Cash and bank balances		**105,436**	148,574	**3,770**	599
Deposits with licensed banks		**102,776**	106,763	**77,537**	96,215
	13	**208,212**	255,337	**81,307**	96,814

The notes on pages 101 to 172 are an integral part of these financial statements.

Amounts in RM'000 unless otherwise stated

Chemical Company of Malaysia Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is 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 financial year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in an associate. The financial statements of the Company as at and for the financial year ended 31 December 2014 do not include other entities.

Chemical Company of Malaysia Berhad is an investment holding and management company with subsidiaries engaged in the manufacturing and marketing 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.

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

These financial statements were authorised for issue by the Board of Directors on 18 March 2015.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010- 2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, *Consolidated Financial Statements,* MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, Property, *Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*

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

- from the annual period beginning on 1 January 2015 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014 except for Amendments to MFRS 1, Amendments to MFRS 2 and Amendments to MFRS 119 which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016 except for Amendments to MFRS 11, MFRS 14 and Amendments to MFRS 116 and MFRS 141 which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

The initial application of the applicable accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior year financial statements of the Group and the Company except as mentioned below:

MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts,* MFRS 118, *Revenue,* IC Interpretation 13, *Customer Loyalty Programmes,* IC Interpretation 15, *Agreements for Construction of Real Estate,* IC Interpretation 18, *Transfer of Assets from Customers* and IC Interpretation 131, *Revenue – Barter Transactions Involving Advertising Services.*

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(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 in conformity with Malaysian Financial Reporting Standards ("MFRSs") 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 estimates are 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 as disclosed in the following note:

- Note 3 - valuation of property, plant and equipment
- Note 4 - valuation of investment properties
- Note 5 - measurement of the recoverable amounts of cash-generating units
- Note 7 - investment in subsidiaries
- Note 10 - deferred tax assets/liabilities
- Note 11 - valuation of trade receivables
- Note 17 - provisions for warranties

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 structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. 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 (CONTINUED)

(a) Basis of consolidation (continued)

(iv) Acquisitions from entities under common controls

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain/loss is recognised directly in equity.

(v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(vi) 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. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the 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 associate, the carrying amount of that interest including any long-term investments is reduced to zero, 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 associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses. The cost of the investment includes transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(viii) 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 associates are eliminated against the investment to the extent of the Group's interest in the investees. 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 transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency (continued)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

The income and expenses of foreign operations in hyperinflationary economies are translated to RM at the exchange rate at the end of the reporting period. Prior to translating the financial statements of foreign operations in hyperinflationary economies, their financial statements for the current period are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the end of the reporting period.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(c) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see note 2(k)(i)).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

The Group and the Company categorise financial instruments as follows: (continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Fair value arising from financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment

(i) Recognition and measurement

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

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. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other income” and “other expenses” respectively in profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leasehold assets are 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:

• Leasehold land	48 - 96 years
• Freehold building	50 years
• Long and short term leasehold building	10 years to 50 years
• Plant, machinery and equipment	4 years to 13 years
• Spare parts, stand-by equipment and servicing equipment	2 years to 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) 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 of the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

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

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, the leased assets are not recognised in the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, which forms part of the carrying amount of the equity-accounted associates.

(ii) Research and development

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

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets (continued)

(ii) Research and development (continued)

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment loss.

(iii) Brand name

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

(iv) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(v) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(vi) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

(g) Investment properties

(i) Investment properties carried at fair value

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Investment properties (continued)

(i) Investment properties carried at fair value (continued)

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Reclassification to/from investment properties

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 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 profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is measured based on weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and 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.

(i) Non-current assets held for sale

Non-current assets, or disposal group comprising assets and liabilities 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, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group are measured at the lower of their carrying amount and fair value less cost of disposal.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Non-current assets held for sale (continued)

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, 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 profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted associates ceases once classified as held for sale.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(k) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investment in subsidiaries and investment in associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Impairment (continued)

(i) Financial assets (continued)

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories, deferred tax asset, investment property that is measured at fair value and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period 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, the recoverable amount is estimated each period at the same time.

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 the cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (groups of cash-generating 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 the end of each reporting period 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 since the last impairment loss was recognised. 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 profit or loss in the financial year in which the reversals are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(m) Employee benefits

(i) Short-term employee benefits

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

A liability 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.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(n) Provisions

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. The unwinding of the discount is recognised as finance cost.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Provisions (continued)

(ii) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(o) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, 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, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the end of the reporting period. The stage of completion is assessed by reference to surveys of work performed.

(iii) Rental income

Rental income from investment property is recognised in profit or loss 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.

(iv) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(q) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. 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 or 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 end of the reporting period.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(g), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Income tax (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(r) Earnings per ordinary 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, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for own shares held for the effects of all dilutive potential ordinary shares.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Group Managing Director, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Contingencies

(i) 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 not recognised in the statements of financial position and 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.

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(u) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. PROPERTY, PLANT AND EQUIPMENT

	Note	Leasehold land	Freehold land	Freehold buildings	Long term leasehold buildings	Short term leasehold buildings	Plant, machinery and equipment	Under construction	Total
Group									
Cost									
At 1 January 2013		120,813	26,609	73,365	147,189	17,272	667,456	2,645	1,055,349
Additions		–	–	414	29	422	37,228	1,127	39,220
Transfers		–	–	–	–	–	1,903	(1,903)	–
Transfer to investment property - carrying amount	4	–	–	–	–	–	–	(45)	(45)
Disposals		–	–	–	–	–	(3,121)	(29)	(3,150)
Write-off		–	–	–	–	–	(2,684)	–	(2,684)
Effect of movements in exchange rates		–	–	–	–	1,147	1,374	–	2,521
At 31 December 2013/ 1 January 2014		**120,813**	**26,609**	**73,779**	**147,218**	**18,841**	**702,156**	**1,795**	**1,091,211**
Additions		**–**	**183**	**1,151**	**560**	**–**	**37,830**	**2,172**	**41,896**
Transfers		**–**	**–**	**–**	**1,258**	**–**	**–**	**(1,258)**	**–**
Transfer to intangible assets		**–**	**–**	**–**	**–**	**–**	**–**	**(2,001)**	**(2,001)**
Disposals		**–**	**–**	**–**	**–**	**–**	**(1,594)**	**–**	**(1,594)**
Write-off		**–**	**–**	**–**	**–**	**–**	**(1,244)**	**–**	**(1,244)**
Effect of movements in exchange rates		**–**	**–**	**–**	**–**	**1,062**	**1,722**	**–**	**2,784**
At 31 December 2014		**120,813**	**26,792**	**74,930**	**149,036**	**19,903**	**738,870**	**708**	**1,131,052**

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Leasehold land	Freehold land	Freehold buildings	Long term leasehold buildings	Short term leasehold buildings	Plant, machinery and equipment	Under construction	Total
Group									
Depreciation and impairment loss									
At 1 January 2013		8,369	–	6,631	13,099	5,102	432,526	–	465,727
Depreciation for the year		1,862	–	1,108	5,133	1,638	41,856	–	51,597
Disposals		–	–	–	–	–	(3,150)	–	(3,150)
Write-off		–	–	–	–	–	(2,169)	–	(2,169)
Effect of movement in exchange rates		–	–	–	–	345	555	–	900
At 31 December 2013/ 1 January 2014		**10,231**	**–**	**7,739**	**18,232**	**7,085**	**469,618**	**–**	**512,905**
Depreciation for the year		**1,862**	**–**	**1,126**	**4,875**	**79**	**46,875**	**–**	**54,817**
Disposals		**–**	**–**	**–**	**–**	**–**	**(1,584)**	**–**	**(1,584)**
Write-off		**–**	**–**	**–**	**–**	**–**	**(1,220)**	**–**	**(1,220)**
Impairment loss	3.1	**–**	**–**	**–**	**–**	**11,629**	**12,457**	**–**	**24,086**
Effect of movement in exchange rates		**–**	**–**	**–**	**–**	**205**	**1,125**	**–**	**1,330**
At 31 December 2014									
Accumulated depreciation		**12,093**	**–**	**8,865**	**23,107**	**7,369**	**514,814**	**–**	**566,248**
Accumulated impairment loss		**–**	**–**	**–**	**–**	**11,629**	**12,457**	**–**	**24,086**
		12,093	**–**	**8,865**	**23,107**	**18,998**	**527,271**	**–**	**590,334**
Carrying amounts									
At 1 January 2013		112,444	26,609	66,734	134,090	12,170	234,930	2,645	589,622
At 31 December 2013		110,582	26,609	66,040	128,986	11,756	232,538	1,795	578,306
At 31 December 2014		**108,720**	**26,792**	**66,065**	**125,929**	**905**	**211,599**	**708**	**540,718**

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Freehold land	Freehold buildings	Under construction	Plant, machinery and equipment	Total
Company						
Cost						
At 1 January 2013		–	–	45	31,583	31,628
Additions		–	–	314	5,644	5,958
Write-off		–	–	–	(932)	(932)
Transfer to investment Property - carrying amount	4	–	–	(45)	–	(45)
At 31 December 2013/ 1 January 2014		**–**	**–**	**314**	**36,295**	**36,609**
Additions		**–**	**–**	**–**	**1,213**	**1,213**
Transfers		**–**	**–**	**(314)**	**314**	**–**
Disposals		**–**	**–**	**–**	**(8)**	**(8)**
Write-off		**–**	**–**	**–**	**(3)**	**(3)**
At 31 December 2014		**–**	**–**	**–**	**37,811**	**37,811**
Depreciation						
At 1 January 2013		–	–	–	8,836	8,836
Depreciation for the year		–	–	–	3,463	3,463
Write-off		–	–	–	(824)	(824)
At 31 December 2013/ 1 January 2014		**–**	**–**	**–**	**11,475**	**11,475**
Depreciation for the year		**–**	**–**	**–**	**3,549**	**3,549**
Disposals		**–**	**–**	**–**	**(6)**	**(6)**
At 31 December 2014		**–**	**–**	**–**	**15,018**	**15,018**
Carrying amounts						
At 1 January 2013		–	–	45	22,747	22,792
At 31 December 2013/ 1 January 2014		**–**	**–**	**314**	**24,820**	**25,134**
At 31 December 2014		**–**	**–**	**–**	**22,793**	**22,793**

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.1 Impairment loss

During the financial year, the cessation of the production of its manufacturing plant in the Indonesia operating segment caused the Group to assess the recoverable amount of the related short term leasehold buildings and plant, machinery and equipment. The Group tested the related manufacturing plant for impairment and recognised an impairment loss of RM11,629,000 (2013: Nil) and RM11,011,000 (2013: Nil) with respect to the short term leasehold buildings and plant, machinery and equipment.

3.2 Leasehold land

At 31 December 2014, the net carrying amount of the Group's leasehold land was RM108,720,000 (2013: RM110,582,000). Leasehold land of the Group has an unexpired lease period of 25 to 85 years.

4. INVESTMENT PROPERTIES

		Group		Company	
	Note	2014	2013	2014	2013
At 1 January		**30,940**	85,760	**111,030**	164,250
Additions		**–**	1,243	**–**	15
Change in fair value recognised in profit or loss		**200**	18,706	**2,500**	21,534
Transfer to asset held for sale	14	**–**	(74,814)	**–**	(74,814)
Transfer from property, plant and equipment	3	**–**	45	**–**	45
At 31 December		**31,140**	30,940	**113,530**	111,030

Included in the above are:

At fair value				
Freehold land	**11,640**	11,640	**4,040**	3,840
Leasehold land with unexpired lease period of less than 50 years	**4,200**	4,000	**13,500**	–
Leasehold land with unexpired lease period of more than 50 years	**15,300**	15,300	**83,800**	95,000
Buildings	**–**	–	**12,190**	12,190
At 31 December	**31,140**	30,940	**113,530**	111,030

4. INVESTMENT PROPERTIES (CONTINUED)

The fair value of the investment properties are determined by the Directors of the Company based on an external independent valuation company using an open market value method. Valuations are performed by accredited independent valuers with recent experience in the location and categories of properties being valued.

Investment properties of the Company comprise a number of commercial properties that are leased to third party and subsidiaries. Each of the leases contains an initial non-cancellable period of one month to one year, with annual rents subject to independent valuation. Subsequent renewals are negotiated with the lessee and on average renewal periods are one to three years. No contingent rents are charged.

The following are recognised in profit or loss in respect of investment properties:

	Group		Company	
	2014	**2013**	**2014**	**2013**
Rental income	**–**	–	**5,428**	5,356
Direct operating expenses:				
- income generating investment properties	**–**	–	**785**	825
- non-income generating investment properties	**86**	209	**–**	–

4.1 Fair value information

Fair value of investment properties are categorised as follows:

	Level 2	Level 3	Total
2014			
Group	**–**	**11,640**	**11,640**
Freehold land			
Leasehold land with unexpired lease period of less than 50 years	**–**	**4,200**	**4,200**
Leasehold land with unexpired lease period of more than 50 years	**–**	**15,300**	**15,300**
	–	**31,140**	**31,140**
Company			
Freehold land	**–**	**4,040**	**4,040**
Buildings	**–**	**12,190**	**12,190**
Leasehold land with unexpired lease period of less than 50 years	**–**	**13,500**	**13,500**
Leasehold land with unexpired lease period of more than 50 years	**–**	**83,800**	**83,800**
	–	**113,530**	**113,530**

4. INVESTMENT PROPERTIES (CONTINUED)

4.1 Fair value information (continued)

	Level 2	Level 3	Total
2013			
Group			
Freehold land	–	11,640	11,640
Leasehold land with unexpired lease period of less than 50 years	–	4,000	4,000
Leasehold land with unexpired lease period of more than 50 years	–	15,300	15,300
	–	30,940	30,940
Company			
Freehold land	–	3,840	3,840
Buildings	–	12,190	12,190
Leasehold land with unexpired lease period of more than 50 years	–	95,000	95,000
	–	111,030	111,030

Level 3 fair value

The following table shows a reconciliation of Level 3 fair values:

	Group 2014	Company 2014
At 1 January	**30,940**	**111,030**
Change in fair value – other income - unrealised	**200**	**2,500**
At 31 December	**31,140**	**113,530**

4. INVESTMENT PROPERTIES (CONTINUED)

4.1 Fair value information (continued)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison method of valuation which entails comparing the property with similar properties that were sold recently and those that are currently offered for sale in the vicinity.	Recent transactions of similar properties at or near reporting period with similar land usage, land size and location. The characteristics, merits and disadvantages of these properties are noted and diligent adjustments thereof are then made by valuer to reflect the differences and to arrive at the value of the property.	The estimated fair value would increase/(decrease) if recent transactions of similar properties at or near reporting period with similar land usage, land size and location were higher (lower).

Valuation processes applied by the Group for Level 3 fair value

The fair value of investment properties are determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the locations and category of properties being valued. The valuation company provides the fair value of the Group's investment properties portfolio every twelve months. Changes in Level 3 fair values are analysed by the management every twelve months after obtaining valuation report from the valuation company.

Highest and best use

The Group's investment properties are currently freehold and leasehold land and buildings. The highest and best use of the properties should be properties located nearby the Group's investment properties.

5. INTANGIBLE ASSETS

	Goodwill	Marketing rights	Trade-marks	Brands	Development cost	Total
Group						
Cost						
At 1 January 2013	306,745	15,313	63	4,000	–	326,121
Addition	–	–	–	–	1,062	1,062
Effect of movement in exchange rates	–	474	–	–	–	474
At 31 December 2013/ 1 January 2014	**306,745**	**15,787**	**63**	**4,000**	**1,062**	**327,657**
Transfer from property, plant and equipment	**–**	**–**	**–**	**–**	**2,001**	**2,001**
At 31 December 2014	**306,745**	**15,787**	**63**	**4,000**	**3,063**	**329,658**
Accumulated impairment loss						
At 1 January 2013	22,980	–	–	800	–	23,780
Impairment loss	–	15,787	–	–	–	15,787
At 31 December 2013/ 1 January 2014/ 31 December 2014	**22,980**	**15,787**	**–**	**800**	**–**	**39,567**
Carrying Amounts						
At 1 January 2013	283,765	15,313	63	3,200	–	302,341
At 31 December 2013/ 1 January 2014	**283,765**	**–**	**63**	**3,200**	**1,062**	**288,090**
At 31 December 2014	**283,765**	**–**	**63**	**3,200**	**3,063**	**290,091**

Company	**Trademark**
Cost/Carrying amount	
At 1 January 2013/31 December 2013	63
At 1 January 2014/31 December 2014	**63**

5. INTANGIBLE ASSETS (CONTINUED)

5.1 Material intangible assets

Goodwill

The carrying amount of the goodwill of subsidiaries in the pharmaceutical and chemical segments, arising from acquisition through business combination, was 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, Pneumococcal Vaccine 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.

The Group has assessed the carrying amount of the marketing rights and full impairment loss of RM15,787,000 was recognised in the financial year ended 31 December 2013 as the Group anticipated that the marketing rights will not be recovered through future commercial activity.

Brands

The carrying amount of brands represents the acquisition of the brand name of the over-the-counter products. The Group has not amortised the brand as the Group is of the opinion that the brands have indefinite useful lives. It is reasonably anticipated that the brands will be recovered through future commercial activity.

Development cost

The carrying amount of development costs represents costs incurred to jointly conduct clinical trials with its technology partner, for the purpose of commercialisation of biosimilar products. The Group will hold the exclusive commercialisation rights for product marketing and distribution in Malaysia, Singapore and Brunei, as well as the exclusive and perpetual royalty-free license to use the technical information. The products have yet to be fully commercialised at financial year-end. The Group is of the opinion that the marketing rights have indefinite useful lives. The management made an assumption that the development costs will be recovered through future commercial activity when the products are fully commercialised in the future.

5.2 Amortisation and impairment charge

Amortisation and impairment is allocated and recognised in the statements of profit or loss and other comprehensive income as amortisation cost and impairment loss.

5. INTANGIBLE ASSETS (CONTINUED)

5.3 Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	Group	
	2014	**2013**
A subsidiary in pharmaceuticals division	**189,658**	189,658
Subsidiaries in chemicals division	**94,107**	94,107
	283,765	283,765

The recoverable amounts of the goodwill arising from consolidations were based on value in use of the investment in the respective subsidiaries ("the subsidiaries"). 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 3 years (2013: 3 years) budget. Cash flows for a further 2 years (2013: 2 years) period were extrapolated using a growth rate of 4 percent (2013: 3 to 8 percent) for the subsidiaries of pharmaceuticals division and 4 to 5 percent growth rate (2013: 5 to 6 percent) for subsidiaries of chemicals division. Management believes that these 5 years (2013: 5 years) forecast period was justified due to the long term nature of the business.

(b) The anticipated growth rate for revenue was projected in accordance with the Group's 3 years (2013: 3 years) budget and subsequently projected based on growth rate as stated in note (a) above.

(c) A pre-tax discount rate of 8.59 percent (2013: 7.80 percent) for subsidiaries of pharmaceuticals division and 8.60 percent (2013: 11.60 percent) for subsidiaries of chemicals division was applied in determining the recoverable amount. The discount was estimated based on the respective subsidiaries' weighted average cost of capital ("WACC").

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

6. PREPAID LEASE PAYMENTS

	Unexpired leasehold land with period less than 50 years 2014	2013
Group		
Cost		
At 1 January	**8,849**	8,849
At 31 December	**8,849**	8,849
Amortisation		
At 1 January	**3,105**	2,718
Amortisation for the year	**387**	387
At 31 December	**3,492**	3,105
Carrying amounts		
At 1 January	**5,744**	6,131
At 31 December	**5,357**	5,744

7. INVESTMENTS IN SUBSIDIARIES

	Company 2014	2013
At cost:		
Unquoted shares	**366,896**	357,077
Less: Accumulated impairment loss	**(5,935)**	(5,935)
	360,961	351,142

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business/Country of incorporation	Principal activities	Effective ownership interest and voting interest 2014 %	2013 %
CCM Agri-Max Sdn. Bhd. and its subsidiaries:	Malaysia	Marketing of wide range of fertilizers	**100.0**	100.0
CCM Fertilizers Sdn. Bhd. and its subsidiaries#:	Malaysia	Manufacture and marketing of a wide range 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 Agriculture (Sabah) Sdn. Bhd.	Malaysia	Manufacturing and marketing of wide range of fertilizers	**100.0**	100.0
CCM Agriculture Sdn. Bhd.	Malaysia	Manufacturing and marketing of wide range of fertilizers	**100.0**	100.0
CCM Usaha Kimia (M) Sdn. Bhd. and its subsidiaries:	Malaysia	Marketing of chlor-alkali and chemical products	**100.0**	100.0
CCM Water Systems Sdn. Bhd.	Malaysia	Dormant	**100.0**	100.0
CCM Innovative Solutions Sdn. Bhd. and its subsidiaries:	Malaysia	Manufacturing and trading of polymers and chemical products	**100.0**	100.0
Innovative Polymer Systems Sdn. Bhd.	Malaysia	Dormant	**100.0**	100.0
Delta Polymer Systems Sdn. Bhd.	Malaysia	Dormant	**100.0**	100.0
CCM Chemicals Sdn. Bhd. and its subsidiaries:	Malaysia	Manufacture and marketing of chlor-alkali and coagulant products and marketing of industrial and specialty chemicals	**80.0**	80.0
CCM Watercare Sdn. Bhd.	Malaysia	Dormant	**80.0**	80.0
CCM Singapore Pte. Ltd.*	Singapore	Marketing of chlor-alkali and coagulant products	**80.0**	80.0
CCM Chemtrans Sdn. Bhd.^	Malaysia	Dormant	**80.0**	80.0
CCM Chemtrade Sdn. Bhd.^	Malaysia	Dormant	**80.0**	80.0
P.T. CCM Indonesia*	Indonesia	Marketing of chlor-alkali and coagulant products and industrial chemicals	**80.0**	80.0
Innovative Resins Sdn. Bhd.	Malaysia	Investment Holding	**100.0**	100.0

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Principal place of business/Country of incorporation	Principal activities	Effective ownership interest and voting interest 2014 %	2013 %
CCM Marketing Sdn. Bhd. and its subsidiaries:	Malaysia	Investment holding	**100.0**	100.0
Euphorex Corporation Sdn. Bhd.^	Malaysia	Dormant	**100.0**	100.0
Liberal Wira Sdn. Bhd.^	Malaysia	Dormant	**100.0**	100.0
Usaha Progresif Sdn. Bhd.^	Malaysia	Dormant	**100.0**	100.0
CCM Duopharma Biotech Berhad and its subsidiary:	Malaysia	Investment holding	**73.4**	73.4
Duopharma (M) Sdn. Bhd.	Malaysia	Manufacturing, distributing, importing and exporting of pharmaceutical products and medicines	**73.4**	73.4
Upha Pharmaceutical Manufacturing (M) Sdn. Bhd.	Malaysia	Manufacturing of pharmaceutical products and sales of medicines	**100.0**	100.0
CCM Pharma Sdn. Bhd.	Malaysia	Property management and services	**100.0**	100.0
Innovax Sdn. Bhd.	Malaysia	Research and development of pharmaceutical products	**100.0**	100.0
CCM Pharmaceuticals Sdn. Bhd. and its subsidiaries:	Malaysia	Marketing and sales of medicine and pharmaceutical products	**100.0**	100.0
CCM Biopharma Sdn. Bhd.	Malaysia	Dormant	**100.0**	100.0
Sentosa Pharmacy Sdn.Bhd.	Malaysia	Distributor of pharmaceutical products	**100.0**	100.0
Unique Pharmacy (Ipoh) Sdn. Bhd.	Malaysia	Distributor of pharmaceutical products	**100.0**	100.0
Unique Pharmacy (Penang) Sdn. Bhd.	Malaysia	Distributor of pharmaceutical products	**100.0**	100.0
Negeri Pharmacy Sdn. Bhd.	Malaysia	Dormant	**100.0**	100.0
CCM Investments Limited** and its subsidiary:	British Virgin Islands	Investment holding	**100.0**	100.0
CCM International (Philippines), Inc.*	Republic of Philippines	Distribution, importing and exporting of pharmaceuticals and chemicals product	**99.9**	99.9

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Principal place of business/Country of incorporation	Principal activities	Effective ownership interest and voting interest 2014 %	2013 %
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	Trading of fertilizers	**100.0**	100.0
CCM Siam Ltd.*	Thailand	Dormant	**100.0**	100.0
Yayasan CCM (Limited by Guarantee)	Malaysia	To receive and administer funds for education and charitable purposes	**100.0**	100.0

- • Audited by external auditors other than KPMG
- •• Not required to be audited and consolidated based on unaudited financial statements
- ^ In liquidation and consolidated based on unaudited financial statements
- # During the financial year, the Company subscribed an additional 3,507,000 new ordinary shares of RM1 each at RM2.80 per share for a total cash consideration of RM9,819,000 in CCM Fertilizers Sdn. Bhd.

7.1 During the year, the Company completed the following internal restructuring exercises:-

(i) CCM Usaha Kimia (M) Sdn. Bhd. ("UKSB") acquired 16,000,000 ordinary shares of RM1.00 each in CCM Chemicals Sdn. Bhd. representing 80% of its issued and paid-up share capital from the Company for a purchase consideration of RM46,571,000, satisfied by the issuance of new shares of UKSB comprising of 11,066,868 ordinary shares of RM1.00 each at RM4.21 per share.

(ii) UKSB acquired 127,754,848 ordinary shares of RM1.00 each in CCM Innovative Solutions Sdn. Bhd. representing 99.07% of its issued and paid-up share capital from the Company for a purchase consideration of RM121,754,847, satisfied by the issuance of new shares of UKSB comprising of 28,933,132 ordinary shares of RM1.00 each at RM4.21 per share.

(iii) CCM Agri-Max Sdn. Bhd. ("CCMAM") acquired 19,539,000 ordinary shares of RM1.00 each in CCM Fertilizers Sdn. Bhd. representing 50.1% of its issued and paid-up share capital from the Company for a purchase consideration of RM34,929,600, satisfied by the issuance of new shares of CCMAM comprising of 12,256,000 ordinary shares of RM1.00 each at RM2.85 per share.

(iv) CCMAM acquired 2,500,100 ordinary shares of RM1.00 each in CCM Agriculture (Sabah) Sdn. Bhd. representing 100% of its issued and paid-up share capital from the Company for a purchase consideration of RM2,500,100, satisfied by the issuance of new shares of CCMAM comprising 2,500,100 ordinary shares of RM1.00 each.

(v) CCMAM acquired 2,500,100 ordinary shares of RM1.00 each in CCM Agriculture Sdn. Bhd. representing 100% of its issued and paid-up share capital from the Company for a purchase consideration of RM4,755,166, satisfied by the issuance of new shares of CCMAM comprising of 2,500,100 ordinary shares of RM1.00 each at RM1.90 per share.

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

7.2 Non-controlling interest in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	CCM Fertilizers Sdn. Bhd. and its subsidiary	CCM Duopharma Biotech Berhad and its subsidiary	CCM Chemicals Sdn. Bhd. and its subsidiaries	Total
2014				
NCI percentage of ownership interest and voting interest	49.90%	26.63%	20.00%	–
Carrying amount of NCI	51,340	51,850	27,136	130,326
(Loss)/Profit allocated to NCI	(2,321)	9,394	18	7,091

Summarised financial information before intra-group elimination

	CCM Fertilizers Sdn. Bhd. and its subsidiary	CCM Duopharma Biotech Berhad and its subsidiary	CCM Chemicals Sdn. Bhd. and its subsidiaries
As at 31 December			
Non-current assets	13,006	115,623	106,112
Current assets	136,463	106,879	101,950
Non-current liabilities	(1,034)	(5,500)	(19)
Current liabilities	(45,548)	(23,372)	(72,365)
Net assets	102,887	193,630	135,678
Year ended 31 December			
Revenue	361,928	176,961	211,421
(Loss)/Profit for the year	(4,651)	35,275	91
Total comprehensive (loss)/income	(4,651)	35,275	802
Cash flows from operating activities	22,258	35,973	4,704
Cash flows from/(used in) investing activities	19,502	(12,255)	(18,483)
Cash flows (used in)/from financing activities	(48,700)	(24,294)	7,741
Net decrease in cash and cash equivalents	(6,940)	(576)	(6,038)
Dividends paid to NCI	1,788	6,386	1,184

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

7.2 Non-controlling interest in subsidiaries (continued)

	CCM Fertilizers Sdn. Bhd. and its subsidiary	CCM Duopharma Biotech Berhad and its subsidiary	CCM Chemicals Sdn. Bhd. and its subsidiaries	Total
2013				
NCI percentage of ownership interest and voting interest	49.90%	26.63%	20.00%	–
Carrying amount of NCI	45,669	48,921	28,081	122,671
(Loss)/Profit allocated to NCI	2,389	8,595	(94)	10,890

Summarised financial information before intra-group elimination

	CCM Fertilizers Sdn. Bhd. and its subsidiary	CCM Duopharma Biotech Berhad and its subsidiary	CCM Chemicals Sdn. Bhd. and its subsidiaries
As at 31 December			
Non-current assets	16,756	111,464	99,929
Current assets	157,517	94,188	106,493
Non-current liabilities	(503)	(4,449)	(1,420)
Current liabilities	(82,249)	(18,554)	(64,595)
Net assets	91,521	182,649	140,407
Year ended 31 December			
Revenue	348,529	162,405	231,985
Profit/ (Loss) for the year	4,788	32,275	(468)
Total comprehensive income	4,788	32,275	2,630
Cash flows (used in)/from operating activities	(5,402)	39,532	36,781
Cash flows (used in)/from investing activities	(957)	(9,663)	(17,189)
Cash flows from/(used in) financing activities	438	(25,129)	(10,060)
Net (decrease)/increase in cash and cash equivalents	(5,921)	4,740	9,532
Dividends paid to NCI	14,651	5,360	2,100

8. INVESTMENT IN ASSOCIATE

	Group 2014	Group 2013
At cost:		
Unquoted shares	**1,408**	1,408
Share of post acquisition reserves	**18,395**	16,689
Dividend received from associate	**(4,534)**	(4,534)
	15,269	13,563

Details of a material associate are as follows:

Name of associate	Principal place of business/Country of incorporation	Nature of the relationship	Effective ownership interest and voting interest 2014 %	Effective ownership interest and voting interest 2013 %
Orica-CCM Energy Systems Sdn. Bhd.	Malaysia	Associate	**36**	36

The following table summarises the information of the Group's material associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

	Group 2014	Group 2013
Summarised financial information		
Non current assets	**4,779**	5,940
Current assets	**34,963**	32,549
Non current liabilities	**(5,366)**	(768)
Current liabilities	**(603)**	(7,752)
Net assets	**33,773**	29,969
Total comprehensive income	**3,791**	5,904
Included in the total comprehensive income is:		
Revenue	**36,336**	46,792
Reconciliation of net assets to carrying amount as at 31 December		
Group's share of net assets	**15,198**	13,492
Consolidated adjustments	**71**	71
Carrying amount in the statement of financial position	**15,269**	13,563
Group's share of results for the year ended 31 December		
Group's share of total comprehensive income	**1,706**	2,657
Other information		
Dividends received by the Group	**–**	(1,969)

9. OTHER INVESTMENTS

	Unquoted RM	Quoted in Malaysia RM	Total RM
Group			
2014			
Non-current			
Available-for-sale financial assets	**15,740**	**124**	**15,864**
Representing items:			
At fair value	**15,740**	**124**	**15,864**
Market value of quoted investments	**–**	**124**	**124**
2013			
Non-current			
Available-for-sale financial assets	–	124	124
Representing items:			
At fair value	–	124	124
Market value of quoted investments	–	124	124
Company			
2014			
Non-current			
Available-for-sale financial assets	**15,740**	**–**	**15,740**
Representing items:			
At fair value	**15,740**	**–**	**15,740**

There was no other investment in the Company as at 31 December 2013.

In January 2014, the Company completed the acquisition of 241,935 ordinary shares and 161,290 redeemable cumulative convertible preference shares of Korea Won ("KRW") 12,400 each representing 13.86% of the issued and paid up share capital of PanGen Biotech Inc. ("PanGen") for a total cash consideration of KRW 5 billion or equivalent to RM15,740,000. Pursuant to the Share Subscription Agreement between the Group, PanGen and some key shareholders of PanGen dated 26 December 2013, the Group will have exclusive rights in Malaysia, Singapore and Brunei for Biosimilar products developed by PanGen.

In August 2014, PanGen implemented further capital raising exercises whereby new ordinary shares and preference shares were issued to other shareholders. As a result, the Company's shareholding in PanGen was diluted to 11.99%.

10. DEFERRED TAX (ASSETS)/LIABILITIES

Recognised deferred tax (assets) and liabilities

Deferred tax (assets) and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Group						
Property, plant and equipment	**–**	–	**23,614**	16,328	**23,614**	16,328
Provisions	**(2,168)**	(6,986)	**–**	–	**(2,168)**	(6,986)
Other temporary differences	**(4,189)**	(1,214)	**5,553**	6,197	**1,364**	4,983
Tax losses/tax incentives carry-forwards	**(15,084)**	(4,373)	**–**	–	**(15,084)**	(4,373)
Tax (assets)/liabilities	**(21,441)**	(12,573)	**29,167**	22,525	**7,726**	9,952
Set off of tax	**9,878**	2,628	**(9,878)**	(2,628)	**–**	–
Net tax (assets)/liabilities	**(11,563)**	(9,945)	**19,289**	19,897	**7,726**	9,952
Company						
Property, plant and equipment	**–**	–	**5,650**	6,235	**5,650**	6,235
Investment properties	**–**	–	**3,221**	3,091	**3,221**	3,091
Other temporary differences	**(85)**	–	**3,432**	2,673	**3,347**	2,673
Tax (assets)/liabilities	**(85)**	–	**12,303**	11,999	**12,218**	11,999
Set off of tax	**85**	–	**(85)**	–	**–**	–
Net tax (assets)/liabilities	**–**	–	**12,218**	11,999	**12,218**	11,999

10. DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

Unrecognised deferred tax assets

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

	Group	
	2014	**2013**
Tax losses carry-forwards	**(64,208)**	(64,127)
Other temporary differences	**(441)**	(347)
	(64,649)	(64,474)

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

Movement in temporary differences during the year

	At 1.1.2013	Recognised in profit or loss (Note 20)	At 31.12.2013/ 1.1.2014	Recognised in profit or loss (Note 20)	At 31.12.2014
Group					
Property, plant and equipment	24,584	(8,256)	**16,328**	7,286	**23,614**
Provisions	(2,925)	(4,061)	**(6,986)**	4,818	**(2,168)**
Other temporary differences	(3,876)	8,859	**4,983**	(3,619)	**1,364**
Tax losses/ tax incentives carry-forwards	(4,343)	(30)	**(4,373)**	(10,711)	**(15,084)**
	13,440	(3,488)	**9,952**	(2,226)	**7,726**
Company					
Property, plant and equipment	5,064	1,171	**6,235**	(585)	**5,650**
Investment properties	2,220	871	**3,091**	130	**3,221**
Other temporary differences	1,208	1,465	**2,673**	674	**3,347**
	8,492	3,507	**11,999**	219	**12,218**

11. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2014	2013	2014	2013
Non-current					
Non-trade					
Amount due from subsidiaries	11.1	**–**	–	**414,968**	582,279
Total non-current		**–**	–	**414,968**	582,279
Current					
Trade					
Trade receivables		**222,057**	259,653	**–**	–
Non-trade					
Amount due from subsidiaries	11.2	**–**	–	**134,029**	99,741
Amount due from associate	11.2	**45**	62	**37**	34
Deposits		**7,049**	6,802	**527**	315
Other receivables		**4,146**	3,717	**88**	97
Prepayments		**23,640**	13,414	**127**	519
		34,880	23,995	**134,808**	100,706
Total current		**256,937**	283,648	**134,808**	100,706

11.1 The amount due from subsidiaries relates to advances which are unsecured, subject to interest ranging from 3.85% to 4.35% per annum (2013: 3.83% to 3.85% per annum) and are not repayable over the next 12 months. The Company has recognised an impairment loss of RM82,128,000 (2013: Nil) with respect to its advances to subsidiaries during the year.

11.2 Included in non-trade amount due from subsidiaries as at 31 December 2014 are advances to subsidiaries of RM41,498,000 (2013: Nil) which are unsecured, subject to interest ranging from 3.85% to 4.35% per annum (2013: Nil).

The remaining amount due from subsidiaries and associate are unsecured, interest free (2013: 3.83% to 3.85% per annum) and repayable on demand.

12. INVENTORIES

	Group	
	2014	**2013**
Raw materials	**96,037**	115,432
Work-in-progress	**7,317**	5,851
Finished goods	**136,969**	164,665
Spares and consumables	**5,131**	4,159
	245,454	290,107
Recognised in profit or loss:		
Inventories recognised as cost of sales	**827,862**	1,029,923
Write-down to net realisable value	**10,507**	4,523
Write-off of inventories	**6,880**	4,975

12.1 The write-down and write-off are included in cost of sales.

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	**2013**	**2014**	**2013**
Cash and bank balances	**105,436**	148,574	**3,770**	599
Deposits placed with licensed banks	**102,776**	106,763	**77,537**	96,215
	208,212	255,337	**81,307**	96,814

14. ASSETS CLASSIFIED AS HELD FOR SALE

		Group and Company	
	Note	**2014**	**2013**
Reclassified from investment properties	4	–	74,814

On 30 September 2013, the Company entered into a conditional sale and purchase agreement with its major shareholder, Permodalan Nasional Berhad ("PNB") to dispose 2 contiguous parcels of freehold land together with 3 units of double – storey detached houses located at District of Kuala Lumpur for a cash consideration of RM74,814,000. The transaction was completed during the financial year.

15. CAPITAL AND RESERVES

15.1 Share capital

	Group and Company			
	2014		2013	
	Amount	Number of shares '000	Amount	Number of shares '000
Authorised:				
Ordinary shares of RM1 each	**800,000**	**800,000**	800,000	800,000
Issued and fully paid:				
Ordinary shares of RM1 each				
At 1 January/31 December	**457,630**	**457,630**	457,630	457,630

15.2 Capital redemption reserve

The capital redemption reserve represent portion of its own shares purchased which was subsequently cancelled and an amount equivalent to their nominal value was transferred to the capital redemption reserves in accordance with the requirement of section 67A of the Companies Act, 1965.

15.3 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currency other than RM.

15.4 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

15.5 Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment immediately prior to its reclassification as investment property.

15.6 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 renewal of the authority for purchase of its own shares lapsed in 2004 and no further renewal was sought.

At 31 December 2014, the Group held 2,998,000 (2013: 2,998,000) of the Company's shares. There were no repurchased of issue share capital in the current financial year.

15.7 Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

16. 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 25.

		Group		Company	
	Note	2014	2013	2014	2013
Non-current - unsecured					
Sukuk Musyarakah	16.1	**100,000**	100,000	**100,000**	100,000
Term loan	16.2	**–**	280,000	**–**	280,000
		100,000	380,000	**100,000**	380,000
Current - unsecured					
Bankers' acceptances		**44,228**	73,725	**–**	–
Term loan	16.2	**280,000**	150,000	**280,000**	150,000
Revolving credit and trade facilities	16.3	**169,775**	96,675	**40,000**	–
Term loan and trade facilities	16.4	**–**	49,234	**–**	–
		494,003	369,634	**320,000**	150,000

16.1 Unsecured Sukuk Musyarakah

On 8 August 2011, the Company issued RM120,000,000 nominal amount of 5 year fixed rate Unsecured and Unrated Sukuk Musyarakah ("USM") at 4.35% per annum. Some of the significant covenants of the USM are:-

Financial Covenants
The Company shall maintain the following ratios throughout the tenure of the USM.

(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 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 authorised and/or issued shares capital 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.

16. LOANS AND BORROWINGS (CONTINUED)

16.1 Unsecured Sukuk Musyarakah (continued)

(iv) dispose any assets in excess of 25% 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) undertake or acquire any other business or subsidiaries where such undertaking or acquisition would have a material adverse effect.

(vi) use the proceeds other than those permitted by the Financing Document and Trust Deed.

The Company partially redeemed RM20.0 million of the USM on 6 November 2013.

16.2 Unsecured term loan

(i) In May 2012, the Company obtained a RM110 million, 3 years unsecured term loan at the rate of 3.80% per annum which mature in April 2015.

(ii) In May 2012, the Company obtained a RM20 million, 3 years unsecured term loan at the rate of 3.60% per annum which mature in April 2015.

(iii) In December 2012, the Company obtained a RM150 million, 3 years unsecured term loan at the rate of 3.70% per annum which mature in December 2015.

The significant covenant for the unsecured term loan (i) to (iii) above are as follows:

(i) It is a condition that Permodalan Nasional Berhad shall at all time, directly or indirectly, owns at least 51% of the Company's issued and paid up share capital.

(ii) The Company hereby represents and warrants to and undertakes with the Bank that its payment obligations under the Security Documents constitute direct, unconditional and unsecured obligations and shall at all times rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

(iii) the consolidated Total Indebtedness to Consolidated Net worth Ratio shall not be exceeding 1.5 times (2013: 1.5 times). (Net worth consists of share capital, non-controlling interest and retained earnings/losses).

(iv) the consolidated Net Worth shall not be less than RM750 million (2013: RM750 million).

(v) interest coverage ratio of not less than 2 times.

16. LOANS AND BORROWINGS (CONTINUED)

16.3 Unsecured revolving credit and trade facilities

As at 31 December 2014, the subsidiaries of the Company has utilised the revolving credit and trade facilities from various banks.

The above is subject to fulfilment of the following covenants:

(i) Letter of Comfort from Chemical Company of Malaysia Berhad.

(ii) Letter of Comfort from CCM Duopharma Biotech Berhad with regards to Duopharma (M) Sdn. Bhd.

(iii) the borrower shall maintain a Gearing Ratio of not more than 1.5 times.

(iv) the borrower shall maintain Debt Service Coverage Ratio at least 2.0 times Earnings Before Interest, Income Tax and Depreciation during the tenure of the facility.

16.4 Unsecured term loan and trade facilities

(i) As at 31 December 2013, a subsidiary has received an unsecured term loan of up to USD3.3 million and trade facilities of up to USD20 million from its financier. During the year, the subsidiary has utilised both facilities amounting to USD3.8 million.

Significant covenants
The term loan and trade facilities were subject to fulfilment of the following significant covenant:

(a) Chemical Company of Malaysia Berhad is to remain as controlling/ultimate shareholder of P.T. CCM Agripharma (directly/indirectly).

(ii) As at 31 December 2013, a subsidiary obtained a Multi Option Trade Line of USD8 million. During the year, the subsidiary has utilised the facility amounting to USD5.1 million.

(iii) As at 31 December 2013, a subsidiary obtained a revolving credit facility and trade facilities of USD10 million each. During the year, the subsidiary has utilised both facilities amounting to USD4.1 million.

Significant covenants
The revolving credit and trade facilities were subject to fulfilment of the following significant covenant:

(a) the gearing ratio of the Group is at least 1.5 times.

There were no financial covenants attached to the remaining unsecured term loan and trade facilities. The outstanding unsecured term loan and trade facilities as at 31 December 2013 have been fully repaid during the year.

17. PROVISION

	Group 2014	Group 2013
Warranties		
At 1 January	**410**	1,121
Provision made during the year	**348**	–
Provision utilised during the year	**–**	(711)
At 31 December	**758**	410

The provision for 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 (2013: 2 years).

18. TRADE AND OTHER PAYABLES

	Note	Group 2014	Group 2013	Company 2014	Company 2013
Trade					
Trade payables		**84,425**	92,054	**–**	–
Non-trade					
Accrued expenses		**39,439**	36,802	**9,092**	8,604
Amount due to subsidiaries	18.1	**–**	–	**6,389**	7,020
Other payables		**19,182**	26,237	**977**	8,682
		58,621	63,039	**16,458**	24,306
		143,046	155,093	**16,458**	24,306

18.1 The non-trade payables due to subsidiaries are unsecured, interest free (2013: 3.83% to 3.85% per annum) and repayable on demand.

19. REVENUE

	Group 2014	Group 2013	Company 2014	Company 2013
Sales	**1,088,020**	1,287,125	**–**	–
Services	**–**	366	**–**	–
Rental income from - property	**1,037**	1,075	**5,428**	5,356
Dividends	**–**	–	**2,660**	56,730
	1,089,057	1,288,566	**8,088**	62,086

20. TAX EXPENSE/(INCOME)

Recognised in profit or loss

	Group		Company	
	2014	**2013**	**2014**	**2013**
Tax expense/(income)	**13,342**	9,313	**(57)**	13,270
Share of tax of equity accounted associate	**413**	1,044	**–**	–
Total tax expense/(income)	**13,755**	10,357	**(57)**	13,270

Major components of income tax expense include:

	2014	**2013**	**2014**	**2013**
Current tax expense				
Malaysian - current year	**17,396**	15,838	**1,432**	10,214
- prior year	**(2,713)**	(2,411)	**(1,708)**	(451)
Overseas - current year	**–**	(866)	**–**	–
- prior year	**885**	240	**–**	–
Total current tax recognised in profit or loss	**15,568**	12,801	**(276)**	9,763
Deferred tax expense				
Origination and reversal of temporary differences	**(1,081)**	793	**(9)**	3,381
(Over)/Under provision in prior years	**(1,145)**	(4,281)	**228**	126
Total deferred tax recognised in profit or loss (Note 10)	**(2,226)**	(3,488)	**219**	3,507
	13,342	9,313	**(57)**	13,270
Share of tax of equity accounted associate	**413**	1,044	**–**	–
Total tax expense/(income)	**13,755**	10,357	**(57)**	13,270

Reconciliation of effective tax rate

	%	%	**%**	%
(Loss)/Profit before tax	**(100)**	100	**(100)**	100
Income tax calculated using Malaysian tax rate of 25% (2013: 25%)	**(25)**	25	**(25)**	25
Non-deductible expenses	**135**	23	**28**	12
Non-taxable income	**(37)**	(3)	**(1)**	(16)
Tax exempt income	**–**	(8)	**–**	–
Overprovision in prior years	**(14)**	(1)	**(2)**	(1)
Change in unrecognised temporary differences	**1**	11	**–**	6
	60	47	**–**	26

21. (LOSS)/PROFIT FOR THE YEAR

	Group		Company	
	2014	**2013**	**2014**	**2013**
(Loss)/Profit for the year is arrived at after charging:				
Amortisation of prepaid lease payments	**387**	387	**–**	–
Auditors' remuneration				
- Statutory Audit				
KPMG	**530**	530	**80**	80
Other auditors	**134**	156	**–**	–
- Other services				
KPMG	**209**	63	**49**	45
Bad debts written off	**–**	95	**–**	–
Depreciation of property, plant and equipment	**54,817**	51,597	**3,549**	3,463
Impairment loss:				
- Property, plant and equipment	**24,086**	–	**–**	–
- Trade receivables	**14,507**	1,650	**–**	–
- Intangible asset	**–**	15,787	**–**	15,787
- Amount due from subsidiaries	**–**	–	**82,128**	–
Interest expense:				
- Subsidiaries	**–**	–	**22**	1,249
- Bank overdraft	**–**	1,910	**–**	448
- Revolving credits	**4,216**	4,320	**–**	–
- Bankers' acceptances	**1,480**	2,802	**–**	–
- Unsecured term loan	**14,190**	16,586	**14,190**	15,418
- Other borrowings	**7,382**	6,154	**4,260**	5,232
Net loss on disposal of property, plant and equipment	**6**	–	**–**	–
Personnel expenses (including key management personnel)				
- Contribution to Employees Provident Fund	**13,720**	12,513	**2,463**	2,070
- Wages, salaries and others	**116,686**	109,459	**13,366**	13,964
Property, plant and equipment written off	**24**	515	**3**	108
Rental expenses in respect of				
- property leases	**11,024**	9,070	**1,187**	1,036
- property	**122**	383	**–**	–
- equipment	**88**	–	**88**	–

21. (LOSS)/PROFIT FOR THE YEAR (CONTINUED)

	Group		Company	
	2014	**2013**	**2014**	**2013**
(Loss)/Profit for the year is arrived at after charging (continued):				
Research and development costs expensed as incurred	**7,359**	7,824	**–**	–
Realised foreign exchange loss	**1,034**	3,581	**10**	–
Write-down of inventories	**10,507**	4,523	**–**	–
Write-off of inventories	**6,880**	4,975	**–**	–
Unrealised foreign exchange loss	**5,623**	3,308	**6**	–
and after crediting:				
Change in fair value of investment properties	**200**	18,706	**2,500**	21,534
Interest income:				
- Subsidiaries	**–**	–	**18,653**	24,157
- Fixed deposits	**4,427**	4,858	**3,658**	3,861
- Others	**464**	590	**–**	–
Net gain on disposal of property, plant and equipment	**–**	283	**2**	–
Realised foreign exchange gain	**1,700**	1,278	**4**	–
Reversal of impairment loss on trade receivables	**3,068**	1,017	**–**	–
Rental income from property	**1,037**	1,075	**5,428**	5,356
Unrealised foreign exchange gain	**10**	1,702	**–**	–
Write back of amount due to a creditor	**1,942**	–	**–**	–

22. (LOSS)/EARNINGS PER ORDINARY SHARE

Basic (loss)/earnings per ordinary share

The calculation of basic (loss)/earnings per ordinary share at 31 December 2014 was based on the (loss)/profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2014	**2013**
(Loss)/Profit for the year attributable to ordinary shareholders	**(42,514)**	647

22. (LOSS)/EARNINGS PER ORDINARY SHARE (CONTINUED)

	Group 2014	Group 2013
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January	**457,630**	457,630
Effect of ordinary shares issued	**–**	–
Weighted average number of ordinary shares at 31 December	**457,630**	457,630

	Group 2014 Sen	Group 2013 Sen
Basic earnings per ordinary share	**(9.29)**	0.14

Diluted (loss)/earnings per ordinary share

No diluted (loss)/earnings per ordinary share is presented as there are no adjustment for the effects of all dilutive potential ordinary shares as at 31 December 2014 and 31 December 2013.

23. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Total amount	Date of payment
2013			
Final 2012 ordinary (tax exempt)	5.75	26,141	23 July 2013
Interim 2013 ordinary (tax exempt)	2.15	9,775	15 November 2013
		35,916	

After the end of the reporting period, the following dividend was paid:

	Sen per share	Total amount	Date of payment
Interim 2014 ordinary (tax exempt)	2.50	11,365	15 January 2015

24. OPERATING SEGMENTS

Business segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Managing Director (the chief operating decision maker) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Fertilizers - Manufacture and marketing of fertilizers.
- Chemicals - Manufacture and marketing of chlor-alkali and coagulant products, industrial and specialty chemicals.
- Pharmaceuticals - Manufacture and marketing of pharmaceutical and healthcare products.

Other non-reportable segments comprise operations related to the investment holding company and rental of investment property. None of these segments met the quantitative thresholds for reporting segments in 2014 and 2013.

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's Managing Director (the chief operating decision maker). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Managing Director. Segment total asset is used to measure the return on assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Group's Managing Director. Hence, no disclosure is made on segment liability.

24. OPERATING SEGMENTS (CONTINUED)

	Fertilizers		Chemicals		Pharmaceuticals		Others		Eliminations		Consolidated	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Segment (loss)/profit	**(69,173)**	(13,457)	**14,325**	9,868	**27,506**	23,982	**(124,473)**	23,541	**116,392**	(32,397)	**(35,423)**	11,537
Included in the measure of segment (loss)/profit are:												
Total external revenue	**488,654**	692,956	**278,980**	299,502	**320,386**	295,919	**1,037**	193	**–**	–	**1,089,057**	1,288,566
Inter-segment revenue	**–**	–	**–**	–	**–**	–	**8,570**	61,011	**(8,570)**	(61,011)	**–**	–
Write-down of inventories	**8,354**	3,862	**–**	18	**2,153**	643	**–**	–	**–**	–	**10,507**	4,523
Write-off of inventories	**–**	271	**777**	(1)	**6,103**	4,705	**–**	–	**–**	–	**6,880**	4,975
Impairment of intangible assets	**–**	–	**–**	–	**–**	–	**–**	15,787	**–**	–	**–**	15,787
Impairment of property, plant and equipment	**24,086**	–	**–**	–	**–**	–	**–**	–	**–**	–	**24,086**	–
Share of profit of associate	**–**	–	**1,706**	2,657	**–**	–	**–**	–	**–**	–	**1,706**	2,657
Not included in the measure of segment profit but provided to Group Managing Director:												
Depreciation and amortisation	**(18,371)**	(15,491)	**(13,163)**	(13,089)	**(18,486)**	(17,911)	**(3,549)**	(3,463)	**(1,635)**	(2,030)	**(55,204)**	(51,984)
Finance costs	**(12,154)**	(14,948)	**(3,140)**	(3,773)	**(12,353)**	(15,351)	**(18,532)**	(23,235)	**18,911**	25,535	**(27,268)**	(31,772)
Finance income	**375**	522	**949**	972	**167**	888	**22,311**	28,118	**(18,911)**	(25,052)	**4,891**	5,448
Tax income/ (expense)	**306**	(536)	**(4,620)**	(6,712)	**(8,157)**	(6,849)	**55**	(13,303)	**(926)**	18,087	**(13,342)**	(9,313)

24. OPERATING SEGMENTS (CONTINUED)

	Fertilizers		Chemicals		Pharmaceuticals		Others		Eliminations		Consolidated	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Segment assets	**397,806**	521,939	**450,649**	407,152	**725,350**	677,084	**1,161,896**	1,400,561	**(1,096,642)**	(1,152,833)	**1,639,059**	1,853,903

Included in the measure of segment assets are:

	Fertilizers 2014	Fertilizers 2013	Chemicals 2014	Chemicals 2013	Pharmaceuticals 2014	Pharmaceuticals 2013	Others 2014	Others 2013	Eliminations 2014	Eliminations 2013	Consolidated 2014	Consolidated 2013
Investment in associate	**–**	–	**15,198**	13,492	**–**	–	**–**	–	**71**	71	**15,269**	13,563
Additions to non-current assets other than financial instrument and deferred tax assets	**1,289**	2,659	**17,219**	19,506	**21,660**	13,403	**1,728**	5,957	**–**	–	**41,896**	41,525

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 geographical location of customers. Segment assets are based on the geographical location of the assets.

	Malaysia		Indonesia		Other regions		Consolidated	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Geographical segments								
External revenue	**1,021,905**	1,110,723	**26,910**	133,629	**40,242**	44,214	**1,089,057**	1,288,566
Segment assets	**1,563,521**	1,673,313	**41,341**	148,166	**34,197**	32,424	**1,639,059**	1,853,903

25. FINANCIAL INSTRUMENTS

25.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables (L&R);
(b) Available-for-sale financial assets (AFS); and
(c) Financial liabilities measured at amortised cost (FL).

	Carrying amount	L&R/ (FL)	AFS
2014			
Financial assets			
Group			
Other investments	15,864	–	15,864
Trade and other receivables	233,297	233,297	–
Cash and cash equivalents	208,212	208,212	–
	457,373	441,509	15,864
Company			
Other investments	15,740	–	15,740
Trade and other receivables	549,649	549,649	–
Cash and cash equivalents	81,307	81,307	–
	646,696	630,956	15,740
Financial liabilities			
Group			
Loans and borrowings	(594,003)	(594,003)	–
Trade and other payables	(143,046)	(143,046)	–
	(737,049)	(737,049)	–
Company			
Loans and borrowings	(420,000)	(420,000)	–
Trade and other payables	(16,458)	(16,458)	–
	(436,458)	(436,458)	–

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.1 Categories of financial instruments (continued)

	Carrying amount	L&R/ (FL)	AFS
2013			
Financial assets			
Group			
Other investments	124	–	124
Trade and other receivables	270,234	270,234	–
Cash and cash equivalents	255,337	255,337	–
	525,695	525,571	124
Company			
Trade and other receivables	682,466	682,466	–
Cash and cash equivalents	96,814	96,814	–
	779,280	779,280	–
Financial liabilities			
Group			
Loans and borrowings	(749,634)	(749,634)	–
Trade and other payables	(155,093)	(155,093)	–
	(904,727)	(904,727)	–
Company			
Loans and borrowings	(530,000)	(530,000)	–
Trade and other payables	(24,306)	(24,306)	–
	(554,306)	(554,306)	–

25.2 Net gains and losses arising from financial instruments

	Group		Company	
	2014	**2013**	**2014**	**2013**
Net gains/(losses) on:				
Loans and receivables	**(6,548)**	5,755	**(59,817)**	28,018
Financial liabilities measured at amortised cost	**(34,157)**	(31,772)	**(18,484)**	(22,347)
	(40,705)	(26,017)	**(78,301)**	5,671

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

25.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries.

(i) Receivables

Risk management objectives, policies and processes for managing the 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 customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 180 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Group	
	2014	**2013**
Malaysia	**202,545**	206,919
Indonesia	**8,293**	47,047
Others	**11,219**	5,687
	222,057	259,653

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.4 Credit risk (continued)

(i) Receivables (continued)

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

	Gross	Individual impairment	Collective impairment	Net
Group				
2014				
Not past due	**137,555**	**–**	**–**	**137,555**
Past due 0-30 days	**25,800**	**–**	**–**	**25,800**
Past due 31-180 days	**56,816**	**(6,218)**	**–**	**50,598**
Past due more than 181 days	**23,562**	**(12,729)**	**(2,729)**	**8,104**
	243,733	**(18,947)**	**(2,729)**	**222,057**
2013				
Not past due	156,822	–	–	156,822
Past due 0-30 days	40,875	(223)	–	40,652
Past due 31-180 days	53,977	(717)	–	53,260
Past due more than 181 days	26,936	(17,685)	(332)	8,919
	278,610	(18,625)	(332)	259,653

The movements in the allowance for impairment losses of trade receivables during the year were:

	Group	
	2014 RM	**2013 RM**
At 1 January	**18,957**	19,264
Impairment loss recognised	**14,507**	1,650
Impairment loss reversed	**(3,068)**	(1,017)
Impairment loss written off	**(8,798)**	–
Foreign exchange differences	**78**	(940)
At 31 December	**21,676**	18,957

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.4 Credit risk (continued)

(ii) Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments are with approved financial institutions.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations.

The investments and other financial assets are unsecured.

(iii) Inter company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, the inter company balance that is assessed to be irrecoverable had been impaired and disclosed in note 21. The Company does not specifically monitor the ageing of the advances to the subsidiaries. Nevertheless, these advances are repayable on demand. Non-current loans to subsidiaries are not overdue.

25.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

As part of its financial planning to meet its financial obligation, subsequent to the financial year end, the Company's application of a term loan facility up to USD42 million, equivalent to approximately RM150 million was approved subject to satisfactory documentation on the terms and conditions. The term loan facility obtained is to settle its existing financial obligations amounting to RM130 million which is due in April 2015.

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.5 Liquidity risk (continued)

In addition, the Company expects to receive net cash proceed of RM101.7 million from the proposed disposal of six pharmaceuticals subsidiaries to CCM Duopharma Biotech Berhad and its subsidiary ("CCMD"). The cash proceed will be used to partially settle its existing financial obligations of the term loan amounting to RM150 million which is due in December 2015.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount	Contractual interest rate %	Contractual cash flows	Under 1 year	1 - 2 years	2 - 5 years
Group						
2014						
Non-derivative financial liabilities						
Unsecured Sukuk Musyarakah	**100,000**	**4.35%**	**111,520**	**4,350**	**107,170**	**–**
Unsecured term loan	**280,000**	**3.60% - 3.80%**	**287,009**	**287,009**	**–**	**–**
Unsecured bankers' acceptances	**44,228**	**3.53% - 4.10%**	**47,047**	**47,047**	**–**	**–**
Unsecured revolving credit and trade facilities	**169,775**	**1.95% - 7.00%**	**173,999**	**173,999**	**–**	**–**
Trade and other payables	**143,046**	**–**	**143,046**	**143,046**	**–**	**–**
	737,049		**762,621**	**655,451**	**107,170**	**–**
2013						
Non-derivative financial liabilities						
Unsecured Sukuk Musyarakah	100,000	4.35%	111,894	4,350	4,350	103,194
Unsecured term loan	430,000	3.60% - 3.80%	452,934	165,925	287,009	–
Unsecured bankers' acceptances	73,725	3.49% - 3.80%	76,426	76,426	–	–
Unsecured revolving credit and trade facilities	96,675	1.61% - 5.22%	100,744	100,744	–	–
Unsecured term loan and trade facilities	49,234	6.50%	52,468	52,468	–	–
Trade and other payables	155,093	–	155,093	155,093	–	–
	904,727		949,559	555,006	291,359	103,194

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount	Contractual interest rate %	Contractual cash flows	Under 1 year	1 - 2 years	2 - 5 years
Company						
2014						
Non-derivative financial liabilities						
Unsecured Sukuk Musyarakah	**100,000**	**4.35%**	**111,520**	**4,350**	**107,170**	**–**
Unsecured term loan	**280,000**	**3.60% - 3.80%**	**287,009**	**287,009**	**–**	**–**
Unsecured revolving credit and trade facilities	**40,000**	**4.07%**	**40,129**	**40,129**	**–**	**–**
Trade and other payables	**16,458**	**–**	**16,458**	**16,458**	**–**	**–**
	436,458		**455,116**	**347,946**	**107,170**	**–**
2013						
Non-derivative financial liabilities						
Unsecured Sukuk Musyarakah	100,000	4.35%	111,894	4,350	4,350	103,194
Unsecured term loan	430,000	3.60% - 3.80%	452,934	165,925	287,009	–
Amount due to subsidiaries	7,020	3.83% - 3.85%	7,290	7,290	–	–
Trade and other payables	17,286	–	17,286	17,286	–	–
	554,306		589,404	194,851	291,359	103,194

25.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

25.6.1 Interest rate risk

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

Risk management objectives, policies and processes for managing the risk

The interest rate risk for the Group is managed by a combination of both long term and short term borrowings.

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.

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.6 Market risk (continued)

25.6.1 Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest earning and interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2014	**2013**	**2014**	**2013**
Fixed rate instruments				
Financial assets	**102,776**	106,763	**534,003**	778,269
Financial liabilities	**(594,003)**	(749,634)	**(420,000)**	(537,020)
	(491,227)	(642,871)	**114,003**	241,249

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

25.6.2 Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S Dollar ("USD"), Singapore Dollar ("SGD") and Indonesian Rupiah ("IDR").

Risk management objectives, policies and processes for managing the risk

The Group ensures that the net exposure on foreign currency risk arising from commercial transactions is kept to an acceptable level by buying and selling foreign currencies at spot rates where necessary to address short term imbalances.

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.6 Market risk (continued)

25.6.2 Currency risk (continued)

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Group Denominated in		
	USD	**SGD**	**IDR**
2014			
Trade receivables	**10,690**	**29**	**6,606**
Trade payables	**(14,421)**	**(65)**	**–**
Borrowings	**(9,643)**	**(132)**	**–**
Net exposure in the statement of financial position	**(13,374)**	**(168)**	**6,606**
2013			
Trade receivables	9,392	2,321	47,047
Trade payables	(22,549)	(430)	–
Borrowings	(6,157)	–	–
Net exposure in the statement of financial position	(19,314)	1,891	47,047

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.6 Market risk (continued)

25.6.2 Currency risk (continued)

Currency risk sensitivity analysis

A 10% (2013: 10%) strengthening of the Ringgit Malaysia ("RM") against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

	Profit/(Loss)	
	2014	**2013**
Group		
USD	**1,003**	1,449
SGD	**13**	(142)
IDR	**(495)**	(3,529)

A 10% (2013: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

25.7 Fair value information

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

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to lack of comparable quoted prices in an active market and the fair value cannot be reliably measured. Accordingly, the Group and the Company's investment continued to be carried at cost.

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.7 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
2014										
Group										
Financial assets										
Quoted shares	**124**	**–**	**–**	**124**	**–**	**–**	**–**	**–**	**124**	**124**
Financial liabilities										
Unsecured sukuk Musyarakah	**–**	**–**	**–**	**–**	**–**	**–**	**(98,653)**	**(98,653)**	**(98,653)**	**(100,000)**
	124	**–**	**–**	**124**	**–**	**–**	**(98,653)**	**(98,653)**	**(98,529)**	**(99,876)**
2013										
Group										
Financial assets										
Quoted shares	124	–	–	124	–	–	–	–	124	124
Financial liabilities										
Unsecured sukuk Musyarakah	–	–	–	–	–	–	(98,937)	(98,937)	(98,937)	(100,000)
Unsecured term loan	–	–	–	–	–	–	(366,442)	(366,442)	(366,442)	(380,000)
	124	–	–	124	–	–	(465,379)	(465,379)	(465,255)	(479,876)

25. Financial instruments (continued)

25.7 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
2014										
Company										
Financial assets										
Amount due from subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**414,968**	**414,968**	**414,968**	**414,968**
Financial liabilities										
Unsecured sukuk Musyarakah	**–**	**–**	**–**	**–**	**–**	**–**	**(98,653)**	**(98,653)**	**(98,653)**	**(100,000)**
	–	**–**	**–**	**–**	**–**	**–**	**316,315**	**316,315**	**316,315**	**314,968**
2013										
Company										
Financial assets										
Amount due from subsidiaries	–	–	–	–	–	–	582,279	582,279	582,279	582,279
Financial liabilities										
Unsecured sukuk Musyarakah	–	–	–	–	–	–	(98,937)	(98,937)	(98,937)	(100,000)
Unsecured term loan	–	–	–	–	–	–	(366,442)	(366,442)	(366,442)	(380,000)
	–	–	–	–	–	–	116,900	116,900	116,900	102,279

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.7 Fair value information (continued)

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year. (2013: no transfer in either direction).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The fair values of long term receivables and other long term liabilities are determined using the discounted cash flows valuation technique.

26. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

During 2014, the Group's strategy was to maintain the debt-to-equity ratio of not more than 1:1. The debt-to-equity ratio at 31 December 2014 and 31 December 2013 were as follows:

		Group	
	Note	2014	2013
Total loans and borrowings	16	**594,003**	749,634
Total equity		**880,598**	927,253
Debt-to-equity ratios		**0.67:1**	0.81:1

There were no changes in the Group's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

27. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
Less than one year	**1,571**	1,419	**1,187**	1,036
Between one and five years	**159**	139	**–**	–
	1,730	1,558	**1,187**	1,036

The Group leases a number of office premises and equipment under operating leases. The leases typically run for a period of 3 to 5 years with an option to renew the lease after that date. Lease payments are revised to reflect market rentals. None of the leases includes contingent rentals.

28. CAPITAL AND OTHER COMMITMENTS

	Group		Company	
	2014	**2013**	**2014**	**2013**
Capital expenditure commitments				
Plant and equipment				
Authorised but not contracted for	**28,543**	36,075	**5,607**	–
Contracted but not provided for	**31,498**	38,281	**–**	112
	60,041	74,356	**5,607**	112

29. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly 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. Related parties may be individuals or other entities.

Related parties also include key management personnel 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 related party relationship with its holding company, significant investors, subsidiaries and associate, Directors and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company, other than key management personnel compensation (see note 30) are shown below. The balances related to the below transactions are shown in notes 11 and 18.

	Transaction value year ended	
	2014	**2013**
Group		
Rental expense to holding company	**(1,187)**	(1,036)
Sales of products to significant investors that has influence over a subsidiary	**19,730**	23,030
Company		
Dividend income from subsidiaries	**2,660**	56,730
Rental expense to holding company	**(1,187)**	(1,036)
Rental income from subsidiaries	**4,391**	4,280
Shared cost charged to subsidiaries	**14,953**	10,242

30. KEY MANAGEMENT PERSONNEL COMPENSATION

	Group		Company	
	2014	**2013**	**2014**	**2013**
Directors				
- Fees	**894**	654	**654**	654
- Remuneration	**1,489**	1,351	**1,452**	1,351
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	**165**	254	**165**	254
	2,548	2,259	**2,271**	2,259
Other key management personnel:				
- Remuneration	**5,459**	5,655	**1,396**	1,925
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	**255**	413	**87**	116
	5,714	6,068	**1,483**	2,041

Other key management personnel comprise 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.

31. SUBSEQUENT EVENTS

In November 2014, the Company announced the proposed internal restructuring exercise involving the disposal of the following subsidiaries:-

(i) 8,000,000 ordinary shares of RM1.00 each in CCM Pharmaceuticals Sdn. Bhd., representing 100% of its issued and paid-up share capital, by Chemical Company of Malaysia Berhad ("CCMB") to CCM Duopharma Biotech Berhad ("CCMD") for a cash consideration of RM17,599,000;

(ii) 200,000 ordinary shares of RM1.00 each in Innovax Sdn. Bhd., representing 100% of its issued and paid-up share capital, by CCMB to CCMD for a cash consideration of RM1,000;

(iii) 3,300,000 ordinary shares of RM1.00 each in CCM Pharma Sdn. Bhd., representing 100% of its issued and paid-up share capital by CCMB to Duopharma (M) Sdn. Bhd. ("DMSB") for a cash consideration of RM34,943,000.

(iv) 30,000,000 ordinary shares of RM1.00 each in Upha Pharmaceutical Manufacturing (M) Sdn. Bhd., representing 100% of its issued and paid-up share capital, by CCMB to DMSB for a cash consideration of RM78,365,000;

(v) 1,600,000 ordinary shares of Singapore Dollar 1.00 each in CCM Pharmaceuticals (S) Pte. Ltd., representing 100% of its issued and paid-up share capital, by CCM International Sdn. Bhd., a wholly-owned subsidiary of CCMB, to CCMD for a cash consideration of RM2,417,000; and

31. SUBSEQUENT EVENTS (CONTINUED)

(vi) 205,863 ordinary shares of Philippine Peso 1.00 in CCM International (Philippines) Inc. ("CCMIP"), including 5 ordinary shares held by five Directors of CCMIP, representing 100% of its issued and paid-up share capital, by CCM Investments Ltd., a wholly-owned subsidiary of CCMB, to CCMD for a cash consideration of RM1,000.

In March 2015, shareholders of the Company have approved the resolution for the proposed internal restructuring exercise while the shareholders of CCMD have approved the resolution for the proposed acquisition of the subsidiaries and the proposed increase in authorised share capital and rights issue. The above transactions are expected to be completed in year 2015.

32. COMPARATIVE FIGURES

The following comparatives have been reclassified in order to conform with current year presentation.

	2013	
	As restated	**As previously stated**
Group		
Statements of profit or loss and other comprehensive income		
Other income	26,005	24,188
Distribution expenses	(68,859)	(67,001)
Administrative expenses	(89,808)	(83,667)
Other expenses	(31,556)	(37,738)

The above changes do not have any impact on the net profit or loss of the Group.

33. CONTINGENT LIABILITIES

As of 31 December 2014, PT CCM Indonesia ("PTCCMI"), a subsidiary of the Company is appealing against the tax auditor's assessment with respect to year of assessment 2011. If the appeal is unsuccessful, additional tax to be paid by PTCCMI arising from various tax adjustments/corrections will be IDR36,100,000,000 (equivalent to approximately RM9.7 million). The matter is currently at the initial stage of court proceedings.

The Directors are of the opinion that provisions are not required in respect of this matter, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

34. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total retained earnings of the Company and its subsidiaries				
- realised	**304,322**	465,426	**149,901**	223,899
- unrealised	**58,827**	69,675	**56,874**	67,046
	363,149	535,101	**206,775**	290,945
Total share of retained earnings of associate				
- realised	**13,585**	11,879	**–**	–
- unrealised	**276**	276	**–**	–
	377,010	547,256	**206,775**	290,945
Less: Consolidation adjustments	**(107,012)**	(236,746)	**–**	–
Total retained earnings	**269,998**	310,510	**206,775**	290,945

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants on 20 December 2010.

Analysis of Shareholdings
as at 31 March 2015

Authorised Share Capital	:	RM800,000,000
Issued and Paid-up Share Capital	:	RM457,629,856
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS
as at 31 March 2015

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
1 – 99	564	9.93	7,726	0.00
100 – 1,000	906	15.94	591,975	0.13
1,001 – 10,000	2,966	52.20	14,707,786	3.21
10,001 – 100,000	1,122	19.74	33,089,058	7.23
100,001 – 22,881,491(*)	122	2.15	59,507,448	13.00
22,881,492 and above(**)	2	0.04	349,725,863	76.43
	5,682	100.0	457,629,856	100.00

* Less than 5% of issued shares
** 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS
as at 31 March 2015

Names	DIRECT HOLDINGS No.	DIRECT HOLDINGS %	INDIRECT HOLDINGS No.	INDIRECT HOLDINGS %
1. Permodalan Nasional Berhad	326,504,263	71.35	–	–
2. Lembaga Tabung Haji	23,221,600	5.07	–	–
3. Yayasan Pelaburan Bumiputra[a]	–	–	326,504,263	71.35

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

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 31 MARCH 2015

No.	Name	Holdings	Percentage (%)
1.	PERMODALAN NASIONAL BERHAD	326,504,263	71.35
2.	LEMBAGA TABUNG HAJI	23,221,600	5.07
3.	PUBLIC NOMINEES (ASING) SDN. BHD. – Pledged Securities Account for Billion Victory Sdn. Bhd. (KLC)	18,000,000	3.93
4.	HSBC NOMINEES (ASING) SDN. BHD. – Exempt AN for Credit Suisse (SG BR-TST-Asing)	4,858,300	1.06
5.	CHEMICAL COMPANY OF MALAYSIA BERHAD – Share Buy Back Account	2,998,000	0.66
6.	G.T.Y HOLDINGS SDN. BHD.	2,500,000	0.55
7.	CHUA ENG HO WA'A @ CHUA ENG WAH	1,629,500	0.36
8.	HSBC NOMINEES (ASING) SDN. BHD. – Exempt AN for Bank Julius Baer & Co. Ltd. (Singapore BCH)	1,420,700	0.31
9.	UOB KAY HIAN NOMINEES (ASING) SDN. BHD. – Exempt AN for UOB Kay Hian Pte. Ltd. (A/C Clients)	988,328	0.22
10.	GOH ING SING	857,600	0.19
11.	MENG HIN HOLDINGS SDN. BHD.	852,896	0.19
12.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. – Chua Eng Ho Wa'a @ Chua Eng Wah	755,000	0.16
13.	HLB NOMINEES (TEMPATAN) SDN. BHD. – Pledged Securities Account for Liew Sun Yick	750,000	0.16
14.	LEE HONG LOK CONNAUGHT	588,400	0.13
15.	GOH GEOK LOO	501,000	0.11
16.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. – Pledged Securities Account for Liew Sun Yick (473717)	500,000	0.11
17.	NG YONG SENG	462,400	0.10
18.	CHIN KHEE KONG & SONS SDN. BHD.	454,500	0.10
19.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. – Pledged Securities Account for Wai Siew Choong (8114933)	440,000	0.10
20	LEE YEE CHONG	422,000	0.09

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 31 MARCH 2015 (CONTINUED)

No.	Name	Holdings	Percentage (%)
21.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD – Lee Foundation, States of Malaya (00-00197-000)	420,000	0.09
22.	HLB NOMINEES (TEMPATAN) SDN. BHD. – Pledged Securities Account for Eng Wang Ai	415,000	0.09
23.	EQUITY HEIGHTS SDN. BHD.	400,000	0.09
24.	SIA BOON CHEE	400,000	0.09
25.	QUAH PENG CHIM @ QUAH PAIK SZE	370,000	0.08
26.	SOH CHAU KIN	365,000	0.08
27.	SOON POH CHOO @ SOON YEN CHOO	340,000	0.07
28.	BOO KWIE LIANG	340,000	0.07
29.	LIM SENG QWEE	340,000	0.07
30.	WONG THIAN SOON	340,000	0.07
		392,434,487	85.75

List of Top Ten (10) Properties
as at 31 December 2014

Location	Tenure	Lease Period	Area	Description	Approximate Age of Building	Net Book/ Market Value (RM million)	Date of Valuation
Chemical Company of Malaysia Berhad Shah Alam Works Padang Jawa Selangor Darul Ehsan	Leasehold	99 years (1973 - 2072)	286,992	Industrial land, factory and offices	16-45 years	81.50	December 2014
UPHA Factory Lot 11454, 11458, 11459 Mukim of Kajang Selangor Darul Ehsan	Leasehold	99 years (1987 - 2086)	22,099	Industrial land, factory and office	25-66 years	74.50	November 2014
CCM Duopharma Biotech Berhad GM1391 & GM2239 Lot No. 2599 & 2600 Mukim and District of Klang Selangor Darul Ehsan	Freehold	–	23,270	Industrial land, factory, warehouse and offices	20 years	63.56	December 2014
Lahad Datu CCMA Fertilizers Plant CCM Agriculture (Sabah) Sdn. Bhd. Lot No. 33A, Phase 2 POIC Complex, Jln Kastam Lahad Datu, Sabah	Leasehold	98 years (2006 - 2104)	67,421	Industrial land, factory and offices	5 years	43.80	December 2014
Chemical Company of Malaysia Berhad Kemena Land Bintulu Lot 3121 & Lot 3122, Block 26 Kemena Land District, Bintulu Sarawak	Leasehold	60 years (1998 - 2058)	78,752	Industrial land and factory	6 years	35.80	December 2014
CCM Chemicals Sdn. Bhd. Pasir Gudang Works Pasir Gudang, Johor Darul Takzim	Leasehold	60 years (1991 - 2051)	104,599	Industrial land, factory and offices	23 years	26.80	December 2014
CCM Pharma No. 2, Jalan Saudagar U1/16 Seksyen U1, Hicom Glenmarie Industrial Park Shah Alam, Selangor Darul Ehsan	Freehold	–	5,907	Industrial land, factory and offices	18 years	25.50	September 2014
CCM Water Systems Sdn. Bhd. Lot 4 & 6, Jalan Kemajuan 16/17A 40200 Shah Alam	Leasehold	99 years (1995 - 2094)	14,492	Industrial land, factory and offices	20 years	14.90	December 2014
Chemical Company of Malaysia Berhad Nilai Industrial Land PT 6055, Mukim Labu Daerah Seremban, Negeri Sembilan	Leasehold	99 years (1993 - 2092)	73,705	Industrial land	–	14.30	December 2014
CCM Duopharma Biotech Berhad Vacant Industrial Land Lot No. 2707 Mukim and District of Klang Selangor Darul Ehsan	Freehold	–	21,838	Industrial land	–	11.50	December 2014

Recurrent Related Party Transactions of a Revenue Nature

As at the Annual General Meeting held on 27 May 2014, the Company had obtained the 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's Main Market Listing Requirements, details of the Recurrent Related Party Transactions audited during the financial year ended 31 December 2014, pursuant to the shareholders mandate are as follows:-

Transaction	Vendor/Provider	Purchaser/Recipient	Aggregate Value (RM'000)	Related Parties
Sale of Fertilizers	CCM Fertilizers Sdn. Bhd. ("CCMF")	CCM Agriculture Sdn. Bhd. ("CCMA")	414	*Interested Major Shareholder:* Lembaga Tabung Haji ("LTH")[1]
Sale of Fertilizers	CCMF	PT CCM Agripharma ("PTCCMA")	0	*Interested Major Shareholder:* Lembaga Tabung Haji ("LTH")[1]
Sale of Fertilizers	CCMF	TH Plantations Berhad ("THPB")	687	*Interested Major Shareholder:* Lembaga Tabung Haji ("LTH")[1]
Sale of Fertilizers	CCM Agri-Max Sdn. Bhd. ("CCMAM")	CCMF	0	*Interested Major Shareholder:* Lembaga Tabung Haji ("LTH")[1]
Provision of Shared/ Management Services[2]	CCM	CCMF	314	*Interested Major Shareholder:* Lembaga Tabung Haji ("LTH")[1]
Sale of Fertilizers	CCMF	CCM Agriculture (Sabah) Sdn. Bhd. ("CCMA(S)")	267	*Interested Major Shareholder:* Lembaga Tabung Haji ("LTH")[1]
Sale of Fertilizers	CCMA	CCMF	2,573	*Interested Major Shareholder:* Lembaga Tabung Haji ("LTH")[1]
Sale of Fertilizers	CCMA(S)	CCMF	1,480	*Interested Major Shareholder:* Lembaga Tabung Haji ("LTH")[1]

Notes:-

1. Lembaga Tabung Haji holds direct interest of 49.9% in the issued share capital of CCM Fertilizers Sdn. Bhd. and 5.07% in the issued share capital of CCM. Lembaga Tabung Haji also holds a direct interest of 71.18% in TH Plantations Berhad and therefore, has interest in the transaction.

2. Provision of Shared/ Management Services refers to support services covering areas of accounting, treasury, procurement, security, company secretarial, corporate affairs, legal, internal audit, human resource, information technology services etc.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifty-Third (53rd) Annual General Meeting of the Company will be held at **Ballroom 3, InterContinental Kuala Lumpur, 165 Jalan Ampang, 50450 Kuala Lumpur** on **Wednesday, 27 May 2015 at 2.30 p.m.** for the following purposes:-

AGENDA

As Ordinary Business

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon. **Ordinary Resolution 1**

2. To re-elect the following Directors retiring under Article 91 and Article 96 of the Articles of Association of the Company:-

   (a) Dato' Azmi bin Mohd Ali (Article 91); **Ordinary Resolution 2**

   (b) Datin Paduka Kartini binti Hj. Abd Manaf (Article 91); **Ordinary Resolution 3**

   (c) Datin Paduka Siti Sa'diah binti Sh Bakir (Article 96); **Ordinary Resolution 4**

   (d) Leonard Ariff bin Abdul Shatar (Article 96). **Ordinary Resolution 5**

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

4. 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:-

5. 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 7**

   "That subject to the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company and/or its subsidiaries shall be mandated to enter into the recurrent related party transactions of a revenue or trading nature with the related party as specified in Section 2.2.1 and 2.2.5 of the Circular to Shareholders dated 30 April 2015 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."

By Order of the Board

NOOR AZWAH BINTI SAMSUDIN (LS 0006071)
IBRAHIM HUSSIN SALLEH (LS 0009121)

Company Secretaries
Kuala Lumpur
Date: 30 April 2015

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. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

4. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

5. 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.

6. The instrument appointing a proxy must be deposited at 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.

7. Only depositors whose names appear in the Record of Depositors as at 20 May 2015 be regarded as members and entitled to attend and vote at the meeting.

EXPLANATORY NOTES ON SPECIAL BUSINESS

Ordinary 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").

The explanatory notes on Ordinary Resolution 7 are set out in the Circular to Shareholders dated 30 April 2015.

Statement Accompanying the Notice of the Fifty-Third Annual General Meeting

Pursuant to Paragraph 8.27(2), Appendix 8A of the Listing Requirements of Bursa Malaysia Securities Berhad

Statement Accompanying the Notice of the Fifty-Third Annual General Meeting of Chemical Company of Malaysia Berhad. The details of the four (4) 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 32 to 39 of this Annual Report.

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

Proxy Form

CDS Account No.	

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)

or failing him/her, the Chairman of the meeting, as my/our proxy to vote for me/us at the Fifty-Third Annual General Meeting of the Company to be held at Ballroom 3, InterContinental Kuala Lumpur, 165 Jalan Ampang, 50450 Kuala Lumpur on Wednesday, 27 May 2015 at 2.30 p.m. and at any adjournment thereof.

(Please indicate with an "X" on how you wish to cast your vote)

No.	ORDINARY BUSINESS	RESOLUTION NO.	FOR	AGAINST
1.	To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon.	Ordinary Resolution 1		
2.	To re-elect the following Directors retiring under Article 91 and Article 96 of the Articles of Association of the Company:-			
	a) Dato' Azmi bin Mohd Ali - Article 91	Ordinary Resolution 2		
	b) Datin Paduka Kartini binti Hj. Abd Manaf - Article 91	Ordinary Resolution 3		
	c) Datin Paduka Siti Sa'diah binti Sh Bakir - Article 96	Ordinary Resolution 4		
	d) Leonard Ariff bin Abdul Shatar - Article 96	Ordinary Resolution 5		
3.	To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 6		
No.	**SPECIAL BUSINESS**	**RESOLUTION NO.**	**FOR**	**AGAINST**
4.	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 7		

______________________________ ______________________________
No. of shares Signature/Seal

Signed this __________ day of ______________ 2015.

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. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
5. 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.
6. The instrument appointing a proxy must be deposited at 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.
7. Only depositors whose names appear in the Record of Depositors as at 20 May 2015 be regarded as members and entitled to attend and vote at the meeting.

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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
Malaysia

Fold here

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