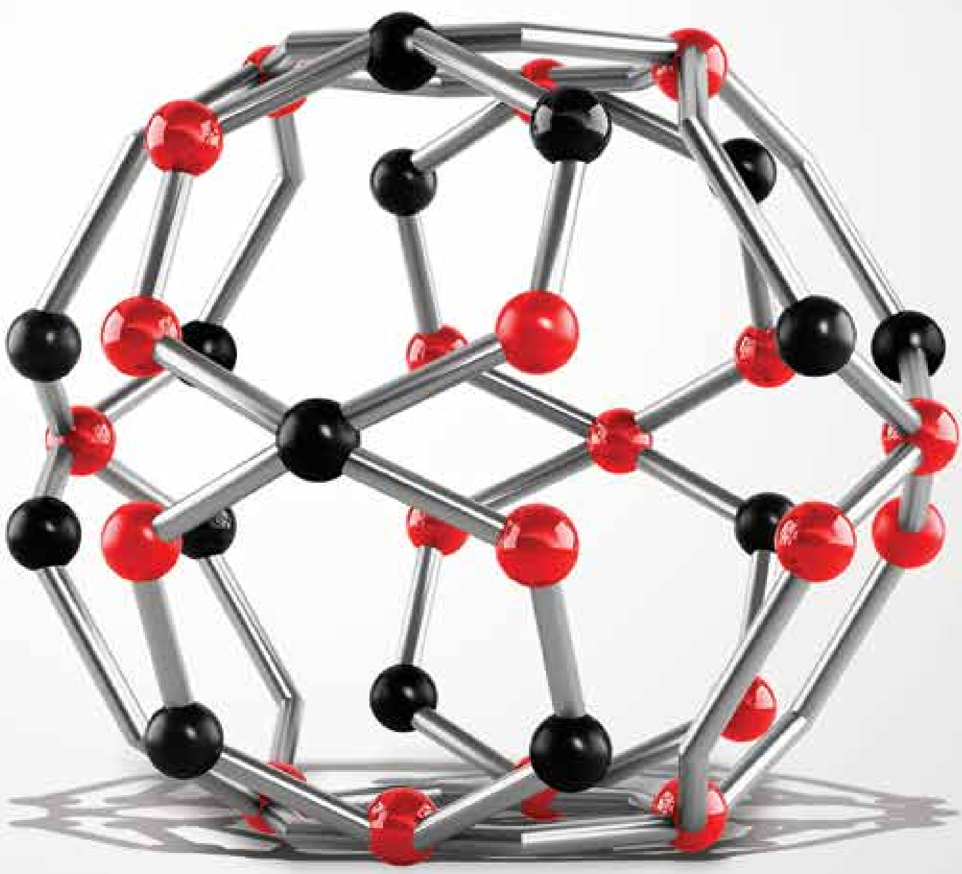
CHEMICAL COMPANY
OF MALAYSIA BERHAD
(5136-T)

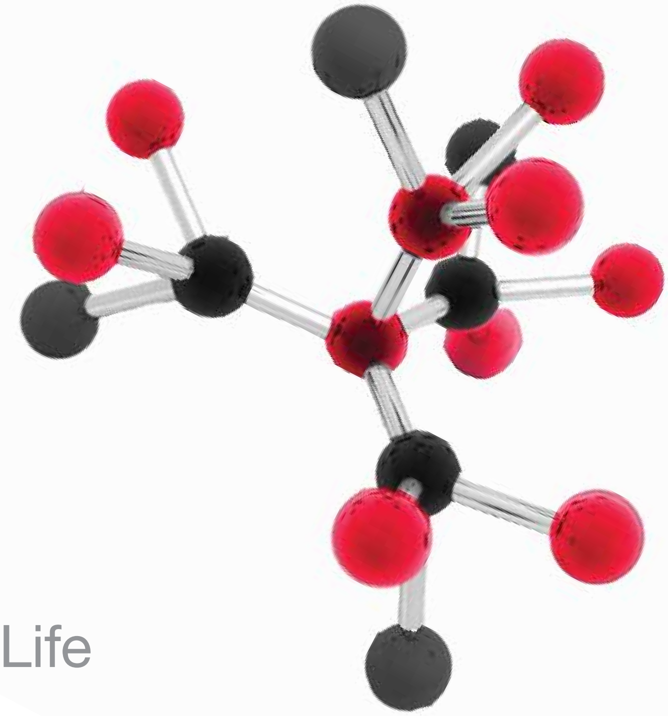
INNOVATIVE SOLUTIONS THROUGH EXPERIENCE & TECHNOLOGY

ANNUAL REPORT **2015**



Innovative Solutions through Experience & Technology

The Company, like the molecule, is the core that fuses experience and technology to create high-level solutions for a better world. The molecule inspires development of innovative solutions beyond the boundaries of chemistry. The molecule's growth factor represents the Company's focus to expand its business beyond the traditional, exploring niche areas such as biosimilars and the polymer coating business to take the Company to the next level of excellence.



OUR VISION

Enhancing Quality of Life

OUR MISSION

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

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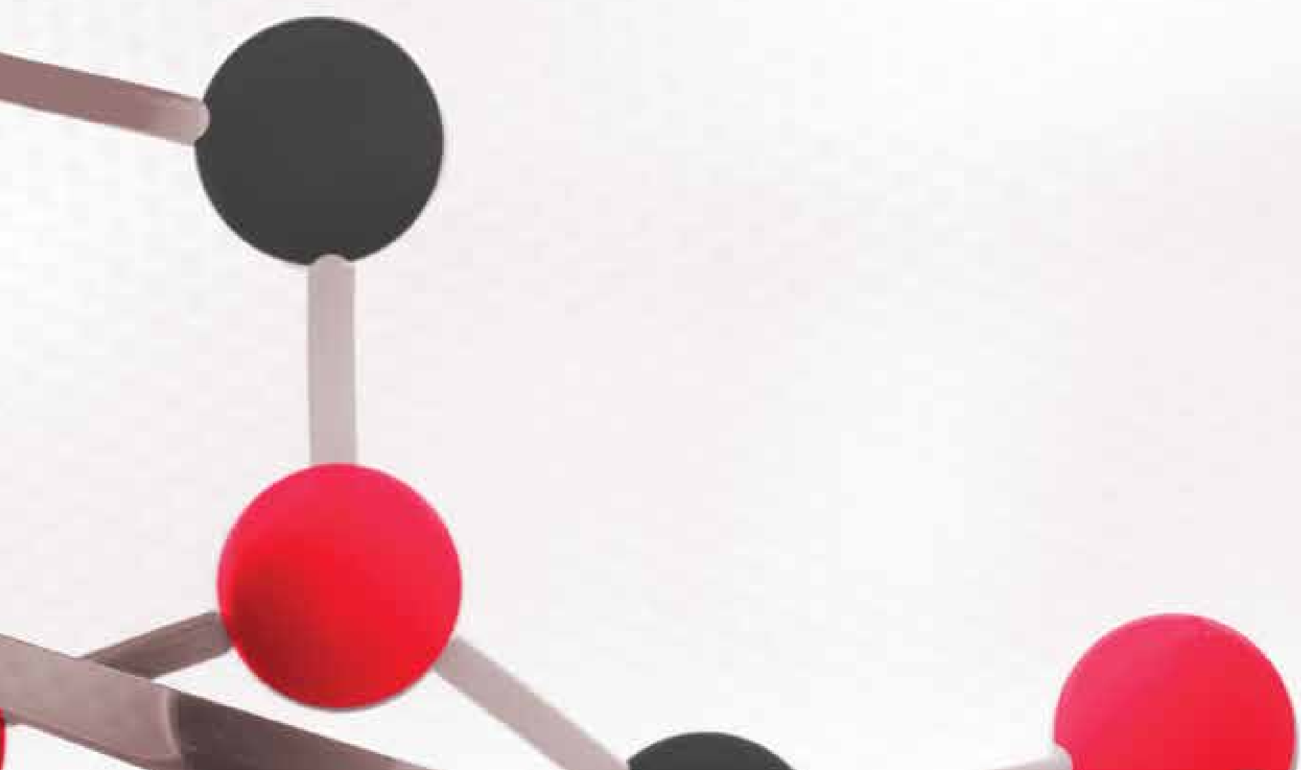
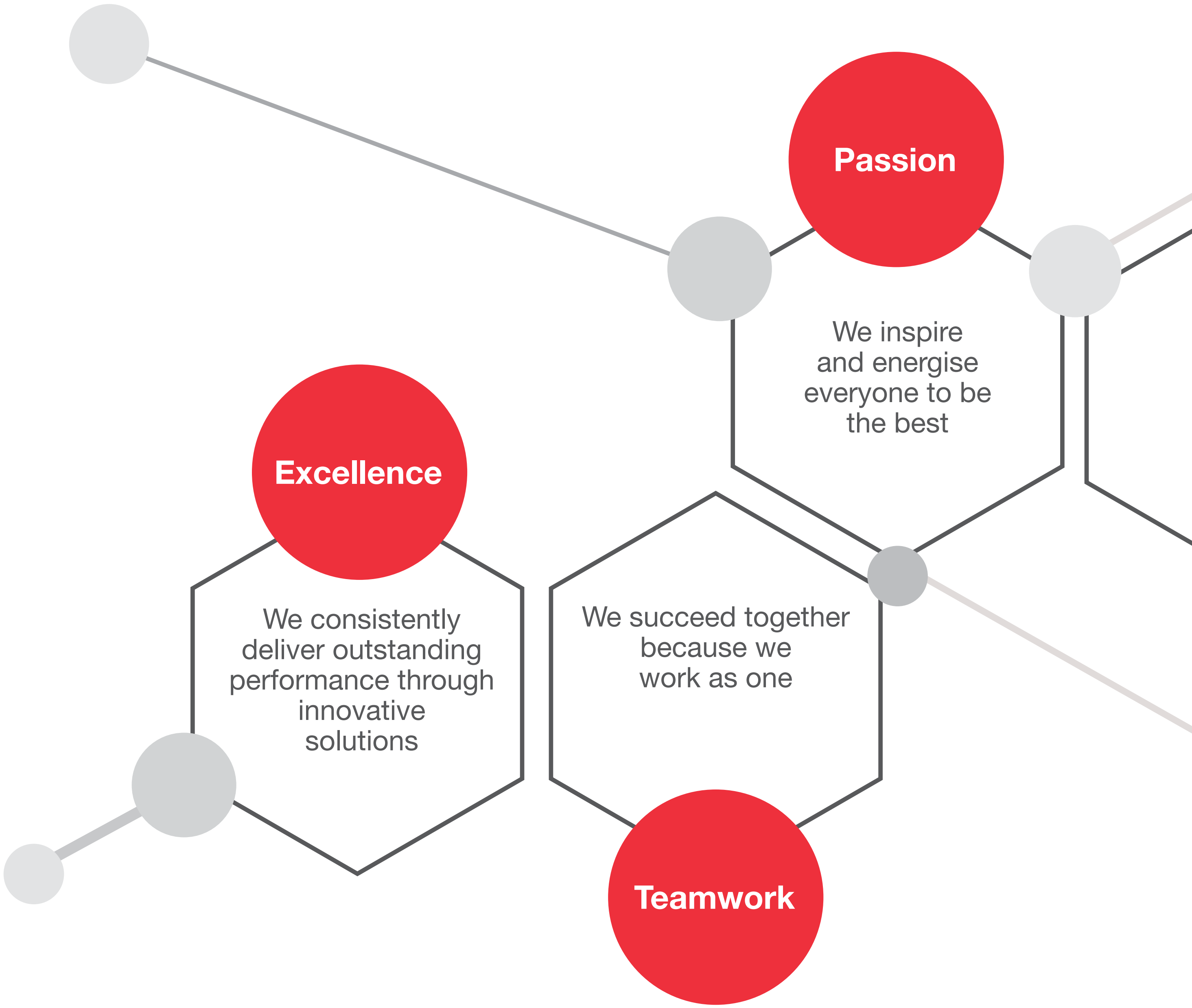
WE COMPLY

We are committed to operating the Company in a responsible manner, upholding industry best practices and conforming to international safety, health and environmental ("SHE") standards. We have put in place a stringent management and regulatory framework to ensure that we are in compliance with the statutory and regulatory requirements of the markets in which we operate.



CORE **VALUES**


Passion
We inspire and energise everyone to be the best
Excellence
We consistently deliver outstanding performance through innovative solutions
We succeed together because we work as one
Teamwork

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

Respect

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

FINANCIAL CALENDAR

Financial year end	31 December 2015
Annual General Meeting	26 May 2016

ANNOUNCEMENT OF 2015 QUARTERLY RESULTS

Three months (1st Quarter)	25 May 2015
Six months (2nd Quarter)	27 August 2015
Nine months (3rd Quarter)	25 November 2015
Full year (4th Quarter)	26 February 2016

FINANCIAL REVIEW

TURNOVER AND PROFITABILITY

	Turnover		Profit/(Loss) before tax	
(RM'mil)	2015	2014	2015	2014
Pharmaceuticals	334.8	320.4	38.4	35.7
Chemicals	294.8	279.0	31.3	18.9
Fertilizers (discontinued)	367.5	488.7	(96.1)	(63.7)
Intersegment eliminations and others	0.7	1.0	(16.7)	(13.0)
Group	997.8	1,089.1	(43.1)	(22.1)

LIQUIDITY

(RM'000)	2015	2014
Net cash from operating activities	14,226	103,662
Net cash (used in)/from investing activities	(60,271)	17,182
Net cash from/(used in) financing activities	142,541	(155,209)
Exchange differences on translation of the financial statements of foreign operations	8,009	(12,760)
Net increase/(decrease) in cash and cash equivalents	104,505	(47,125)
Cash and cash equivalents at 1 January	208,212	255,337
Cash and cash equivalents at 31 December	312,717	208,212

FINANCIAL HIGHLIGHTS

FINANCIAL POSITION AS AT 31 DECEMBER

(RM'000)	2015	2014
Total non-current assets	803,953	910,002
Total current assets	932,953	729,057
Total assets	1,736,906	1,639,059
Financed by:		
Share Capital	457,630	457,630
Reserves	28,951	22,644
Retained profits	184,790	269,998
Equity attributable to owners of the Company	671,371	750,272
Non-controlling interests	178,581	130,326
Total equity	849,952	880,598
Total non-current liabilities	473,675	119,289
Total current liabilities	413,279	639,172
Total liabilities	886,954	758,461
Total equity and liabilities	1,736,906	1,639,059

PROFIT OR LOSS FOR THE FINANCIAL YEAR

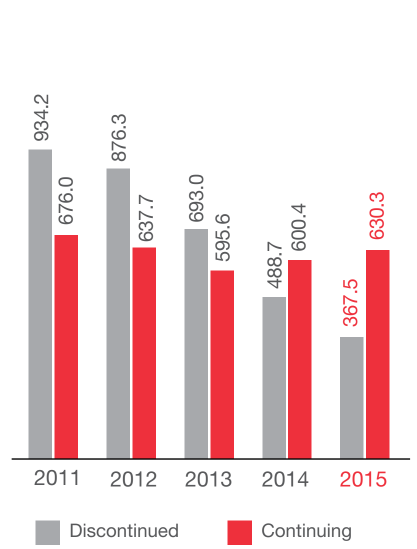
(RM'000)	2015	2014
Continuing Operations:		
Revenue	630,330	600,401
Profit before tax	52,979	41,571
Tax expense	(24,372)	(13,648)
Profit from continued operations	28,607	27,923
Discontinued Operations:		
Discontinued operations loss, net of taxes	(101,863)	(63,346)
Loss for the year	(73,256)	(35,423)
(Loss)/Profit attributable to:		
Owners of the Company	(62,476)	(42,514)
Non-controlling interests	(10,780)	7,091
Loss for the year	(73,256)	(35,423)

GROUP
FINANCIAL RATIOS

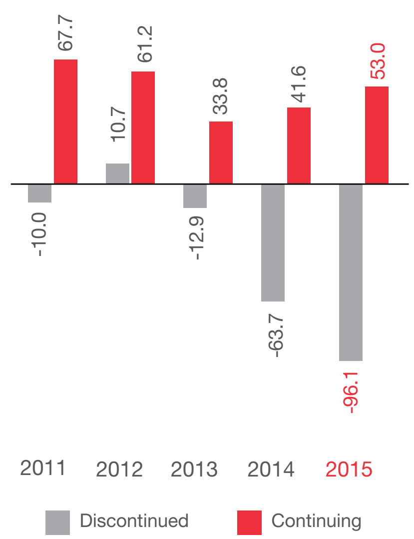
	2015	2014
Profitability (%)		
Turnover growth rate of continuing operations	4.98	0.80
Profit from continuing operation as a % of turnover	4.54	4.65
Continuing operation return on equity	3.37	3.17
Liquidity		
Current Ratio (x)	2.26	1.14
Acid test ratio (x)	1.75	0.76

	2015	2014
Market Ratios		
Net Assets per share (RM)	1.48	1.65
Earning per share (sen)		
- from continuing operation	4.35	4.07
- from discontinued operation	(18.09)	(13.42)
Dividend per share (sen)	2.50	2.50
Productivity		
Turnover per employee (RM'000)	578	568
Total Assets per employee (RM'000)	1,006	855
Number of employees	1,726	1,918

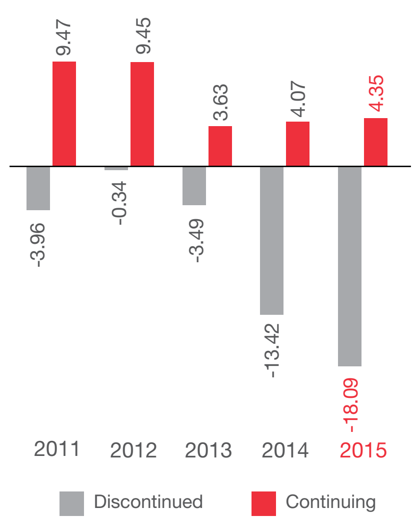
TURNOVER
(RM'mil)



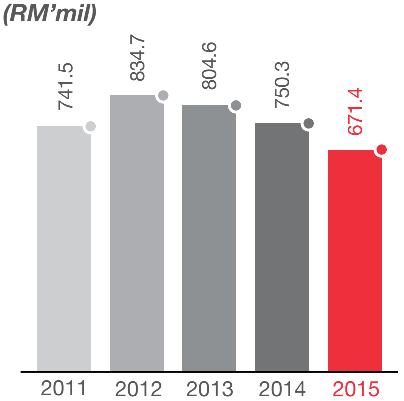
PROFIT BEFORE TAX
(RM'mil)



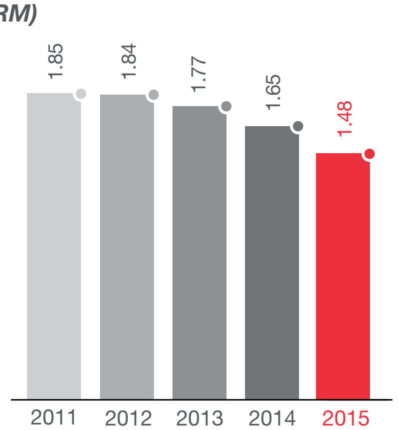
BASIC EARNINGS PER SHARE
(Sen)



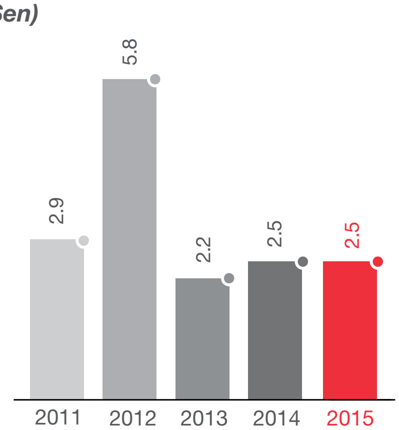
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY
(RM'mil)



NET ASSETS PER SHARE
(RM)



DIVIDEND PER SHARE
(Sen)



CHAIRMAN'S **STATEMENT**

YB HAJAH NORMALA BINTI ABDUL SAMAD
NON-INDEPENDENT NON-EXECUTIVE CHAIRMAN

Dear Shareholders,

I am honoured to be have been appointed the Chairman of Chemical Company of Malaysia Berhad on 25 March 2016, replacing YB Dato' Sri Azalina binti Othman who is now a Minister in the Prime Minister's Department. I am humbled by this responsibility entrusted upon my shoulders and believe that with the commitment of my fellow Board members, management and staff of the Company, we will be able to shape the Company to be a more dynamic and successful organisation.

The year 2015 was a mixed year for the Group as we achieved many highs and lows. Our Pharmaceuticals and Chemicals Divisions performed well but the Fertilizers Division's performance was below expectations. On the pharmaceuticals front, the consolidation of our pharmaceutical units to our subsidiary, CCM Duopharma Biotech Berhad ("CCMD") paved the way for us to become Malaysia's largest generic pharmaceutical manufacturer. On the other hand, the Fertilizers Division was badly affected by the poor market conditions. Our fertilizers plant in Shah Alam ceased operations late last year in view of negative market conditions and reduced demand for ammonium nitrate-based compound fertilizers.

Through the ups and downs of the year, we remain steadfast in our strategic initiatives and continuously focused in our efforts to use our working capital efficiently in order to boost our performance. With this, I present to you the Annual Report and financial statements of the CCM Group for the financial year ended 31 December 2015.

OUR PERFORMANCE

The Chemical Company of Malaysia Berhad Group posted a net loss of RM73.2 million for the year ended 31 December 2015, on the back of impairments and write-downs made on the plants, equipment and other related assets of our Fertilizers Division amounting to RM48.7 million. Following a strategic review of the business segment, we will be exiting our fertilizers business which has been continuously incurring losses since 2013. The decision was arrived at after due consideration and analysis of the market outlook, competitive intensity and attractiveness of the industry. The move will allow the Company to place greater attention on enhancing the business profitability of our Pharmaceuticals and Chemicals Divisions.

From the core operations of Pharmaceuticals and Chemicals businesses, the Group registered a commendable 27.4 per cent growth in profit before tax for the financial year ended 31 December 2015 to RM53.0 million from RM41.6 million in the same period last year. The Group's total revenue from these businesses increased by 5.0 per cent to RM630.3 million, compared to the corresponding period last year of RM600.4 million.

BUSINESS OUTLOOKS AND PROSPECTS

For the past several years, it was evident that the global economy lacked a positive dynamic coupled with slow investment growth and weak productivity. The global economy for the year 2016 is projected to have a modest improvement with a growth rate of 2.8 per cent, up from 2.5 per cent in 2015. Specifically, Southeast Asia is unlikely to see any significant improvement in 2016, compared to 2015.

For Malaysia, the volatility in the financial and currency markets together with commodities and global political uncertainties, suggest that the Malaysian economic outlook will remain challenging in 2016. It is predicted that Malaysia's real GDP will sustain at 4.9 per cent in 2016, slightly higher than the estimated 4.8 per cent in 2015.

Within the organisation, our businesses will continue to face the effects of the declining economy and reduced demand. For our Chemicals Division, it will continue to face challenges from the fluctuating prices of Chlor-Alkali products. The polymer coating business remains a stable profit contributor to the Division, as seen by the strong demand from the vibrant rubber and nitrile glove industry. We will intensify our focus on trading margins and work on discovering new segments as well as building a stronger customer base within the country and the Southeast Asian region.

CHAIRMAN'S STATEMENT (CONT'D)

Malaysia's pharmaceuticals market is set to remain positive for the year 2016, fueled by the construction of more hospitals and health clinics and the increased number of zero-rated drugs under the Goods and Services Tax. The zero-rating of 8,630 types of drugs under the Goods and Services Tax, which came into effect on 1 January 2016, is expected to reduce the cost of medication in private hospitals and clinics in Malaysia. Among the controlled drugs in the list are those to treat cancer, heart diseases, diabetes and high blood pressure.

In addition, we are mindful of the impact of the Trans-Pacific Partnership Agreement ("TPPA"), signed by Malaysia in February 2016, which could alter the Malaysian pharmaceutical sector's long-term prospects. Malaysia's stance during the negotiations was that the TPPA should not hinder public access to affordable medicines and healthcare while ensuring the right incentives for pharmaceutical innovators to produce new drugs. CCM is also concerned that drug producers may be able to extend the initial patent terms beyond 20 years. This will add to the costs borne by patients over the long run. It was heartening to note that industry feedback was taken into consideration in the negotiation process.

However, despite the challenges we might face from the TPPA, we will remain bullish on our mission to provide the best for our consumers. We still look forward to a fruitful year for our Pharmaceuticals Division following our strategic move in consolidating all our pharmaceuticals units under our subsidiary, CCM Duopharma Biotech Berhad ("CCMD"). The year under review will certainly see us increasing our product offerings and synergising from economies of scale via the consolidation and optimisation of production facilities. We will continue to grow the pharmaceutical business through identification of new pipelines, which consist of new products in biotherapeutics and niche therapeutic areas, as well as regional expansion and modernisation.

CCM is pleased to announce that PanGen Biotech Inc., an investee company of CCM has been listed on KOSDAQ ("Korean Securities Dealers Automated Quotations") which is a trading board of Korea Exchange ("KRX") in South Korea on 11 March 2016 under the category of New Growth Engine Companies.

As mentioned earlier, CCM is exiting the fertilizers business in totality. Details leading to the exit of this business is available on page 16 of the Annual Report.

On our research and development front, we will continue to work on innovating and striving to meet the growing needs of our customers. For the upcoming year, we will focus on our plant expansions at both our Pharmaceuticals and Chemicals businesses to meet the changing demands of future markets to ensure that the Group stays relevant and sustainable.

In CCM, we recognise that responsible business and sustainability go hand in hand and are the key drivers that differentiate our business from others. Clear goals translated into specific roles and responsibilities are at the heart of our corporate strategy. These are helping to safeguard our long-term business profitability as well as enabling us to create a positive impact on our stakeholders, society and the environment. In 2015, we continued to uphold good economic, environmental and social ("EES") practices as well as invested in measures that promoted the sustainable growth of our business and created value for our shareholders.

A summary of our 2015 EES initiatives can be found on pages 18 to 23 of this Annual Report, while the finer details of our EES efforts are spelt out in the standalone CCM 2015 Sustainability Report which is available on our corporate website.

DIVIDEND

The Board of Directors are not recommending any final dividend for the financial year ended 31 December 2015. An interim dividend for 2015 of 2.50 sen per share was paid on 1 October 2015.

ACKNOWLEDGEMENT

On behalf of my fellow Board members, Management and staff of the CCM Group, I would like to express my appreciation and thanks and also our congratulations to YB Dato' Sri Azalina binti Othman, who resigned as Chairman from the Board in July 2015 to assume her appointment as Minister in the Prime Minister's Department. YB Dato' Sri Azalina binti Othman, has been most instrumental in leading and guiding the Group during her 2 year tenure with the Company.

I would like to take this opportunity to thank all our stakeholders, particularly our shareholders, customers and partners for their undivided support through both the good and challenging years. I commend the collective efforts of my fellow Board members, Management and staff for their dedication and tenacity throughout the year. Despite our numerous setbacks, I remain confident that our core values of passion and commitment will see us through.

Thank you.

YB Hajah Normala binti Abdul Samad
Chairman

GROUP MANAGING DIRECTOR'S **OPERATIONS REVIEW**

LEONARD ARIFF BIN ABDUL SHATAR
GROUP MANAGING DIRECTOR

GROUP MANAGING DIRECTOR'S **OPERATIONS REVIEW** (CONT'D)

Dear Shareholders,

The year 2015 was one filled with highs and lows, both for our Company and the country as a whole. While we experienced some of our best achievements as an organisation, we were also forced to make difficult business decisions for the betterment of the Group.

Chemical Company of Malaysia Berhad ("CCM") Group posted a net loss of RM73.2 million for the year ended 31 December 2015, on the back of impairments and write-downs made on our plants, equipment and other related assets of our Fertilizers Division amounting to RM48.7 million. CCM will be exiting our fertilizers business following a strategic review of the business segment, which has been continuously incurring losses since 2013.

Accordingly, the Group presents and discloses in its financial statements, the financial effects of the *discontinued operations* in accordance to MFRS 5 *(Non Current Assets Held For Sale and Discontinued Operations)* and reclassify its entire related Fertilizers Division's assets and liabilities as *Held For Sale* as at 31 December 2015.

The Group's underlying financial performance from its key business segments namely Pharmaceuticals and Chemicals improved significantly during the financial year 2015, whereby the Group has posted growth in profit before tax by 27.4 per cent to RM53.0 million from RM41.6 million in the corresponding period last year. Our revenue from those segments rose by a steady 5.0 per cent to RM630.3 million, driven by greater contributions from the existing markets and introduction of new and improved products.

Our balance sheet continues to remain robust with a cash position of RM312.7 million as at 31 December 2015 and our net gearing (net Debt-to-Equity) as at the same date stood at 0.38 times from 0.44 times a year ago. This reflects our continuous efforts to strengthen our balance sheet position, which will give us ample agility to pursue our capital expansion and growth strategy going forward.

From the corporate governance and compliance front, we are proud to share that our subsidiary, CCM Duopharma Biotech Berhad on 10 December 2015, was accorded as one of the recipients for *Merit Award Minority Shareholders Watchdog Group ("MSWG") for Top Corporate Governance & Performance (Market Capitalisation RM300 million to RM1 billion)*. The Merit Award by MSWG was to recognise mid and small capital public listed companies ("PLCs") on their good corporate governance practices based on ASEAN Corporate Governance Scorecard in terms of quality disclosures and good performance. This Merit Award bears testament on our ongoing effort to uphold good corporate governance practices.

As a follow on to our signing of the Corporate Integrity Pledge with Malaysian Anti-Corruption Commission("MACC") in May 2014, in the first half of 2015, we had signed Integrity Pacts with suppliers across the Group to further enhance transparency in the procurement activities. We have also shared with the suppliers, the Company whistle-blowing hotline to enable them to report on any wrongdoings involving the employees of the Group.

SEGMENTAL BUSINESS REVIEW

I am pleased to report the financial and operational highlights for each of our business segments for 2015, in the following sections.

Pharmaceuticals Division

Revenue for the Group's Pharmaceuticals Division rose 4.5 per cent to RM334.8 million from RM320.4 million in the corresponding period last year. The profit before tax for the Division grew by 7.5 per cent to RM38.4 million primarily driven by increased demand from all sectors, including government hospitals and export markets and improvement in trading margins.

One of the notable milestones for the Pharmaceuticals Division for the financial year under review was the sale of our pharmaceutical units to our subsidiary, CCM Duopharma Biotech Berhad ("CCMD"). Under this sale, CCM parted with six subsidiaries including 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. to CCMD and its subsidiary, Duopharma Malaysia Sdn. Bhd.

This strategic move, which has been in the planning stage for many years, will allow our pharmaceutical businesses to look into increasing our product offerings and synergising from economies of scale via the consolidation and optimisation of production facilities. We believe that this acquisition by CCMD will help us focus our efforts on the value and true potential of our pharmaceutical arm. We have also set our sights on becoming Malaysia's largest pharmaceutical manufacturer, following this purchase.

For the year under review, we continued our strategic focus in niche areas such as oncology, biotherapeutics and vaccines as well as improving our product pipeline and customer offerings. We launched 3 new ethical products to the market; *Zynomax*, an antibiotic for the treatment of mild to moderate infections, *Atorvas,* primarily prescribed as a lipid-lowering agent and for the prevention of events associated with cardiovascular disease, whereas *Fenofibrate* is prescribed for the reduction of cholesterol levels in patients at risk of cardiovascular diseases. *Atorvas* made a successful entry into the market with 10,000 boxes sold within 50 days while *Zynomax* captured 7.0 per cent of the market share within 8 months of its launch.

In terms of continuous research and development, we remain committed on product innovation and introducing new generics, whereby we are actively working with universities and third party Research and Formulation Organisations to develop new products and improve our current products. Our collaboration with PanGen Biotech Inc. for the development and manufacturing of Erythropoietin("EPO") biosimilar treatment for anaemia and end stage renal failure patients, has been on track with the implementation of the Phase III Clinical Trial (both in Malaysia and Korea).

We are pleased to announce that our investee company, PanGen Biotech Inc. ("PanGen") which we acquired a 13.8 per cent interest in year 2014, has been listed on KOSDAQ ("Korean Securities Dealers Automated Quotations") on the trading board of Korea Exchange on 11 March 2016. Pursuant to the listing on KOSDAQ, CCM now holds an effective equity interest of 9.34 per cent in PanGen.

We also worked on our core brand revitalising programmes namely *CHAMPS, Flavettes, Proviton* and *Naturalle.* The Division also launched four new Over The Counter products including the *CHAMPS* Multivitamin with Taurine, *CHAMPS* Multivitamin with Iron and Zinc; *Flavettes* Vitamin C Time Release and *Flavettes* Vitamin C Buffer Plus BioFlavonoids. We will continue working with our Research and Development team to serve our market better and continuously create new and improved products for the overall wellness of our society.

The Pharmaceuticals Division will be investing in a few facilities development for its pharmaceutical sites, which includes among others the building of a new state of the art plant in Klang to replace the current facility. The new plant which consists of two adjoining blocks will be equipped with enhanced cGMP facilities to cater for existing businesses and increased product offerings including specialty products. The new plant will house the Oral Solid Dosage manufacturing facility including specialty product manufacturing site, Quality Control and Quality Assurance and administrative office. Completion of the new state of the art plant will cater for the future expansion plans of CCMD including increase in production capacity by approximately 40 to 50 per cent. Construction of the new facility is expected to commence in the first half of 2016. Other developments include the warehouse expansion in Klang and Bangi sites as well as office relocation in Bangi. We target to complete these projects by late 2018.

On the Halal front, we were honoured to be the sole recipient of the Halal Excellence Award 2015 presented by the Halal Industry Development Corporation ("HDC"). We were further bestowed the Global Islamic Economy Award in the Food and Health Category at the Global Islamic Economic Summit in Dubai, United Arab Emirates. These awards were recognition for our initiatives and strong commitment to uplift the Halal standards and awareness both locally and overseas. For the upcoming year, CCM will continue to pave the way as a leader in the Halal industry and provide products that will contribute towards the wellbeing of our society.

We will continue relentlessly to work on our strategies of growing our pharmaceutical arm as the largest and strongest manufacturers in Malaysia. We continue to expect healthy growth in demand for pharmaceutical products and we are confident we are well positioned to capture the uptrend in demand for generic pharmaceuticals and eventually, Biotherapies.

Chemicals Division

Our Chemicals Division turned in an improved performance in 2015 with revenue increasing 5.7 per cent to RM294.8 million from RM279.0 million last year on the back of higher selling prices of its chlor-alkali products and continuing strong demand from its polymer coating business, cushioning the impact of lower sales volume from its regional businesses. The regional business operations, namely Indonesia, Singapore and Philippines have been underperforming financially, and have also been facing difficulties of operating in the local business environment. Hence, the Division made a strategic decision to wind down and close those regional businesses in the 3rd and 4th quarter of 2015.

The Division also posted a stellar performance with a double-digit growth of 65.6 per cent in its profit before tax to RM31.3 million from RM18.9 million in the same period last year. The increase in profit was largely attributed to improved margins from both our chlor-alkali and polymer coatings products and savings from our operational efficiency initiatives in the chemicals business segment.

Throughout the year, we remained true to our action plans to help us mitigate the effects of external challenges. Our Chemicals Division continued to expand our total solutions approach and build on the successes of our product portfolio. Together with our dedicated Research and Development team, we looked at growth opportunities in emerging markets and ways to refine our business models and manufacturing footprints. We also worked to enhance our products to help us increase reliability, reduce cost and create greater operational efficiencies.

One of our notable efforts for the Division this year is our development of a comprehensive action plan, incepted to mitigate the challenges from fluctuating chlor-alkali prices. At the same time, the Division also looked at implementing continuous improvement programmes to extract operational savings while striving to increase our trading margins. For the current financial year, we also expanded our customer base within the region to ensure continuous and strategic progress. In addition, the Division is in the midst of implementing an efficiency project that consolidates the capacity of both its Pasir Gudang plants into one. The consolidation project is expected to enable the plant to be more cost efficient and would improve flexibility in the production process. The consolidated plant will be able to produce 40,000 tonnes of chlorine per year.

Our Polymer business has been growing steadily. This is mainly due to efforts from the introduction of new products and innovative solutions to improve customer production efficiency and effectiveness. According to the Malaysian Rubber Gloves Manufacturers Association ("MARGMA"), the global glove demand is expected to increase by 8.0 to 10.0 per cent annually backed by consistent growth in demand from the healthcare industry. To support the anticipated growth, we are embarking on a capacity expansion project as well as exploring the feasibility of constructing a new plant.

Year on year, the Chemicals Division have received a string of accolades to bear testament to our world-class standards. This year, we were awarded with the Prime Minister's Hibiscus Award for Notable Achievement in Environmental Performance, a Gold Award for the Chemical Industries Council of Malaysia ("CICM") Product Stewardship Code, 3 Silver Awards for the CICM Community Awareness & Emergency Response Code, Distribution Code and Pollution Prevention Code and a Merit Award for the Process Safety Code. These awards exemplify our determination to focus on sustainability and our commitment to uphold the Safety, Health and Environment ("SHE") tenets in our organisation.

Moving forward, the Division intends to continue improving its cost competitiveness and profitability within the existing business and exploring any accretive opportunities in high value chemicals business, both locally and regionally.

Fertilizers Division

Our Fertilizers Division continued to face tough challenges for the year under review which saw a decline in its volume sold to all of its market segments. Additionally, the negative market conditions of softened CPO prices and weaker Ringgit, coupled with the expectation of bearish demand for ammonia-based fertilizers and continued financial losses incurred by the Division since 2013; has led to the Board making a strategic decision to exit the fertilizers business.

On 1 September 2015, CCM announced the ceasing of operations of our Shah Alam fertilizers manufacturing plant and on 30 November 2015, the plant was officially closed. The closure of the plant also led to a total of 232 employees being made redundant. The Company has, accordingly, provided market driven severance packages for all retrenched employees. Through this period, we worked closely with outgoing staff to provide counselling and seek outplacement opportunities.

In Quarter 4, 2015, CCM received proposals from various parties to acquire its assets/or equity interests of its two remaining fertilizers plants, operating in East Malaysia. CCM is currently at an advanced stage of negotiation with prospective offerors with a view to enter into a formal agreement.

In February 2016, CCM wholly owned subsidiary, PT CCM AgriPharma ("PT CCMA"), signed a sales and purchase agreement with PT Feedmill Indonesia to sell 3 parcels of land in Medan, Indonesia (measuring 75,339 square metres) at a sale consideration of IDR121.8 billion on a 'as is where is' basis. The disposal of the said land is expected to complete in Quarter 2 2016. PT CCMA ceased its manufacturing operations and underwent a separation scheme with its employees in 2014.

I would like to take this opportunity to thank our valued customers from the dealers, plantation houses and export market for their support throughout our 50 years venture in the fertilizers industry. Our gratitude also goes to our international and local suppliers. We truly appreciate the partnership fostered between both parties.

To our former employees who had given their years of dedication, enthusiasm and team spirit towards the Group, I would like to express my sincere appreciation to each one of them for their tireless efforts to have put CCM as one of the well known company in the fertilisers industry.

ACKNOWLEDGEMENT

The year 2015 proved to be one of the most challenging years for our Company. While our performance from the key business segments (Pharmaceuticals and Chemicals) improved from the previous years, we were faced with difficult situations wh we had to make business decisions that affected our manufacturing plant and our employees. At the same time, we saw our Company soar to new heights with the consolidation of our pharmaceutical units, paving our way to become the leading pharmaceutical company in Malaysia.

For the upcoming year 2016, it is evident that we are still vulnerable to external factors in the market. For this reason, we need to solidify our strategies and work on lowering our operational cost to ensure we stay relevant and ahead of competitive pressures. Although our challenges may be new, the values that have stood us in good stead – resilience, hard work and tenacity – will continue to be the driving force that will help us drive success.

On behalf of the senior management and CCM workforce, I take this opportunity to welcome YB Hajah Normala binti Abdul Samad as CCM's Chairman to lead and spearhead the Group to meet the challenges the Group will be facing in the future. I would also like to extend our gratitude to our past Chairman, YB Dato' Sri Azalina binti Othman and wish her success. My special acknowledgement to our Board of Directors for their unwavering support and guidance, in good times and in bad. My deepest gratitude also goes out to our employees for their patience, dedication and exemplary efforts that have helped us through the years.

Leonard Ariff bin Abdul Shatar
Group Managing Director

SUSTAINABILITY & CORPORATE RESPONSIBILITY

For the year under review, we continued to uphold effective economic, environmental and social ("EES") practices as well as undertaking measures that fostered the sustainable growth of our businesses. Our 2015 EES initiatives are outlined below. For more details of these initiatives, please refer to the CCM 2015 Sustainability Report, our second standalone report which is available in digital format and can be downloaded from www.ccmberhad.com.

HIGHLIGHTS OF OUR 2015 SUSTAINABILITY INITIATIVES

UPHOLDING RESPONSIBLE ECONOMIC PRACTICES

Strengthening Industry Efforts

CCM continues to play a vital role in the various industry bodies, being a member of the Chemical Industries Council of Malaysia ("CICM"), Malaysian Rubber Glove Manufacturers Association ("MARGMA") and Malaysian Organisation of Pharmaceutical Industries ("MOPI"). We continue to work closely with key Halal government bodies that is the Jabatan Kemajuan Islam Malaysia ("JAKIM") and Halal Industry Development Corporation ("HDC") and also providing a platform for healthcare professionals through our Continuous Medical Education ("CME") initiatives.

Backing Local Businesses

In 2015, we strengthened our commitment to the CCM Bumiputera Vendor Development Programme ("BVDP") by entering into a three-year collaborative effort with SME Bank. Under this initiative, the bank will offer financial assistance to eligible SMEs within CCM's business ecosystem, while its subsidiary, the Centre for Entrepreneur Development and Research ("CEDAR"), will provide entrepreneur development training to BVDP vendors. To date, 13 companies have been accorded training and networking opportunities with professionals from CCM and various industries.

Expanding Our Sphere of Influence

Through our Pharmaceuticals and Chemicals Divisions, we participated in various exhibitions and conferences to network, promote the CCM brand and our products, as well as expand our sphere of influence at the Minggu Saham Amanah Malaysia ("MSAM") 2015, the Government-Linked Companies ("GLC") Open Day programme and investor relation talks.

Solid Progress on the Halal Front

We participated in the World Halal Conference ("WHC") 2015, the Malaysia International Halal Showcase ("MIHAS") 2015 and the 11th World Islamic Economic Forum ("WIEF"). In recognition of our more than 15 years of commitment to upholding Halal, we were the sole recipient of the esteemed Halal Excellence Award 2015 presented by HDC at WHC 2015. We also secured the prestigious Global Islamic Economy Award (Food and Health category) at the Global Islamic Economy Summit in Dubai, United Arab Emirates.

CCM Pharmaceuticals played host to H.E. Tan Sri Iyad Ameen Madani, the Secretary General of the Organisation of Islamic Cooperation ("OIC") during his visit to CCMP Bangi site while CCM spokespersons were invited to impart their Halal expertise locally and internationally. We also engaged with Halal industry stakeholders via visits to Jabatan Agama Johor, SIRIM QAS International and the Halal Hub of the Department of Islamic Development in Malaysia. CCM's personnel was also appointed to sit on the newly established Halal Professional Board.

Knowledge Sharing and Engagement

CCM representatives conducted various CME programmes for the medical fraternity as well as health awareness activities for the public community. We also held Halal Awareness talks for participants from other industries and within the mentor-mentee programmes that we run with other organisations.

Appreciating Dealers

To appreciate its dealers, CCM Fertilizers organised the CCMF's Dealers Appreciation Night 2015 where the top 10 dealers from Malaysia, Indonesia and Thailand received awards for their outstanding performance.

Elevating Operational Excellence

We took our Operational Excellence ("OE") efforts up several notches by expanding our OE training to include Quality Control ("QC") Tools and the Plan-Do-Check-Act ("PDCA") improvement methodology. In 2015, a total of 13 OE-QC Tools classes were conducted and 168 employees trained while 3 Lean Six Sigma Green Belt classes were conducted and 45 employees trained. By end 2015, a total of 83 OE projects Group-wide had been completed contributing savings and productivity gains of RM28.0 million.

Focused on Innovation and Quality

The 20th CCM Innovation and Quality ("IQ") Convention served as a platform to showcase seven improvement projects undertaken by teams within the Group. The three winning teams from the IQ Convention went on to participate in the PNB Innovation and Quality Awards Convention where the team from CCM Duopharma won third placing. Additionally, CCM Pharmaceuticals' subsidiary, Upha Pharmaceutical Manufacturing (M) Sdn. Bhd., obtained its ISO 9001:2008 Quality Management System ("QMS") certification as well as Good Distribution Practice for Medical Device ("GMPMD") certification.

Marketplace Awards and Accolades

The CCM Group continues to be recognised for its achievements in the marketplace. Aside from the abovementioned awards, we also garnered the Guardian Teens' Choice Award 2015 and the Merit Award for Top Corporate Governance & Performance (Market Cap of RM300 million - RM1 billion) awarded by the Minority Shareholders Watchdog Group.

UPHOLDING RESPONSIBLE ENVIRONMENTAL PRACTICES

Embedding Sustainable Operational Practices

To mitigate our dependency on natural resources we continue to tap proven practices such as the E3R (Eliminate, Reuse, Reduce, Recycle) initiative. To reduce our carbon footprint, we continue to measure carbon dioxide emissions (CO_2e) from our operations. For 2015, we recorded an overall CO_2e count of 120,615.7 metric tonnes (MT), a 5.5% reduction from the previous year (2014: 127,645 MT).

Safeguarding Our Children's Future

In collaboration with the Ministry of Natural Resources & Environment, we embarked on our fifth year of educating primary and secondary school students on environmental conservation via the Rakan Alam Sekitar Programme (which was later rebranded the "Program Rakan Saintis Sungai CCM"). Our efforts included the River Scientist Programme in Perlis and Johor, as well as participation in the Chemical Industries Council of Malaysia ("CICM") Responsible Care Run in Selangor and the Pertubuhan Pelindung Khazanah ("PEKA") Save our Rainforest Race in Perak.

Recognised for Our Good Environmental Performance

For its solid progress on the environmental front, CCM Chemicals was bestowed the Prime Minister's Hibiscus Award for Notable Achievement in Environmental Performance 2014/2015. Our Chemicals Division was once again recognised for its good environmental performance when CCM Chemicals Pasir Gudang Works was awarded a Gold Award for the CICM Product Stewardship Code, 3 Silver Awards for the CICM Community Awareness & Emergency Response Code, Pollution Prevention Code and Distribution Code; and a Merit Award for the Process Safety Code.

SUSTAINABILITY &
CORPORATE RESPONSIBILITY (CONT'D)

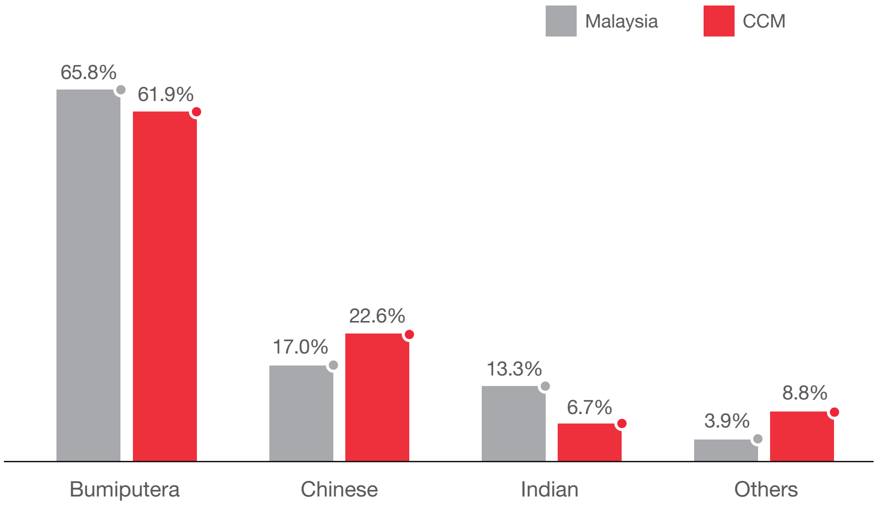
UPHOLDING RESPONSIBLE SOCIAL PRACTICES

Strengthening Our Workplace

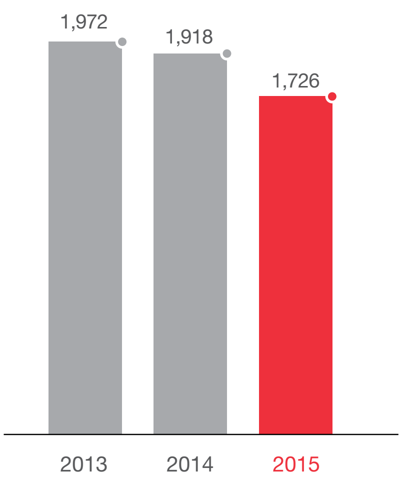
CCM Workforce

Our talented workforce of 1,726 employees (2014: 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. We champion equal opportunities and encourage diversity and inclusiveness both in our workplace and marketplace.

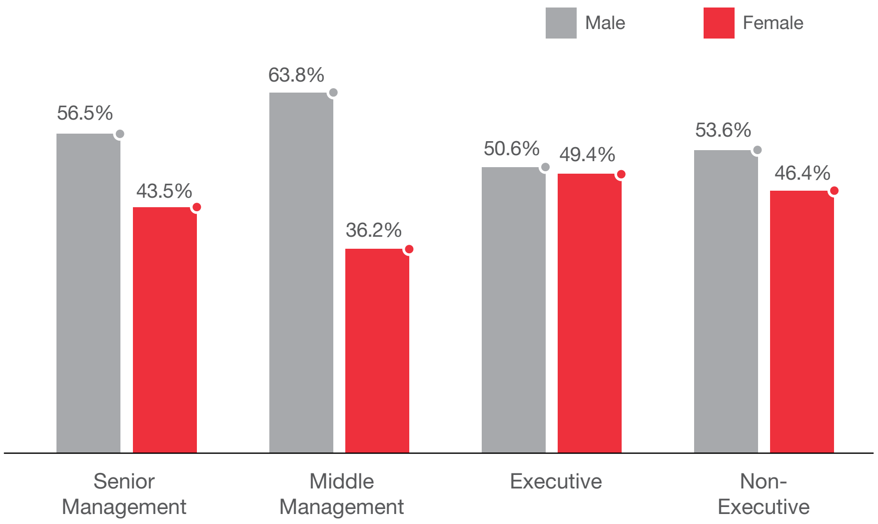
Ethnicity at CCM



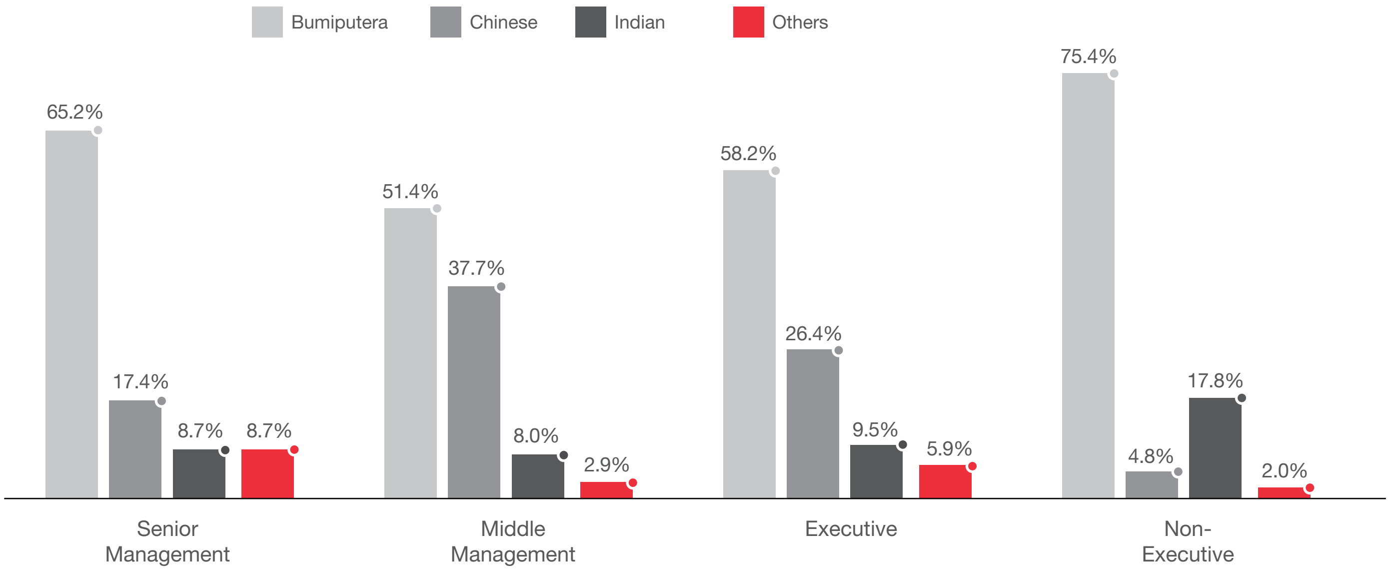
Total Number of Employees



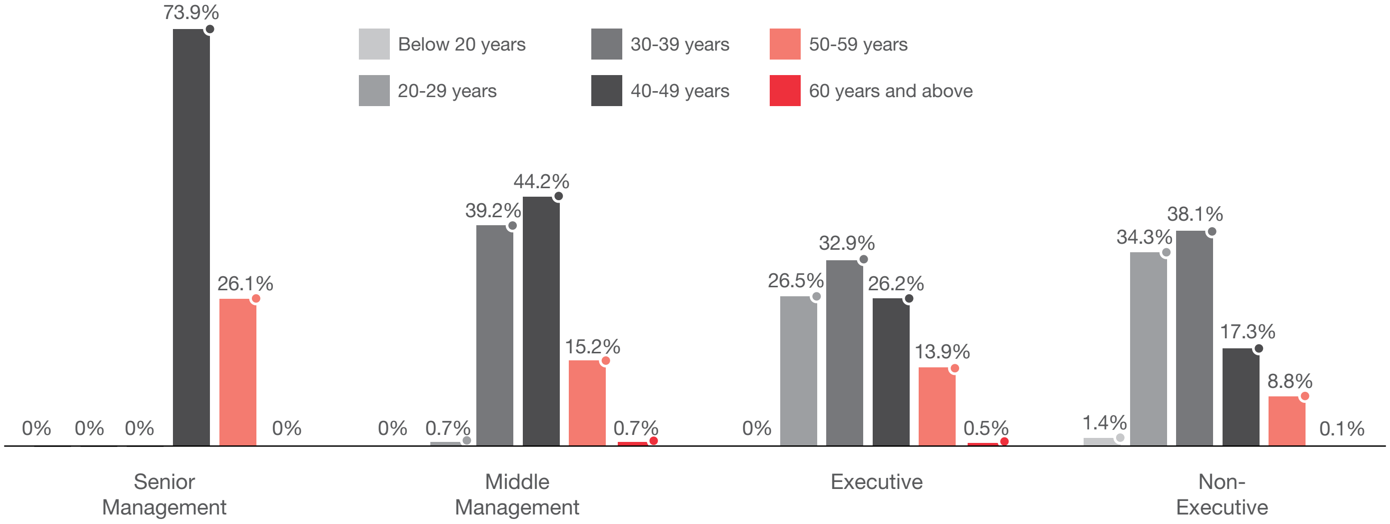
Breakdown by Gender



Breakdown by Ethnicity



Breakdown by Age



Advancing Graduates' Careers

The my Millennial Apprentice Programme ("myMAP") which provides talented graduates an accelerated approach to achieve their maximum potential while paving a successful career pathway at CCM continues to advance smoothly. As at end 2015, a total of 24 participants were enrolled in myMAP.

Non-Executive Career Acceleration Programme

We continued to roll out the my Career Acceleration Programme ("myCAP") developed in coperation with the Department of Skills Development of the Ministry of Human Resources. As at end 2015, a total of 59 employees participated in myCAP with 41 of them successfully obtaining the Sijil Kemahiran Malaysia ("SKM") certificate.

Ongoing Employee Engagement

We continue to make the most of employee engagement activities to communicate with and unify our employees. In 2015, we continued to hold staff communication sessions, Healthy Living Programme and a Long Service Awards dinner. We also tapped the CCM Employee Engagement Index Survey to measure employee satisfaction as well as having festive celebrations across the Group. Our Kelab Sukan CCM ("KSCCM") too continued to roll out a series of interactive activities throughout 2015.

Upholding Workplace Integrity

We continued to roll out several initiatives under our Integrity Unit to ensure a transparent and corruption-free workplace. Group-wide initiatives included the Group Integrity Quarterly Newsletter, Group Certified Integrity Officer, Group Empowering Integrity Series, Gift Policy as well as the CCM Integrity Hotline. December saw us holding our third annual CCM Integrity Day event themed "In the Eyes of the BeHolder".

Rigorous SHE Implementation

Upholding Safety On All Fronts

Employee and community safety continues to be a priority Group-wide. In 2015, we continued to implement a variety of effective employee-oriented safety measures including Group Employee SHE (Safety, Health and Environment) briefings as well as first aiders training and fire drills. Via CCM's SET3 Programme, staff are encouraged to take a few minutes to observe safety hazards within the boundaries of their workspace.

Reinforcing CCM's Sustainability Mind-Set

In 2015, we rolled out a total of 27 CCM Sustainability Awareness 101 training sessions on a Group-wide basis for 817 employees. We also conducted sustainability training for Directors and rolled out the CCM Sustainability Launch with a focus on Safety, Quality and Effectiveness. In conjunction with this, we rolled out a CCM Sustainability Season covering the areas of SHE, OE and Halal. Via our monthly e-bulletin, *Sustainability News,* employees are kept abreast of all aspects of the Group's SHE, OE and Halal practices.

Re-certification of Integrated Management System

In 2015, CCM Berhad had its Integrated Management System ("IMS") comprising ISO 9001 Quality Management System, ISO 14001 Environmental Management System and OHSAS 18001 Occupational Health and Safety Assessment System, successfully recertified by Bureau Veritas.

Enriching Communities

Helping Raise Champ-ions

In 2015, we continued with our efforts to enhance the quality of life among communities by providing youngsters the best possible footing in terms of health and education. Our *CHAMPS* Pre-School Talent Competition at IOI City Mall Putrajaya provided kindergarten-goers the opportunity to showcase their self-expression and public speaking skills as well as the chance to win cash prizes totalling RM10,400.

Strengthening English Proficiency

CCM's association with the PINTAR Foundation with CCM's PINTAR Programme since 2007 has enabled students in 12 schools throughout Malaysia to improve their proficiency in English. In 2015, we continued with our search for the Teacher and Student of the Year in all of our 12 adopted schools through our *Anugerah Pemangkin Minda* and *Anugerah Juara Bestari* awards, respectively.

Nurturing the Investors of Tomorrow

To nurture the country's future generation of investors, in collaboration with PNB, we hosted the fourth edition of the CCM Interschool Showdown for secondary school students. This interactive competition on trading and finance was held in Sibu, Sarawak drawing the participation of over 6,000 students from 22 secondary schools across Sibu.

Training and Developing our Graduates

In 2015, we strengthened our industry-university collaborative effort by expanding the boundaries of the CCM JATI (Jalinan Universiti dan Industri) programme to include a fourth university, namely International Islamic University Malaysia. This development will see another 50 pharmacy undergraduates coming under the ambit of the programme on an annual basis. Since the inception of this initiative in 2011, more than 200 students have successfully undergone the programme.

In collaboration with our parent company, Permodalan Nasional Berhad, we took in 51 trainees under the Skim Latihan 1Malaysia ("SL1M") initiative which aims to enhance the employability of graduates by providing on-the-job training in CCM. Of this number, 6 SL1M trainees were absorbed into the CCM workforce in 2015.

Strengthening Our Association with Local Golf

In 2015, CCM returned for the fifth consecutive year as a sponsor of the Professional Golf of Malaysia ("PGM") CCM-Rahman Putra Championship. This marked the final year of our initial five-year commitment of RM1 million to PGM including a RM200,000 prize purse per year. We further extended our support with another commitment of RM1 million over a three-year period beginning 2016.

In Support of Haj Pilgrims

Approximately 22,320 Malaysian pilgrims performing their pilgrimage in Mecca benefitted from the Group's contribution of health kits comprising our pharmaceutical products amounting to RM566,000. This marked the 12th year of CCM's continued contribution to the Sahabat Korporat Tabung Haji Programme with a total contribution of 429,000 health kits worth more than RM8 million since 2004.

Reaching Out to the Marginalised

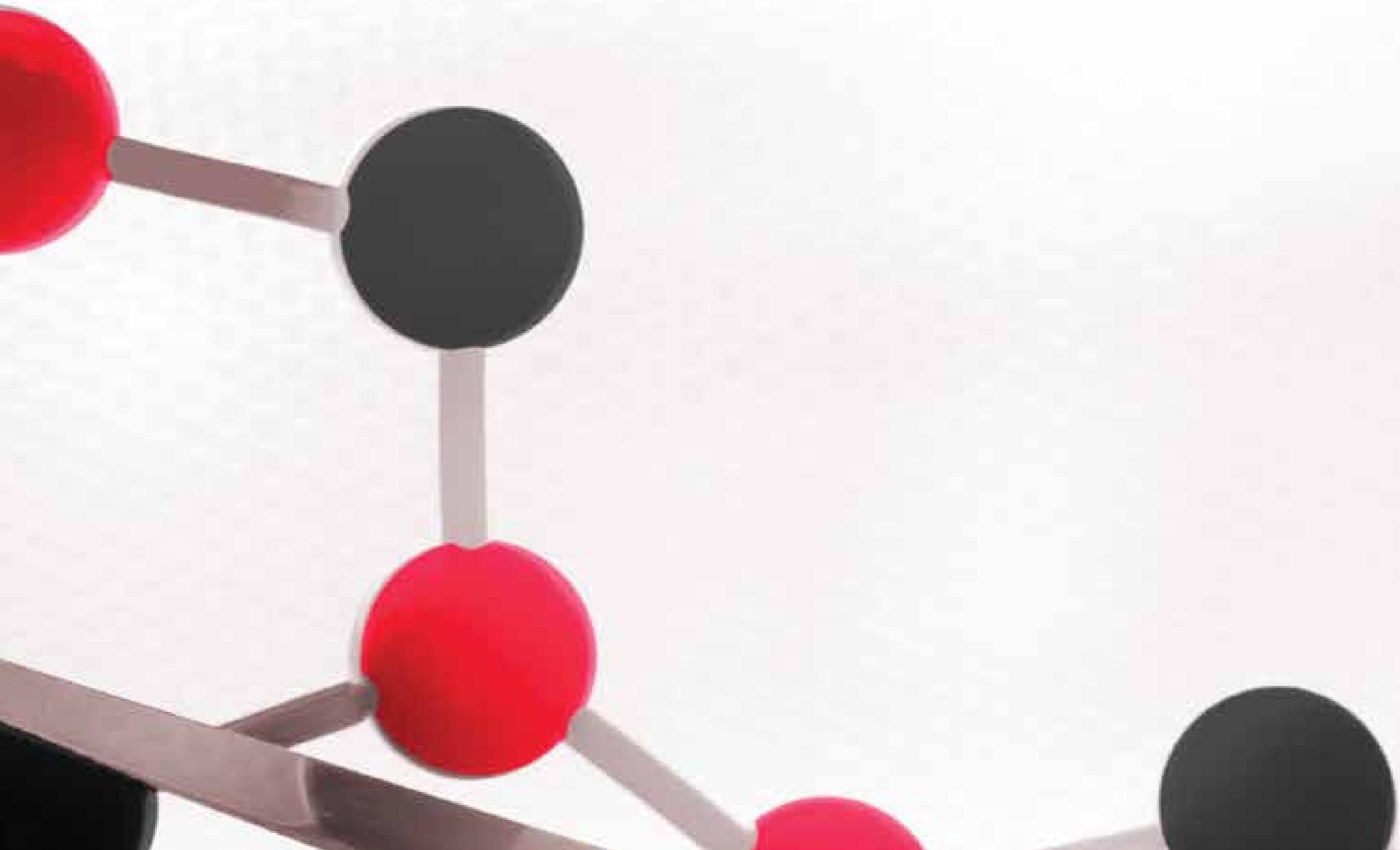
In the spirit of *Aidil Fitri*, we invited orphans and single mothers to join us for breaking of fast sessions as well as presented them with *duit raya* and our pharmaceutical products. Following a series of Raya Open Houses among the various departments, we organised a finale event themed "Ceria Raya Aidil Fitri" for all headquarter's employees at the Theatrette, Menara PNB. Our employees also reached out to senior citizens with more than 40 CCM employees volunteering to spruce up a retirement centre and spread cheer to its residents.

Lending a Helping Hand in Time of Need

Following the devastating floods that hit the East Coast of Malaysia in early 2015, CCM partnered with the Malaysian Integrated Medical Professionals Association, the International Medical University and Mercy Malaysia to provide aid to flood victims. The Group's endeavours in early January 2015, saw a total quantifiable amount of over RM113,500 in cash and kind going towards relief efforts. Under Yayasan CCM, a subsidiary of the Group, some 45 CCM employees volunteered and assisted in a two-day flood relief aid programme to help flood victims get back on their feet and rebuild their lives again.

WE INNOVATE

We are always opening doors to new ideas, new approaches and new business prospects. Deviating from the traditional way of doing business, we are exploring opportunities in the niche areas of our Pharmaceuticals and Chemicals businesses, going into biosimilars and the polymer coating business to enhance our competitiveness and moving the Company to the next level.



CALENDAR OF
MAJOR EVENTS

19 Jan 2015
Courtesy visit to TYT Yang DiPertua Negeri Sabah

10 Mar 2015
CCMB Extraordinary General Meeting

11 Mar 2015
CCMD Extraordinary General Meeting

22 Mar 2015
CCM Invitational Pro-Am Golf Tournament

01 Apr 2015
Halal Excellence Award

15 Apr 2015
OIC Secretary General's visit to CCMP Bangi site

20-27 Apr 2015
Minggu Saham Amanah Malaysia ("MSAM")

26 May 2015
CCMD Annual General Meeting

27 May 2015
CCMB Annual General Meeting

8 Jun 2015
MOU Signing with Pertubuhan Peladang Negeri Sarawak ("PPNS")

11 Jun 2015
Bumiputera Vendor Development Programme

17 Jun 2015
MOU Signing with SME Bank

CALENDAR OF
MAJOR EVENTS (CONT'D)

4 Aug 2015
Program Sahabat Korporat Tabung Haji

7-9 Aug 2015
GLC Open Day

17 Aug 2015
CCM Sustainability Launch

31 Aug 2015
Merdeka Parade

5 Oct 2015
Global Islamic Economy Award

14 Oct 2015
Collaboration with Mylan N.V.

14 Oct 2015
Partnership with Natco Pharma Limited

26 Nov 2015
Tribute to Granny (CCMF's Granulation Plant)

8 Dec 2015
CICM Presentation

10 Dec 2015
MSWG Merit Award for Top CG & Performance (Market Cap RM300mil to RM1bil)

14 Dec 2015
Prime Minister's Hibiscus Award

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

Sumitomo Mitsui Banking Corporation
Malaysia Berhad
Suite 22-03, Level 22
Integra Tower
The Intermark
348, Jalan Tun Razak
50400 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

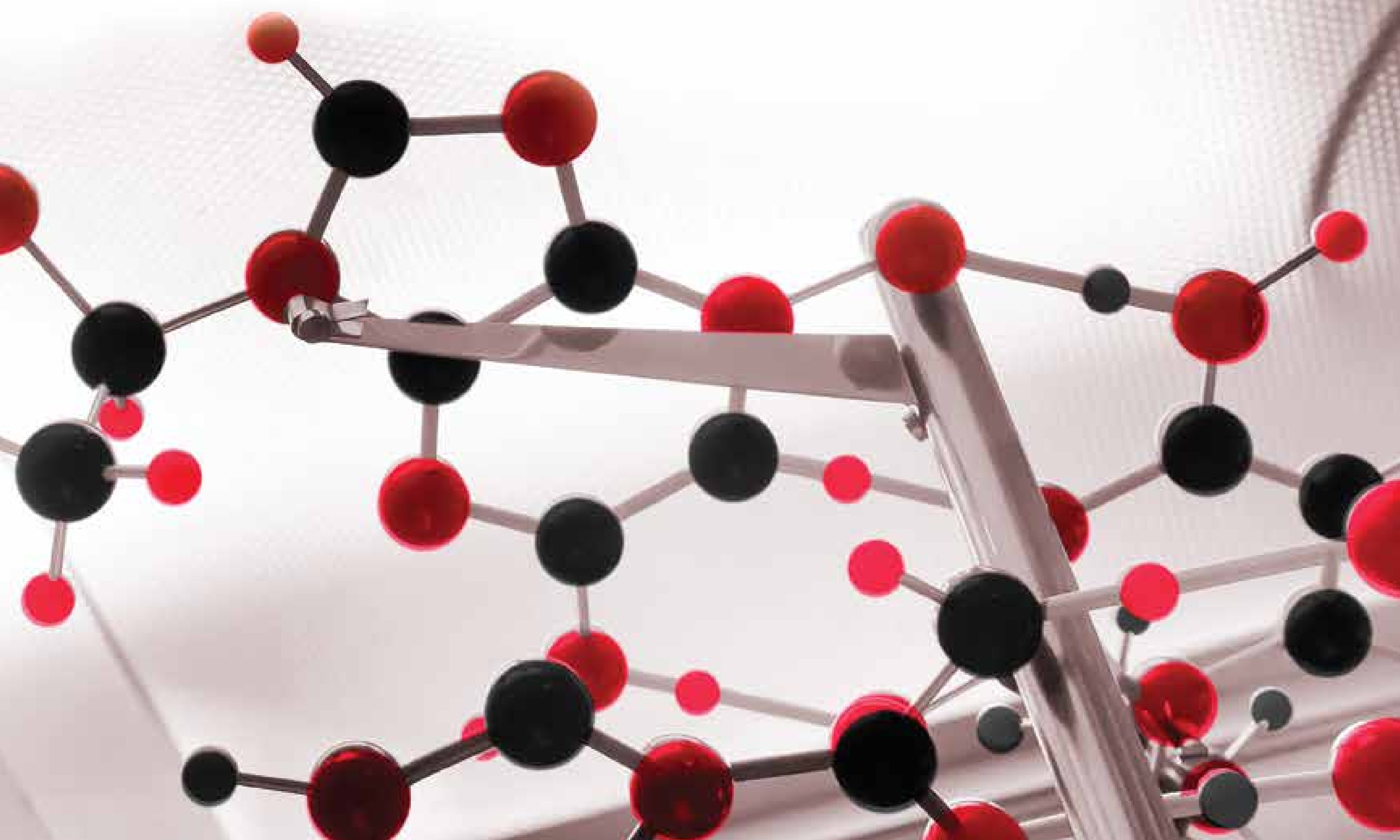
BOARD OF DIRECTORS

- **BOARD COMMITTEES**
  - Audit and Compliance Committee
    - Integrity Committee
  - Finance and Investment Committee
  - Nomination and Remuneration Committee
  - Risk Management Committee
- **MANAGEMENT COMMITTEE**
  - Project Review Committee
  - Executive Risk Management Committee

GROUP MANAGING DIRECTOR'S **OPERATIONS REVIEW**

WE ENGAGE

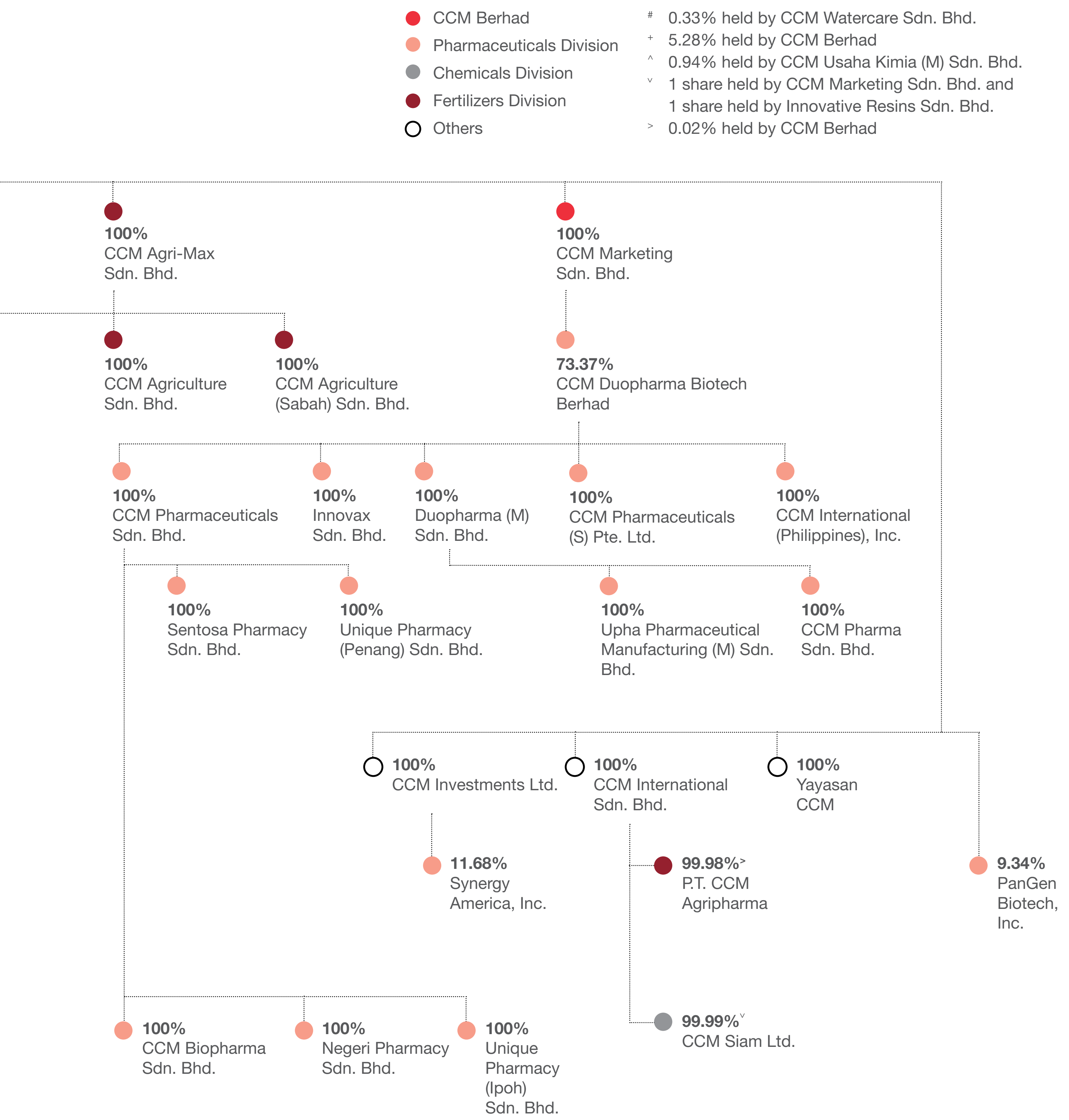
We are committed to involve our employees in the growth and development of the Company, organising initiatives such as the Employee Engagement Programme and Town Halls to share news, ideas, feedback and suggestions so as to keep an open line of communication across the Company.



GROUP **STRUCTURE**
as at 31 March 2016

CHEMICAL COMPANY OF MALAYSIA BERHAD
(5136-T)

- **100%** CCM Usaha Kimia (M) Sdn. Bhd.
  - **80%** CCM Chemicals Sdn. Bhd.
    - **99.67%** # P.T. CCM Indonesia
    - **100%** CCM Singapore Pte. Ltd.
    - **45%** Orica-CCM Energy Systems Sdn. Bhd.
    - **100%** CCM Watercare Sdn. Bhd.
  - **94.72%** + CCM Water Systems Sdn. Bhd.
  - **100%** CCM Innovative Solutions Sdn. Bhd.
    - **100%** Delta Polymer Systems Sdn. Bhd.
    - **100%** Innovative Polymer Systems Sdn. Bhd.
- **99.06%**^ Innovative Resins Sdn. Bhd.
- **50.1%** CCM Fertilizers Sdn. Bhd.
  - **100%** Max Agriculture Sdn. Bhd.


CCM Berhad
Pharmaceuticals Division
Chemicals Division
Fertilizers Division
Others
0.33% held by CCM Watercare Sdn. Bhd.
+ 5.28% held by CCM Berhad
^ 0.94% held by CCM Usaha Kimia (M) Sdn. Bhd.
v 1 share held by CCM Marketing Sdn. Bhd. and 1 share held by Innovative Resins Sdn. Bhd.
> 0.02% held by CCM Berhad
100% CCM Agri-Max Sdn. Bhd.
100% CCM Marketing Sdn. Bhd.
100% CCM Agriculture Sdn. Bhd.
100% CCM Agriculture (Sabah) Sdn. Bhd.
73.37% CCM Duopharma Biotech Berhad
100% CCM Pharmaceuticals Sdn. Bhd.
100% Innovax Sdn. Bhd.
100% Duopharma (M) Sdn. Bhd.
100% CCM Pharmaceuticals (S) Pte. Ltd.
100% CCM International (Philippines), Inc.
100% Sentosa Pharmacy Sdn. Bhd.
100% Unique Pharmacy (Penang) Sdn. Bhd.
100% Upha Pharmaceutical Manufacturing (M) Sdn. Bhd.
100% CCM Pharma Sdn. Bhd.
100% CCM Investments Ltd.
100% CCM International Sdn. Bhd.
100% Yayasan CCM
11.68% Synergy America, Inc.
99.98%> P.T. CCM Agripharma
9.34% PanGen Biotech, Inc.
99.99%v CCM Siam Ltd.
100% CCM Biopharma Sdn. Bhd.
100% Negeri Pharmacy Sdn. Bhd.
100% Unique Pharmacy (Ipoh) Sdn. Bhd.

BOARD OF **DIRECTORS**

Dato' Azmi bin Mohd Ali

Datin Paduka Kartini binti Hj. Abdul Manaf

Dr. Leong Chik Weng

YB Hajah Normala binti Abdul Samad

Leonard Ariff bin Abdul Shatar

Khalid bin Sufat

Tan Sri Datin Paduka Siti Sa'diah binti Sh. Bakir

Dato' Seri Ir. Dr. Zaini bin Ujang

YB HAJAH NORMALA BINTI ABDUL SAMAD

Age: 53 years
Nationality: Malaysian

WORKING EXPERIENCE AND OCCUPATION
YB Hajah Normala is currently the Member of Parliament for Pasir Gudang Constituency in Johor since 2013. She is also a Committee member of the International Bureau of Wanita UMNO Malaysia and a member of the Wanita UMNO for Johor State. In addition, she is the Chief of the UMNO's Women's Wing for Pasir Gudang Division.

Before her foray into politics, YB Hajah Normala accumulated over 32 years of experience in Human Resources and Workers' Safety and Health. She began her career in Human Resource in 1981 with Pan Century Edible Oils Sdn. Bhd., Pasir Gudang and progressed to the position of Head of Human Resources in 1992 at Pan Century Oleochemicals Sdn. Bhd. She later joined Grand Bank Yachts Sdn. Bhd. in 1995 as a Human Resources Manager and resigned in 2013.

YB Hajah Normala is very active in non-governmental organisations and holds various positions such as Chairman of Mimbar Permuafakatan Ibu Bapa Malaysia ("MAPIM"), Pasir Gudang and Supreme Council Member of MAPIM (National Level), Chairman of the Women's Bureau of Drug Prevention Association of Malaysia ("PEMADAM") Johor, Chairman of the Development Council of Women & Family for Pasir Gudang, Chairman of Perkumpulan Wanita ("PERWANI") Parliament Pasir Gudang, Chairman and Founder of Koperasi Seri Cempaka Pasir Gudang Berhad and Chairman of the Advisory Board of Community College Pasir Gudang.

She was the former Deputy Chairman of the Federation of Malaysia Manufacturers ("FMM"), Johor Branch since 2000 and also chaired various committees on FMM. She was also the former Deputy Chairman of Human Resources Officers Group for Pasir Gudang Industrial Area, former Deputy Chairman of Malaysian Employers Federation Johor, Honorary Secretary of Malaysian Association of Safety and Health Officers, former Panel Member of Appeal Cases Committee for Court of Appeals SOCSO cases and former Panel Member of Industrial Court Malaysia.

POSITION ON THE BOARD
Non-Independent
Non-Executive Chairman

DATE APPOINTED TO THE BOARD
25 March 2016

MEMBERSHIP OF BOARD COMMITTEES
None

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES
None

SECURITIES HOLDINGS IN THE COMPANY AND ITS SUBSIDIARIES
None as at 31 March 2016

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 in Business Administration Majoring in Human Resource, Nottingham Trent University, United Kingdom
- Bachelor of Administration Management, Paramount University of Technology, United Kingdom
- Diploma in Professional Safety Management, Construction and Industrial Safety Training Centre (CONSIST), Australia
- Diploma in Human Resource Administration, Malaysian Institute of Personnel Management (MIPM)
- Certificate in Personnel Management, Malaysian Institute of Personnel Management (MIPM)
- Certificate in Safety & Health Officer, National Institute of Safety & Health (NIOSH)

LEONARD ARIFF BIN ABDUL SHATAR

Age: 51 years
Nationality: Malaysian

WORKING EXPERIENCE AND OCCUPATION

Leonard Ariff was appointed as Group Managing Director of Chemical Company of Malaysia Berhad on 9 January 2015. He is also the Chief Executive Officer of CCM Duopharma Biotech Berhad. Leonard Ariff was also the Director of CCM's Chemicals Division from October 2014 until December 2015. Following the internal reorganisation of the CCM Group in January 2016, Leonard Ariff's position as Director of Pharmaceuticals Division has been redesignated as Chief Executive Officer, Pharmaceuticals.

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 the 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.

POSITION ON THE BOARD
Group Managing Director

DATE APPOINTED TO THE BOARD
9 January 2015

MEMBERSHIP OF BOARD COMMITTEES
None

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES
PanGen Biotech Inc. (Korea)

SECURITIES HOLDINGS IN THE COMPANY AND ITS SUBSIDIARIES
None as at 31 March 2016

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

DATO' AZMI BIN MOHD ALI

Age: 55 years
Nationality: Malaysian

WORKING EXPERIENCE AND OCCUPATION

Dato' Azmi, a senior corporate and commercial lawyer with 31 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 & 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 to 1995. He has served as a Director of Sime Darby Berhad for more than 5 years and also 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 Arbitrators of the International Centre for Settlement of Investment Disputes ("ICSID") from Malaysia.

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

- SP Setia Berhad
- CCM Duopharma Biotech Berhad
- Perbadanan Nasional Berhad
- Cliq Energy Berhad

SECURITIES HOLDINGS IN THE COMPANY AND ITS SUBSIDIARIES

None as at 31 March 2016

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

KHALID BIN SUFAT

Age: 60 years
Nationality: Malaysian

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.

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 2016

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)

DR. LEONG CHIK WENG

Age: 53 years
Nationality: Malaysian

WORKING EXPERIENCE AND OCCUPATION

Dr. Leong Chik Weng is the Founder of E-Lock Corporation Sdn. Bhd. and is currently its Chief Executive Officer. 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 the Managing Director of Universal Search Machine Sdn. Bhd. from 1998 to 2000.

POSITION ON THE BOARD

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 Mar 2016

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, W. V.
- Ph.D, in Chemical Engineering, University of Massachusetts, Amherst, MA
- Executive Training in Product & Manufacturing Strategy Development, Stanford University, School of Business

DATO' SERI IR. DR. ZAINI BIN UJANG

Age: 51 years
Nationality: Malaysian

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 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 London (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.

POSITION ON THE BOARD
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 2016

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

DATIN PADUKA KARTINI BINTI HJ. ABDUL MANAF

Age: 54 years
Nationality: Malaysian

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.

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 and 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 2016

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

TAN SRI DATIN PADUKA SITI SA'DIAH BINTI SH. BAKIR

Age: 63 years

Nationality: Malaysian

WORKING EXPERIENCE AND OCCUPATION

Tan Sri Datin Paduka Siti Sa'diah Sh. Bakir, started her career with Johor Corporation ("JCorp") in 1974 and has been directly involved in JCorp's Healthcare Division since 1978. She was appointed as the Chief Executive of Kumpulan Perubatan (Johor) Sdn. Bhd. ("KPJSB") from 1989 until the listing of KPJ in November 1994. Tan Sri served as the Managing Director of KPJ from 1 March 1993 until her retirement on 31 December 2012. From 1 January 2013 until 31 December 2014, Tan Sri served as KPJ's Corporate Advisor. She is currently the Chairman and Pro-Chancellor of KPJ Healthcare University College ("KPJUC") since 1 August 2011 to date.

Tan Sri has served as director on boards of various listed and private companies. She was the Director of KFC (Holdings) Bhd and QSR Brands from 2010 until their privatisation in 2013. She was also the Independent Non-Executive Director of Bursa Malaysia Berhad from 2004 to 2012 and a board member of MATRADE from 1999 to 2010. She was the Board member of Damansara REIT Managers Sdn Berhad – The Manager for Al-'Aqar Healthcare REIT and Al-Salam REIT, from 2006 until March 2016.

Committed to promoting excellence in healthcare, Tan Sri is the President of Malaysian Society for Quality in Health ("MSQH"), the national accreditation body for healthcare services, elected since its inception in 1997 to date. Currently, she sits on many other councils and committees at the national level.

In 2010, Tan Sri was named the 'CEO of the year 2009' by the New Straits Times Press and the American Express. She has also received many awards and accolades from 2011 to 2015, due to her contributions to the healthcare industry in Malaysia.

She launched her biography entitled "Siti Sa'diah: Driven by Vision, Mission and Passion", penned by Professor Rokiah Talib, Penerbitan Universiti Kebangsaan Malaysia in 2013.

Tan Sri is a member of the Academic Committee of the Razak School of Government ("RSOG") and sits on several University Committees, namely Universiti Utara Malaysia ("UUM"), Universiti Malaya ("UM") and University of Reading Malaysia. She was appointed as a Director of UUM in January 2016.

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
- CCM Duopharma Biotech Berhad

SECURITIES HOLDINGS IN THE COMPANY AND ITS SUBSIDIARIES
None as at 31 March 2016

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER
None

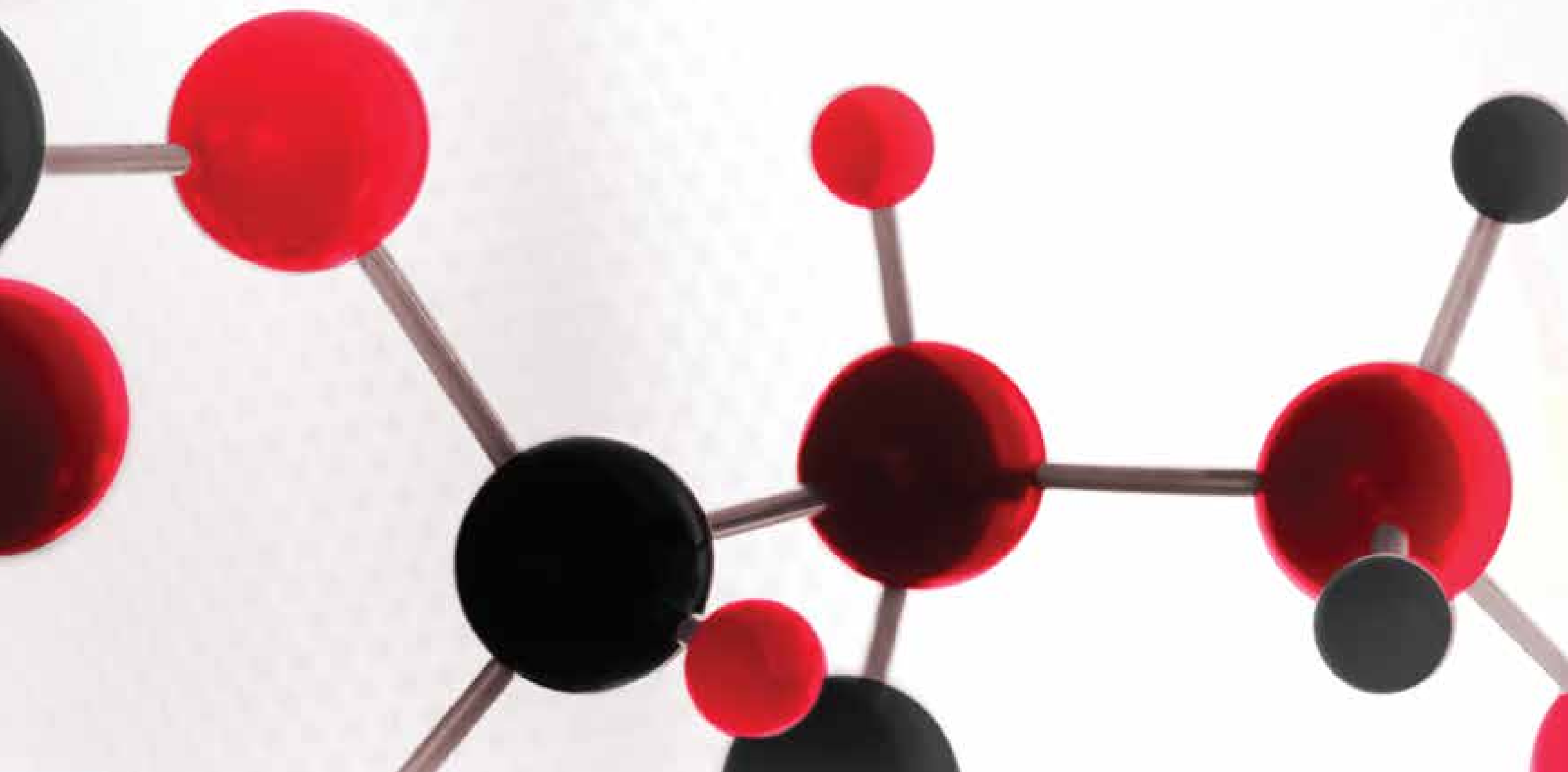
CONFLICT OF INTEREST WITH THE COMPANY
None

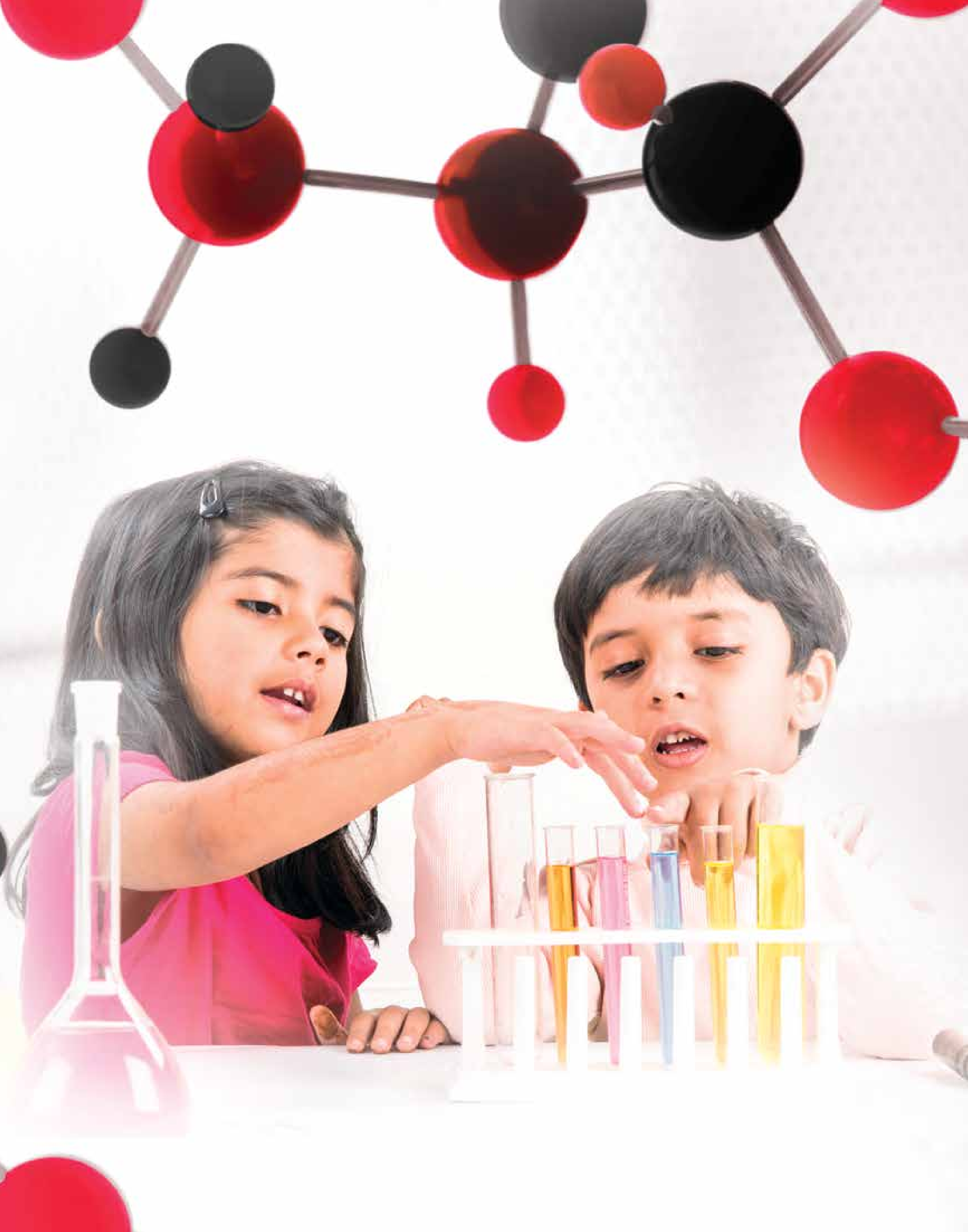
LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 10 YEARS OTHER THAN TRAFFIC OFFENCES
None

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

WE EDUCATE

We are always willing and ready to share our knowledge in the marketplace, with the community and among our people. Our my Millennial Apprentice Programme ("myMAP") is an 18-month development programme structured to help graduates to explore, understand, develop and pursue their careers with CCM while experiencing self-realisation and self-improvement.





SENIOR
MANAGEMENT

ABD RAHMAN BIN ABDULLAH THANI

Director, Fertilizers/Program and Communication
Age: 51 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. He then joined CCM in July 2009 as Director Finance (designate) and was appointed as Director, Finance on 1 December 2009. On 1 May 2012, he took on the role overseeing Group Strategy, Security, Corporate Affairs, Halal and Transformation. He was then appointed as Director, CCM Fertilizers Division on 1 December 2014, a position he currently holds besides helming the position of Director, Program and Communication with effect from 1 April 2016.

NIK FAZILA BINTI NIK MOHAMED SHIHABUDDIN

Director, Finance & Corporate Services
Age: 49 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 25 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 corporate 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.

NORZAIMAH BINTI MAAROF

Director, Group Corporate Development
Age: 46
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 October 2014. Prior to her appointment, Norzaimah was the Chief Business Development Officer in CCM Duopharma Biotech Berhad ("CCMD") from March 2014 until September 2014. She is also the Chief Strategy Officer of CCMD effective 1 January 2016.

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.

IBRAHIM BIN ZAINUDIN

Director, Program and Communication
Age: 58 years
Nationality: Malaysian

QUALIFICATIONS

- Bachelor of Science (Hons) Applied Biology, Liverpool, UK (Major in Microbiology & Biochemistry)
- Senior Management Development Programme, Harvard Business School

WORKING EXPERIENCE AND OCCUPATION

Ibrahim commenced his career at Glaxo Malaysia (now GSK) in 1983, gaining experience in production, quality control, quality assurance and materials planning of pharmaceuticals manufacturing. He then joined Baxter Malaysia (now Unomedical) in 1992, in the areas of regulatory affairs, quality assurance, R&D, human resource and operations of medical devices manufacturing. Ibrahim later moved to Pharmaniaga Manufacturing Berhad in 2001 as the plant's Director & Senior General Manager responsible for the overall operations of pharmaceuticals manufacturing and later became Head of International Manufacturing Development. In January 2008, he joined CCM Duopharma Biotech Berhad as General Manager, Operations, overseeing supply chain management, purchasing, manufacturing, engineering, safety and risk management. Ibrahim was appointed as Chief Operating Officer/Chief Strategy Officer on 1 January 2012. He was then transferred to CCM on 1 January 2016 as Director, Program and Communication. Ibrahim was elected the 1st President of the International Society for Pharmaceutical Engineering ("ISPE") Malaysia in 2012 and currently sits as a member on the School of Pharmacy Industry Advisory Panel of Taylor's University. Ibrahim retired from his current position on 1 April 2016.

SENIOR MANAGEMENT (CONT'D)

ANUAR BIN KASIM
Chief Executive Officer, Chemicals
Age : 49 Years
Nationality: Malaysian

QUALIFICATIONS

- Bachelor of Science (Honours) Majoring in Chemical Engineering, University of Pittsburgh, United States

WORKING EXPERIENCE AND OCCUPATION

Anuar joined CCM in June 2014 as Chief Operating Officer, Chemicals Division. He was appointed as Chief Executive Officer, Chemicals on 1 January 2016.

Anuar has more than 25 years of Business-to-Business (B2B) and Business-to-Government (B2G) experience in a number of industries including chemicals, oil and gas, ports, utilities, commodity and international logistics. He has held several senior positions with Royal Dutch Shell group in Malaysia, Argentina and United Kingdom, MMC Berhad Group of Companies, Tradewinds Malaysia Berhad Group of Companies, ICI Paints as well as Esso Malaysia Berhad.

From 2009 to 2012, he was the Chief Executive Officer and Executive Director of Aliran Ihsan Resources Berhad Group of Companies, a subsidiary of MMC Berhad and a public listed company on the Main Market of Bursa Malaysia.

DR KHEW MEI CHING
Chief Executive Officer, Polymers
Age : 49 years
Nationality: Malaysian

QUALIFICATIONS

- Ph.D. (Chemistry), University of Malaya
- Bachelor of Technology, University of Science Malaysia

WORKING EXPERIENCE AND OCCUPATION

Mei Ching was appointed as Chief Executive Officer for CCM Innovative Solutions in April 2015. Prior to her appointment, Mei Ching was the Chief Scientific Officer of CCM Chemicals Sdn. Bhd. since Dec 2009. She was redesignated as Chief Executive Officer, Polymers on 1 January 2016.

Mei Ching has an extensive experience in the field of polymer and manufacturing technology specialising in research and development, plant process and product application. She started her career in 1992 in technical and process at Sumirubber Industries Sdn. Bhd. and subsequently WRP Asia Pacific Sdn. Bhd. until 2001. Thereafter, she moved to Synthomer Sdn. Bhd. as Technical Manager where she was involved in the setting up and commissioning of the first nitrile butadiene rubber synthesis plant in Malaysia. She has also worked with the technical team to provide application support to the glove industry in the Asia region. She was subsequently seconded to the Polymer Division as Head of Technology in 2007 involved in new product development and technology transfer of coating, construction and adhesive products.

NOOR AZWAH BINTI SAMSUDIN

Group Company Secretary
Age: 45 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: 48 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.

SENIOR MANAGEMENT (CONT'D)

WAN AISHAH IDRIS BINTI MUHAMAD IDRIS
Head of Group Integrity & Assurance/Group Internal Auditor
Age: 45 years
Nationality: Malaysian

QUALIFICATIONS

- BA Accounting & Finance, University of South Wales, United Kingdom
- Association of Certified Chartered Accountant (ACCA)
- Certified Internal Auditor (CIA)

WORKING EXPERIENCE AND OCCUPATION

Wan Aishah Idris first joined CCM Group in 2011 as the Head of Group Internal Audit. In 2013, following the establishment of the Integrity Unit, her role was expanded to oversee both the Integrity and Internal Audit functions. She is a Certified Internal Auditor as well as a Certified Integrity Officer (CeIO).

Wan Aishah Idris started her audit career at Grant Thornton, Cardiff, United Kingdom, where she pursued her ACCA examinations. Subsequently, she served in the internal audit departments of Malaysia Airlines System Berhad and UEM Group Berhad.

Prior to her appointment in CCM, she was the Head of Group Internal Audit at UEM Group Berhad.

STATEMENT ON **CORPORATE GOVERNANCE**
for the Financial Year ended 31 December 2015

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 2015.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

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 and task force committees at the sub-holding level 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.

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 reports and minutes of Board Committee meetings are presented 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 maintains a close and transparent relationship with 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. The last review and refinements of the limits of authority was conducted in February 2015 to improve operational effectiveness and efficiency. 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 and other reports, proposals and assurances as the Board considers necessary to ensure that Management authorities are being observed.

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. In formulating the Group's strategy, the Board, through the respective sub-holding entities and taskforces' will challenge and deliberate the Group's strategy before it is presented to the Board.

This process allows the respective sub-holding boards and task forces 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 such as the Project Review Committee, Group Tender Committee and Executive Risk Management Committee. 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. At the end of the financial year, the Board will set targets and KPIs for the ensuing year. 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 Integrity and Assurance Department (formerly known as Group Internal Audit Department) also provides the Audit and Compliance Committee with audit reports as and when audit assignments or special investigations 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's businesses. 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 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 82 to 86 and 94 to 98.

(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 top management positions. These candidates go through a rigourous assessment prior to being invited to the respective boards or recruited as part of the top management to ensure 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 sufficient talent bench strength to meet its future needs besides having a pipeline of successors for mission critical positions. The Group has identified at least 24 employees throughout the organisation as its potential talents.

(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 Shareholders and Investors Communication Policy to meet or otherwise communicate with the shareholders of the Group. A copy of the shareholders and Investors Communication Policy can be accessed on the Company's website.

(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 94 to 98.

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 on 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.

The Integrity Unit, which was established in September 2013, is tasked to manage integrity issues within the organisation as well as to further enhance its good corporate governance practices and strengthen the ethical standards within the Group. The unit is under the purview of the Audit and Compliance Committee and is responsible for, among others, 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 Integrity Unit has set up a hotline at ***ccmintegrity@gmail.com*** for any parties (i.e. internal and external) to whistle blow on any concerns affecting them.

In the first half of the year, Integrity Pacts were signed with the suppliers of the organisation to enhance transparency in the procurement activities. The whistle-blowing hotline was also shared with the suppliers to enable them to report on any wrongdoings involving the employees of the organisation.

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. The details on the Company's effort to promote sustainability could be found on the Company's website.

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 strategic 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, five (5) Board Meetings were held. Details of the Directors' meeting attendance during the financial year are as follows:-

Name of Directors	No. of Meetings Attended
Dato' Sri Azalina binti Othman Non-Independent Non-Executive Chairman *(Resigned w.e.f. 28 July 2015)*	1/3
Leonard Ariff bin Abdul Shatar Group Managing Director *(Appointed w.e.f. 9 January 2015)*	5/5
Dato' Azmi bin Mohd Ali Non-Independent Non-Executive Director	5/5
Khalid bin Sufat Senior Independent Non-Executive Director	5/5
Dr. Leong Chik Weng Independent Non-Executive Director	5/5
Dato' Seri Ir. Dr. Zaini bin Ujang Non-Independent Non-Executive Director	5/5
Datin Paduka Kartini binti Hj. Abdul Manaf Non-Independent Non-Executive Director	5/5
Tan Sri Siti Sa'diah binti Sh. Bakir Independent Non-Executive Director	4/5[1]
YB Hajah Normala binti Abdul Samad Non-Independent Non-Executive Chairman *(Appointed w.e.f. 25 March 2016)*	–

Note:-

[1] On medical leave

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 either directly or through the Group Managing Director/Company Secretary's office, 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 businesses either at Board meetings, Board training or during 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.

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 and the business 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.

1.7 Board Charter

The Board Charter, which is reviewed on an annual basis, 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.

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 of Definition and Interpretation section 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(s) 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. Encik 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 the higher, shall be independent. A brief profile of each Director is presented on pages 38 to 45 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.

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 (3) members who are Non-Executive Directors with the majority being independent directors. The Chair of the Committee is held by the Senior Independent Director, Encik Khalid bin Sufat.

Details pertaining to the NRC and its terms of reference are set out in the Annual Report on pages 87 to 90.

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/reappointment. 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. During the year, the Company had appointed Tan Sri Siti Sa'diah binti Sh. Bakir as an Independent Non-Executive Director of the Company based on the prescribed process. Tan Sri Siti Sa'diah's nomination had been deliberated at the NRC and subsequently tabled to the Board for approval. The Board Selection and Nomination Procedure can be found on the Company's website.

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 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 YB Hajah Normala binti Abdul Samad, Encik Khalid bin Sufat and Dr. Leong Chik Weng to 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 respective businesses' management to provide in-depth knowledge of the latest progress of the respective businesses and appreciation of the key drivers behind the Group's core businesses. For the current year, visits to the various operating facilities within the Group have been organised for Tan Sri Siti Sa'diah binti Sh. Bakir who was appointed to the Board on 19 December 2014. Following the appointment of YB Hajah Normala binti Abdul Samad on 25 March 2016 as the new Chairman, site visits and business briefings have been organised and conducted to bring her up to speed on the Company's 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 criteria 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.

In addition to the Board Evaluation Assessment, a Chairman Effectiveness Assessment is also conducted on an annual basis covering the areas of leadership, relationship, ethics and communication with stakeholders. Each Board Committee also conduct an annual self-evaluation in respect of the roles and functions as set out in the terms of reference of each Board Committee, interaction/participation at Board Committees activities, value adds, expertise and experience as well as areas of improvements required. A sample of the Board, Director and Committee Evaluation Assessment is accessible on the Company's website.

(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. Six (6) directors are in the 50 – 59 years age group while two (2) directors are in the 60 years and above age group.

The Board has also given their commitment on gender diversity by adopting a policy to ensure that at least 30% women directors are on the Board. 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 Director receives director's fee 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 2015 is as follows:-

	Category of Directors	
	Group Managing Director	Non-Executive Directors
Fees	–	619,639
Allowance	–	225,425
Salaries and Bonus	1,048,591	
Other Emoluments	195,896	
Benefits-in-Kind	42,344	
Total	**1,286,831**	**845,064**

Range of Remuneration	**Executive**	**Non-Executive**
RM1 to RM50,000	–	–
RM50,001 to RM100,000	–	–
RM100,001 to RM150,000	–	7
RM150,001 to RM200,000	–	–
RM200,001 and above	1	–

The remuneration of the Directors Fees for the financial year ended 31 December 2015 are as follows:-

Name	Category of Directors	Director Fees (RM)	Committee Fees (RM)	Allowance (RM)	Salary & Bonus (RM)	Other Emoluments (RM)	Benefit-in-Kind (RM)	Total (RM)
Dato' Sri Azalina binti Othman *(resigned w.e.f. 28 July 2015)*	Non-Executive	54,968	–	80,025	–	–	–	134,993
Leonard Ariff bin Abdul Shatar *(Appointed w.e.f. 9 January 2015)*	Executive	–	–	–	1,048,591	195,896	42,344	1,286,831
Dato' Azmi bin Mohd Ali	Non-Executive	75,000	18,000	23,200	–	–	–	116,200
Khalid bin Sufat	Non-Executive	75,000	20,000	27,400	–	–	–	122,400
Dr. Leong Chik Weng	Non-Executive	75,000	18,000	25,600	–	–	–	118,600

Name	Category of Directors	Director Fees (RM)	Committee Fees (RM)	Allowance (RM)	Salary & Bonus (RM)	Other Emoluments (RM)	Benefit-in-Kind (RM)	Total (RM)
Dato' Seri Ir. Dr. Zaini bin Ujang	Non-Executive	75,000	16,000	18,000	–	–	–	109,000
Datin Paduka Kartini binti Hj. Abdul Manaf	Non-Executive	75,000	24,000	33,200	–	–	–	132,200
Tan Sri Siti Sa'diah binti Sh. Bakir	Non-Executive	77,671	16,000	18,000	–	–	–	111,671
YB Hajah Normala binti Abdul Samad *(Appointed w.e.f. 25 March 2016)*	Non-Executive	–	–	–	–	–	–	–
Total		**507,639**	**112,000**	**225,425**	**1,048,591**	**195,896**	**42,344**	**2,131,895**

(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.

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.

3.1 Annual Assessment of Independent Directors

The Board consists of seven (7) Non-Executive Directors, three (3) of which are independent and one (1) Executive Director. 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.

3.2 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 determines that the expertise and experience of the independent director is still relevant to the Group. Currently, the tenure of all Directors on the Board have not exceeded nine (9) years.

3.3 Position of Chairman and GMD 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. 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.

4. FOSTER COMMITMENT

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 with the companies in which they are directors. Board meetings are scheduled a year ahead in order to enable full attendance.

4.2 Continuing Education Programme

The Board acknowledges the importance of continuous education and training to enable effective discharge of its responsibility. With the exception of YB Hajah Normala binti Abdul Samad (who is expected to complete her Mandatory Accreditation Programme ("MAP") in May 2016), all Board members have attended the MAP 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, have 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 biologics, tax, sustainability, megatrends, strategy deployment, risk management and integrity.

During the year, the Group has organised the following trainings and breakfast talks, which were facilitated by industry experts, as part of the Continuing Education Programme:-

1. Tax Information for Directors;
2. Asia Pacific Biologics Market Overview;
3. Strategy Deployment to Achieve High Growth in your Organisation;
4. Sustainability and How it Can Benefit the Organisation;
5. CCM's Executive Risk Management Training;
6. Driving Integrity in Turbulent Times; and
7. An Introduction to Mega Trends: Visionary Briefing Highlighting Mega Trends Impacting the Future of CCM Berhad.

Listed below are the attendance of Directors at trainings organised by the Company or attended on their own initiatives during the year:-

Name	Training/Conference Attended
Dato' Sri Azalina binti Othman	–
Leonard Ariff bin Abdul Shatar	1. Corporate Integrity
Dato' Azmi bin Mohd Ali	1. South East Asia Leadership Academy 2; 2. ALA 12th General Assembly Workshop Participation; 3. Event for Nominee Directors of PNB (Predicting Financial Fraud – Prevention, Detection & Remediation by Prof. Didier Cossin); 4. Seminar Undang-Undang dan Masyarakat Kebangsaan (Nascom 2015); 5. Director Corporate Governance Series by Rick Payne; 6. CCM Sustainability Launch; 7. Financial Freedom with Suze Orman; and 8. Standing Tall in Challenging Times.
Khalid bin Sufat	1. Audit Committee Conference 2015; 2. Current Trends in Shareholders' Activism & Predicting Financial Crime; 3. Enterprise Risk Management; 4. Financial Freedom with Suze Orman; 5. Value Creation for Owners & Directors; 6. MIA International Accountants Conference; 7. Global Banking Conference 2015; and 8. Internal Capital Adequacy Assessment Process ("ICAAP") – Banks Programme.
Dr. Leong Chik Weng	1. Corporate Integrity; 2. Advocacy Session with Bursa Malaysia Securities Berhad; and 3. 6th Annual Emerging Markets Leadership Forum.
Dato' Seri Dr. Ir. Zaini bin Ujang	1. Standing Tall in Challenging Times.
Datin Paduka Kartini binti Hj. Abdul Manaf	1. Complexity & Challenges in the Law & Compliance for Board of Directors of PNB Group; 2. Current Trends in Shareholders' Activisim & Predicting Financial Crime; 3. Crime – Detection, Prevention & Bonds, Swap & Other Fixed Income Instruments; 4. Sustainability; 5. YTI Lecture Series 1 – "Light and Shadow in the Boardroom"; 6. Module 1 – "Directors As Gatekeepers of Markets Participants"; 7. Module 2B – "Business Challenges & Regulatory Expectations – What Directors Need To Know (Fund Management)"; 8. Module 3 – "Risk Oversight and Compliance – Action Plan for Board of Directors"; and 9. YTI Lecture Series 3 – "The Shaking Foundations of Finance".

Name	Training/Conference Attended
Tan Sri Siti Sa'diah binti Sh. Bakir	1. Forum – Introduction to Zarith Sofiah Center for Global Islamic Studies Islam – Beyond Media-Driven Narratives: Muslims and Non-Muslims in Search for Common Ground; 2. RSOG – MINDA International Directors Summit (IDS) 2015 "Inculcating Innovation Catalysing Growth Through Public – Private Partnership" (as panelist); 3. Women's Institute of Management & Corporate Networking Malaysia Talk "Transformational Leadership – Building & Sustaining Capabilities" (as Speaker); 4. 2nd KPJUC International Conference on Multidisciplinary Healthcare – "Optimizing Care in Chronic Diseases – from Prevention to Rehabilitation"; 5. International Forum on Quality and Safety in Healthcare; 6. PEMANDU – Lead the Change – Getting Women on Board; 7. ASEAN Business Club (ABC Forum 2015) "Healthcare Sector Speaker of Lifting – The Barriers (LTB)" (as Speaker); 8. 7th Annual Corporate Governance Summit – "Directorship – No Longer a Profit and Prestige affair" (as a Panel Member); 9. 23rd APHM Conference 2015 "Impact of Hospital Design and Medical Technology on Patients Safety: Getting it right safe more life"; 10. KPJ Medical Workshop 2015; 11. MSQH Conference "Measuring Performance: 15th Years MSQH Hospital Accreditation Program – Achievements & Challenges; 12. CEO Leadership Forum Sustainability – The Challenges of Leadership (as Speaker); 13. INPUma Public Lecture Series "The Role of Education in The Development of Youth towards Nation-Building"; 14. CCMB – Seminar on Enterprise Risk Management; 15. ISQUA 32nd International Conference "Building Quality & Safety into the Healthcare System"; 16. Standing Tall in Challenging Times; 17. 2nd Annual Malaysia's War on Corruption Symposium (Keynote Address by Y.Bhg Tun Dr Mahathir); 18. Misi Kesinambungan Bisnes JCorp 2015: Inovasi & Tanggungjawab Korporat – Luncheon Forum "The Business Landscape Redefined: The Significant of Innovation via-a-vis the Trans-Pacific Partnership Agreement"; 19. Konferen Amalan Pengurusan Terbaik Nasional (KAPTEN) – "Organisational Transformation & Sustainability" (as Speaker); and 20. Corporate Board Leadership Symposium 2015 "Advancing the Board from A to A+" (as Moderator/Speaker);

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

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 its authority to the Audit and Compliance Committee to ensure that the preparation of financial statements complies with the Companies Act, 1965 and approved Malaysia Financial Reporting Standards ("MFRS") 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 Company maintains a transparent relationship with its external auditors and seeks professional advice to ensure that the accounting standards are complied with. The Audit and Compliance Committee discusses with the external auditors the scope of the audit and reporting obligations before the audit commences. The Audit and Compliance Committee ensures that Management provides timely responses on all material queries raised by the external auditors.

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 Group Managing Director, Finance and Corporate Services, and Group Internal Auditor prior to recommending them for Board approval, before being released to Bursa Securities.

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. In addition, the Audit and Compliance Committee also reviews any related party transactions that may arise within the Group. Dedicated Audit and Compliance Committee Meetings are held to discuss these matters to ensure they are properly and effectively deliberated.

5.2 Suitability and Independence of External Auditors

The Audit and Compliance Committee will review 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 Audit and Compliance Committee in reviewing the re-appointment of external auditors for tabling at the 54th Annual General Meeting had considered their independence (including obtaining the written assurance confirming their independence throughout the audit engagement), objectivity and effectiveness. The Audit and Compliance Committee is satisfied with the external auditors' technical competency and audit independence.

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

The Board has also approved a policy on External Auditors' Independence, of which the full policy is published at the Company's website at www.ccmberhad.com. The Audit and Compliance Committee further ensures that the policies governing the provision of non-audit fees are observed.

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.

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 has established a formal Risk Management Manual and Guidelines, specifying clear Risk Management framework, policy and procedures, which are aligned with the methodologies of ISO 31000, the international standards on managing risks. It includes the guidelines on the identification, analysis, evaluation, monitoring, communication and consultation of risks for the organisation.

6.2 Internal Audit Function

The Group has established an in-house internal audit function. The internal audit function within the Group Integrity and Assurance Department is responsible for reviewing the effectiveness and efficiency of the internal control systems of the selected activities/areas.

The internal audit function reports directly to the Audit and Compliance Committee and is independent of the activities performed with impartiality, proficiency and due professional care. The Group Integrity and Assurance Department has direct access to the Board through the Chairman of the Audit and Compliance Committee.

The Group Integrity and Assurance Department provides assurance to the Audit and Compliance Committee on matters relating to the systems of internal control by performing regular reviews on compliance of operational procedures using risk-based audit approach. Investigations are also conducted on specific areas or issues as directed by Audit and Compliance Committee and the Management.

The internal audit function is well resourced which enables critical reviews on selected 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.

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 94 to 98, 82 to 86, and 76 to 81 respectively.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

The Group has long observed the continuing disclosure obligation imposed upon 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 methods 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 the material development thereof have been released to shareholders via the Bursa Malaysia Link in a timely manner:-

Date of announcement	Subject matter of material information
5 May 2015	Drawdown of USD42 million term loan facility from Sumitomo Mitsui Banking Corporation Malaysia Berhad.
25 May 2015	Proposed disposal of the entire equity interest of CCM Pharmaceuticals Sdn. Bhd. ("CCMP"), CCM Pharma Sdn. Bhd. ("CCMPharma"), Innovax Sdn. Bhd. ("Innovax"), Upha Pharmaceutical Manufacturing (M) Sdn. Bhd. ("UPHA"), CCM International (Philippines) Inc. ("CCM Philippines") and CCM Pharmaceuticals (S) Pte. Ltd. to CCM Duopharma Biotech Berhad ("CCMD") and Duopharma (M) Sdn. Bhd. ("DMSB") for a total cash consideration of RM133,325,000 ("Proposed Disposal"). In respect of the execution of second supplementary letter to the Share Sale Agreement ("SSA") dated 27 November 2014, on 25 May 2015 between CCM Investments Ltd. and CCMD.
30 June 2015	Completion of the Proposed Disposals in respect of the announcements made on 27 November 2014, 24 December 2014, 13 February 2015, 10 March 2015, 27 March 2015 and 25 May 2015.
30 July 2015	Resignation of Dato' Sri Azalina binti Othman, as Non-Independent, Non-Executive Chairman.

Date of announcement	Subject matter of material information
14 August 2015	In the matter of Kuala Lumpur High Court Civil Suit No. 22NCVC-335-06/2015 in respect of commencement of legal proceedings by the Company's wholly-owned subsidiary, CCM Agriculture Sdn. Bhd. ("the Plaintiff") against GLE Logistics (M) Sdn. Bhd. ("the Defendant") in the High Court of Malaya at Kuala Lumpur for loss of products placed with the Defendant pursuant to a warehousing arrangement.
1 September 2015	Closure of fertilizer plant owned by CCM Fertilizers Sdn. Bhd.
27 October 2015	In the matter of Kuala Lumpur High Court Civil Suit No. 22NCVC-564-10/2015 in respect of commencement of legal proceedings by the Company against Y&G Corporation Berhad in the High Court of Malaya at Kuala Lumpur for breach of Lease Agreement dated 29 August 1987.
13 November 2015	In the matter of Kuala Lumpur High Court Civil Suit No. 22NCVC-564-10/2015 in respect of the Acceptance of the Terms of Settlement by Y&G Corporation Bhd in relation to the breach of Lease Agreement dated 29 August 1987.
17 November 2015	Term Loan Facility of USD18 million from Sumitomo Mitsui Banking Corporation Malaysia Berhad to CCM Chemicals Sdn. Bhd., a subsidiary of the Company.
3 December 2015	In the matter of Kuala Lumpur High Court Civil Suit No. 22NCVC-564-10/2015 in respect of the Registration of the Surrender of Lease by Y&G Corporation Bhd. in respect of the part of land held under H.S. (D) 5216, Lot P.T. 200, Mukim of Bukit Raja, District of Klang, Selangor Darul Ehsan.
9 December 2015	In the matter of Kuala Lumpur High Court Civil Suit No. 22NCVC-564-10/2015 in respect of payment of all legal fees and expenses by Y&G Corporation Bhd. to CCM in relation to the Surrender of Lease.
14 December 2015	In the matter of Kuala Lumpur High Court Civil Suit No. 22NCVC-564-10/2015 in respect of Withdrawal of Suit against Y&G Corporation Bhd. in relation to the lease over a portion of the land held under H.S. (D) 5216, Lot P.T. 200, Mukim of Bukit Raja, District of Klang, Selangor Darul Ehsan.
4 January 2016	Provision of Financial Assistance of RM15 million to CCM Fertilizers Sdn. Bhd., a non-wholly owned Subsidiary of CCM.
24 February 2016	Proposed Sale of three (3) parcels of land in Medan, Indonesia together with the building thereon by PT CCM Agripharma to PT Feedmill Indonesia.
26 and 29 February 2016	Clarification with respect to announcement dated 24 February 2016 on Proposed Sale of three (3) parcels of land in Medan, Indonesia together with the building thereon by P.T. CCM Agripharma to P.T. Feedmill Indonesia.
11 March 2016	Listing of PanGen Biotech Inc. (a company incorporated in the Republic of Korea) on KOSDAQ (Korea Securities Dealers Automated Quotations) under the category of New Growth Engine Companies.
16 March 2016	Dealings in listed securities of the Company by a Principal Officer of CCM Duopharma Biotech Berhad, a major subsidiary of the Company.
25 March 2016	Appointment of YB Hajah Normala binti Abdul Samad as Non-Independent Non-Executive Chairman.

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 services.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

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 at 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.

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.

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 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 585 shareholders and 977 proxies attended the AGM in 2015.

(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.

In line with Part A of the ASEAN Code on Corporate Governance ("ACCG") on Rights of Shareholders and the call by the Minority Shareholder Watchdog Group ("MSWG") for companies to make available their AGM minutes to the public, the Board had agreed that a summary of minutes of the Company's AGM be posted on the Company's website to provide greater transparency and expedience so that the public's investing decisions are always taken with the latest and most comprehensive information.

(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 Company's website contains information on the Company, business activities, investor relations activities, corporate governance among others, the corporate responsibilities and media releases made by the Company.

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 2015

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 2015	**Date of announcement**
1st Quarter	25 May 2015
2nd Quarter	27 August 2015
3rd Quarter	25 November 2015
4th Quarter	26 February 2016

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 2015, save for Recommendation 3.5 on Independent Chairman (Principle 3) which is explained earlier.

This statement is made in accordance with a resolution of the Board of Directors dated 26 February 2016.

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 2015.

COMPOSITION OF AUDIT AND COMPLIANCE COMMITTEE AND MEETINGS

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

A total of eight (8) 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, were as follows:-

Name of Directors and Status	No. of Meetings Attended
Khalid bin Sufat Chairman, Senior Independent Non-Executive Director	7/8
Datin Paduka Kartini binti Hj. Abdul Manaf Member, Non-Independent Non-Executive Director	8/8
Tan Sri Siti Sa'diah binti Sh. Bakir Member, Independent Non-Executive Director	8/8

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 Company Secretary or her representative.

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

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

(ii) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;

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

- Any change in accounting policies and practices;
- Significant adjustments arising from the audit;
- The going concern assumption; and
- Compliance with accounting standards and other legal requirements.

(iv) To discuss problems and reservations arising from the interim and final audits, and any matter the external auditor may wish to discuss (in the absence of management where necessary);

(v) To review the External Auditor's management letter and management's response;

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

- Review and approve the annual audit plan;
- 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;
- Review and endorse the audit charter which outlines the purpose, authority and responsibility of the Group Integrity & Assurance;
- 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;
- Review the annual budget for Group Integrity and Assurance;
- Review any appraisal on performance as well as competency of the Group Integrity and Assurance functions;
- Approve any appointment or termination of senior staff members of the Group Integrity and Assurance functions; and
- Take cognisance of resignations of staff/members of the Group Integrity and Assurance function and provide the resigning staff/members an opportunity to submit his reasons for resigning.

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

- To review annually:-

  a. The Group's business ethics and integrity policies and to make recommendations to the Board thereon; and
  b. The Group's business ethics and integrity, processes and practices.

- 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;
- To ensure that the Group's communication and training programmes on ethics and business integrity is effective in reinforcing ethical values and further enhance good corporate governance;
- 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;
- To review the major findings of internal investigations and management's response and recommend the rectification needed;
- To review the policies and practice 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; and
- To review and recommend to the Board, compliance with particular best practice guidance or codes in relation to business ethics, integrity and compliance.

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

(ix) To consider other matters as defined by the Board.

ACTIVITIES DURING THE FINANCIAL YEAR

(i) Reviewed and approved the internal audit plan of the Group;

(ii) 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;

(iii) 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;

(iv) Reviewed the management letters, reports and fees of the external auditors;

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

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

(vii) Reviewed the related party transactions entered into by the Group and the disclosure of such transactions in the annual report and circular on recurrent related party transactions;

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

(ix) Reviewed and recommended to the Board, the revision to the Group's Limits of Authority;

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

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

(xii) Reviewed and recommended to the Board, the Management Services Agreement between Chemical Company of Malaysia Berhad and all its subsidiaries;

(xiii) Reviewed and updated the Board, the investigations and demands by authorities/regulators in respect of the Group's operations; and

(xiv) Reviewed and recommended to the Board, bad debts and fixed assets write-off.

REPORT OF THE
AUDIT AND COMPLIANCE COMMITTEE (CONT'D)

STATEMENT ON INTERNAL AUDIT FUNCTION

The Audit and Compliance Committee is supported by an in-house internal audit (assurance) function, which is part of the Group Integrity & Assurance Department. The internal audit function provides an independent, objective assurance and consulting services designed to add value and improve the Company's operations.

The internal audit function's purpose, authority and responsibilities are stated in the Internal Audit Charter, which is approved by the Audit and Compliance Committee. The Charter also specified the positioning of the internal audit function that reports directly to the Audit and Compliance Committee, to promote independence and enable it to maintain objectivity to render unbiased judgments. The principal responsibility of the internal audit function 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.

Adopting a risk-based approach after evaluation and assessment of risks at Company and Group level, the Group Integrity and Assurance Department formulated an Annual Audit Plan, which was reviewed and approved by the Audit and Compliance Committee. The scope of the Annual Audit Plan covers all business units and operations of the Company and its subsidiaries.

Group Integrity and Assurance adopts the COSO Internal Control Framework in conducting the audit assignments, which covered five (5) elements of internal controls, namely Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring. In 2015, the areas under review include Sales, Procurement, Plant Operations, Finance, IT systems, Governance as well as operations in East Malaysia and regional offices.

The Internal Audit reports, which included issues and action plans, were presented to and discussed with the Management. Group Integrity and Assurance subsequently monitored the implementation of the agreed action plans to ensure satisfactory closure of audit issues. The reports together with follow-up action plans and implementation status were then submitted and presented to the Audit and Compliance Committee for their deliberation and subsequent approval.

The total expenditure incurred for Group Integrity and Assurance for the financial year, which amongst others included departmental expenditures such as office running expenses, training expenses, travelling expenses, staff remuneration, etc. is approximately RM1.35 million.

STATEMENT ON GROUP INTEGRITY FUNCTION

On integrity matters, Group Integrity and Assurance 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 and Assurance 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 2015 were as follows:-

(i) Integrity empowerment trainings were conducted for new staff that joined the CCM Group of Companies throughout the year;

(ii) Briefings on Integrity Pact were held with suppliers of the CCM Group of Companies in the first quarter of 2015;

(iii) The Company completed the Corporate Integrity Assessment Questionnaire (“CIAQ”) exercise to benchmark against other Government-Linked Companies and Government-Owned Companies;

(iv) Board of Directors and Senior Management integrity training titled, ‘Standing Tall in Challenging Times’ was conducted in October 2015; and

(v) The annual Integrity Day was held on 17 December 2015 and the online gift register was launched during the Integrity Day.

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 2015.

COMPOSITION OF RISK MANAGEMENT COMMITTEE AND MEETINGS

The Risk Management Committee comprises of 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 appoint a Chairman among themselves to chair the meeting. Any other Board members, the Group Managing Director and any other officer or person as deemed necessary may be invited to attend the meeting. The Secretary of the Committee shall be the Company Secretary.

A total of six (6) meetings were held during the financial 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
Dato' Azmi bin Mohd Ali Chairman, Non-Independent Non-Executive Director	6/6
Dato' Seri Ir. Dr. Zaini bin Ujang Member, Non-Independent Non-Executive Director	6/6
Tan Sri Siti Sa'diah binti Sh. Bakir Member, Independent Non-Executive Director	5/6

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; and
- 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; and

(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:-

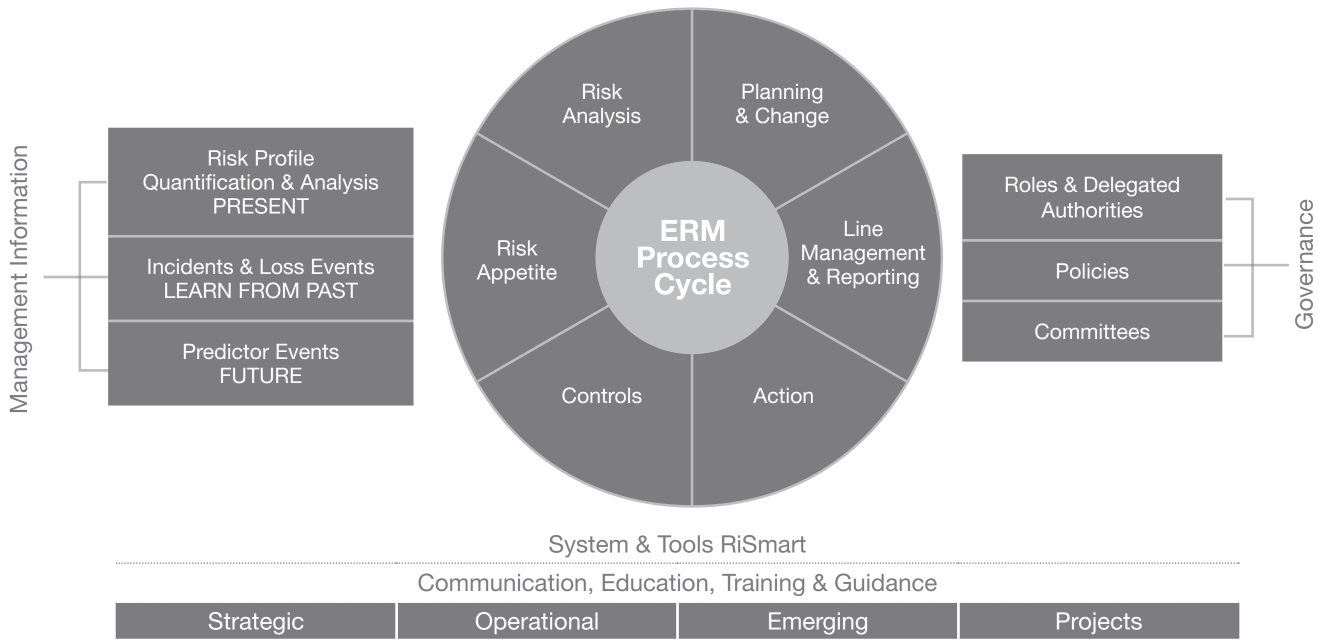
- Risk Management policies, strategies, processes and controls, status of the implementation and effectiveness thereof, within the divisions and, if thought fit, approve or vary them;
- Alignment or integration of risk management activities with other management activities/tools which include formulation of strategies, development of business plans, budgeting, forecasting and performance review, within the divisions; and
- 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 Boards, Executive and Division Risk Committees in the Group in all matters of Enterprise Risk Management ("ERM").

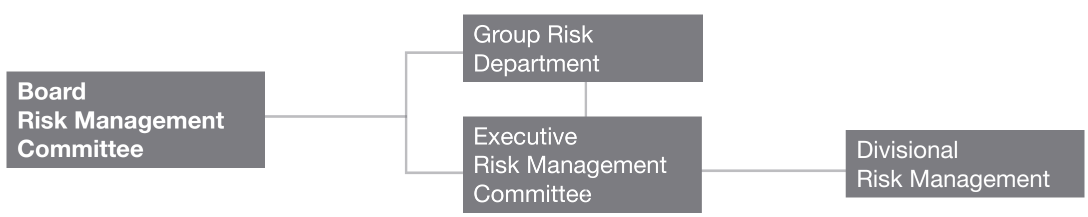
The ERM framework defines the policy and objectives and sets the risk reporting structure. The framework structure includes risk profiling of current and historical risk information to anticipate probable future exposures. The framework ties into the Group's governance policies and guidelines via deliberations at various risk committees. The framework 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 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 adopts ISO 31000 guidelines in its risk management processes, whereby the Group has established its external and internal context for its risk management activities, and conducted risk identification, analysis, evaluation and treatment, with continuous monitoring, review, communication and consultation. Risks events are analysed in terms of its likelihood of occurrence and significance of their consequences, where an approved Risk Matrix is used to ensure consistent practice throughout the Group.

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

ACTIVITIES DURING THE YEAR

Risk Management Framework Review

In December 2014, the Group has carried out a review on its existing Risk Management Framework. In order to further strengthen the Group's risk management framework and practices, the following three key initiatives were implemented throughout 2015:-

1. **Strengthening the Policy**

   A Risk Management Manual and Guidelines ('RMMG') document was formalised as the main reference document for risk management activities within the Group. The RMMG is a consolidation of previously approved Risk Management guidelines documents mainly the policy, framework, governance structure, responsibilities, risk management process and the risk management tools. Revisions were made on the Group's Risk Appetite to reflect the current operating environment and this revision has also been incorporated into the RMMG.

2. **Elevating Understanding on Risk Management**

   A formalised Risk Assessment Workshops were conducted for all divisions to ensure appropriate coverage of risk identification, analysis, evaluation and treatment within the Group. As a result, comprehensive risk registers were developed and these were linked to the Group's KPIs for 2015.

   Risk management refresher trainings were carried out during the year, one (1) session for the Group's Board of Directors and Senior Management, and two (2) sessions for the line managers. The training aimed to provide the participants with the essential knowledge in risk management as well as to roll out the approved RMMG document to all employees.

3. **Culture Building**

Risk management culture is continuously inculcated throughout the organisation through continuous monitoring and planned risk review sessions by GRD. Risk management programmes such as workshops and training sessions will be continuously carried out in the following years to ensure all employees are familiarised with the risk management culture as well as equipped with the required skills and knowledge.

4. **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 the top risks for the Group and its business divisions. The reports highlight the movements of risk ratings as well as the progress of treatment plans that were identified to mitigate the risks.

5. **Project Risk Assessment**

To ensure the risk management process is integrated with other management activities such as formulation of strategies and development of business plans, all projects that require the approval from the Finance and Investment Committee ("FIC"), is now subjected to risk assessments, where the risk registers resulting from the assessment together with the mitigation plans are mandatorily tabled as part of the projects' proposals. Project risk updates post implementations of the projects are to be tracked and reported as part of the risk management reporting process starting next year onwards.

6. **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" in ensuring the current Group's ERM meets the objective of the said Code. The Group's ERM framework is based on ISO 31000, the international guidelines for managing risk.

An automated and online risk management information system ("RiSmart") is in place to facilitate the Group's ERM framework, methodology and processes.

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 2015.

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 or consultants 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 Company Secretary or her representative. 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 (7) days before each meeting to the Committee members and all those who are required to attend the meeting; and

(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 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.

A total of ten (10) 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
Khalid bin Sufat Chairman, Senior Independent Non-Executive Director	10/10
Dr. Leong Chik Weng Member, Independent Non-Executive Director	10/10
Datin Paduka Kartini binti Hj. Abdul Manaf Member, Non-Independent Non-Executive Director	10/10

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") for 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, the appointment, promotion or termination of the Group Managing Director and the Key Responsible Person(s) of the Group;

(xii) To review the Group Managing Director's recommendation on the KPIs of the Key Responsible Person(s) 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 recommended 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 Division and functional Directors 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 Group Managing Director and Key Responsible Persons of the Group, where appropriate;

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

(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, talent management framework, leadership competency model and implementation thereof within the CCM Group;

(xi) Reviewed and recommended for approval of the Board, the employees severance package and implementation of the same for certain companies within the CCM Group;

(xii) Reviewed and recommended for Board, approval of the policy on the CCM Group's directors remuneration package;

(xiii) Reviewed and recommended for Board, approval of the Directors casual vacancy and retirement by rotation;

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

(xv) Reviewed and recommended for Board, approval of the Group's Diversity and Inclusion Policy;

(xvi) Reviewed and recommended for Board, approval of the Group's Policy on Promotion Increment Quantum;

(xvii) Reviewed and recommended for Board, approval of the proposed amendments to the Terms of Reference of the Nomination and Remuneration Committee;

(xviii) Reviewed and recommended for Board, approval of the revision of annual leave to be in line with market practice;

(xix) Reviewed and recommended for Board, approval of the Group's Optional Retirement Scheme for CCM Group of Companies' Blue and Red Book Staff;

(xx) Reviewed and recommended for Board, approval of the mandate for collective agreement with the Workers Union;

(xxi) Reviewed and recommended for approval of the Board, the payment of technical allowance to all technical staff in Pasir Gudang Works; and

(xxii) 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 2015.

TERMS OF REFERENCE

Purpose

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

(i) Review and recommend 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; and

(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 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; and

(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.

A total of eight (8) 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
Dr. Leong Chik Weng Chairman, Independent Non-Executive Director	8/8
Dato' Seri Ir. Dr. Zaini bin Ujang Member, Non-Independent Non-Executive Director	7/8
Dato' Azmi bin Mohd Ali Member, Non-Independent Non-Executive Director	8/8
Datin Paduka Kartini binti Hj. Abdul Manaf Member, Non-Independent Non-Executive Director	8/8

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 item (ii) the Group Managing Director is given the authority to approve any capital expenditure (excluding land and properties) amounting to 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) Operational plan and budget for the year;

(ii) Business reviews and implementation of strategic plan and direction;

(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) Funding requests by entities within the Group;

(v) Investments, divestment and collaboration opportunities;

(vi) Appointment of advisors and consultant; and

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

The Committee also monitored 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 are 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. During the year under review, the Group has adopted a Risk Management Manual and Guidelines, which is based on ISO 31000, premised on international guideline for managing risk, to ensure that risk management process is consistent across the Group.

Risk owners across the business divisions of the Group define, highlight, report on and manage the key business and operational risks anticipated by them, and the 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 conducted risk assessments to identify the risks relating to their areas of supervision and control, analysed the likelihood of these risks occurring and the consequences if they do occur and evaluated the risk level by comparing against the approved risk criteria, as well as determined 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 Board, through the Audit and Compliance Committee, has approved a Management Control Policy which dictates the responsibilities of the Audit and Compliance Committee, the Management and the Internal Audit function with regards to internal controls.

The Audit and Compliance Committee is responsible for monitoring, overseeing and evaluating the duties and responsibilities of Management, the internal and external auditors as those duties and responsibilities relate to the Group's processes for controlling its operations. The Audit and Compliance Committee is also responsible for determining that all major issues reported by the Group Internal Auditor, the external auditors and other outside advisors have been satisfactorily resolved. Finally, the Audit and Compliance Committee is responsible for reporting to the Board of Directors all important matters pertaining to the Group's controlling processes.

Management is charged with the responsibility of establishing an internal control framework with the objective of controlling the operations of the CCM Group of Companies (the "Group") in a manner which provides the Board of Directors with reasonable assurance that the control objectives will be achieved.

The internal audit function is charged with the responsibility of ascertaining that the ongoing processes for controlling operations throughout the Group are adequately designed and are functioning in an effective manner. The Group Internal Auditor is also responsible for reporting to Management and the Audit and Compliance Committee of the Board of Directors on the adequacy and effectiveness of the Group's systems of internal control, together with ideas, counsel and recommendations to improve the systems.

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's 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 plans 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 Division and Group Management Committee 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 MS 49:1994 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. This is part of the Group's 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 and Corporate Services 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 risks and businesses 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 also has a 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.

Code of Conduct

The Board has approved the Group's Code of Conduct which incorporates the CCM's vision, mission and core values. The Code of Conduct also embodies several of the principles contained in various policies adopted by CCM; and gives guidance on the application of the core values to the CCM Group's businesses and activities.

Amongst the policies included in the Code of Conduct are Conflict of Interest, Anti-Bribery & Corruption, Gift and Entertainment, Competition Law, Securities & Insider Trading, Risk Management, Information Communication Technology, Intellectual Property and Innovation, Quality and Halal policies.

The Code of Conduct also include the Whistle Blowing Policy which aims to encourage the employees to feel confident in raising serious concerns and to provide a formal channel for them to raise these concerns and receive feedback on any actions taken. The Policy also provides assurance that the whistle blower will be protected from possible reprisals or victimisation if they have a reasonable belief that they have made any disclosure in good faith. A whistleblowing hotline has been established to further facilitate the employees and external parties to raise their concerns on possible misconduct or violation of the rules and regulations.

Corporate Integrity Pledge

In May 2014, the Company signed the Corporate Integrity Pledge with the Malaysian Anti-Corruption Commission ("MACC") to mark its commitment to enhance corporate governance, accountability and transparency in all aspects of the business operations in the CCM Group.

By signing the pledge, CCM is making a unilateral declaration that it will not commit corrupt acts, will work toward creating a business environment that is free from corruption and will uphold the Anti-Corruption Principles for Corporations in Malaysia in the conduct of its business and in its interactions with its business partners and the Government.

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 ("GIA") function 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.

STATEMENT ON **RISK MANAGEMENT AND INTERNAL CONTROL** (CONT'D)

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 Finance Director 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 2015 up to the date of approval of this statement.

For the financial year 2015, 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 2015.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised 2015), *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued* by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2015, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:-

(a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guideline for Directors of Listed Issuers, or

(b) is factually inaccurate.

RPG 5 (Revised 2015) does not require the external auditors to consider whether the Director's Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

The statement has been approved by the Board of Directors at its meeting on 26 February 2016.

OTHER **DISCLOSURES**

MATERIAL CONTRACTS

Save as disclosed below, there is no other material contract entered into by the CCM Group during the two (2) years immediately preceding the date of this Annual Report, other than contracts entered into in the ordinary course of business.

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

SSA 1:

(i) 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 cash consideration of RM17,599,000; and

(i) Disposal of 200,000 Innovax Sdn. Bhd. ("Innovax") Shares, representing 100% of the issued and paid-up share capital of Innovax, for a cash consideration of RM1,000;

SSA 2:

(i) 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 cash consideration of RM34,942,000; and

(ii) 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 cash consideration of RM78,365,000;

SSA 3:

(i) 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 cash consideration of RM2,417,000; and

SSA 4:

(i) Disposal by CCM Investments Limited ("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 cash consideration of RM1,000.

The aforesaid transactions were completed on 30 June 2015.

(b) On 24 December 2014, the Company had 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.

(c) On 23 February 2016, the Company had announced that P.T. CCM Agripharma, a wholly-owned subsidiary of CCM, had entered into a Conditional Land and Building Sale and Purchase Agreement ("SPA") with P.T. Feedmill Indonesia for the proposed sale of three (3) parcels of land in Medan, Indonesia measuring in aggregate 75,339 square meters, together with the building thereon for a cash consideration of IDR121.8 billion on an 'as is where is' basis, subject to the terms and conditions as stipulated in the SPA.

As at 31 December 2015, the Group has material commitments for capital expenditure of 35,099,000 (contracted but not provided for) and 269,074,000 (authorised but not contracted for), amounting to a total of 304,173,000.

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) P.T. 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 totaling IDR36.1 billion (or equivalent to RM9.7 million) in aggregate. The appeals have been heard and are now pending decision by the Indonesian Tax Court.

RECURRENT RELATED PARTY TRANSACTION OF A REVENUE NATURE

At an Annual General Meeting ("AGM") held on 27 May 2015, 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 2015 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 2015 is set out on pages 205 to 206 of the Annual Report.

The Group intends to seek a renewal of the said general mandate and a proposed shareholders' mandate to apply to new 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 28 April 2016.

SHARE BUY-BACK
There were no repurchase of its issued and paid up shares since 2003. As at 31 December 2015, 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 2015, the Group has paid a sum of RM112,000 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.

DIRECTORS' **REPORT**
for the year ended 31 December 2015

Amounts in RM'000 unless otherwise stated

The Directors of Chemical Company of Malaysia Berhad hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015. This report and the financial statements will be presented to the shareholders at the Annual General Meeting to be held on 26 May 2016.

PRINCIPAL ACTIVITIES

Chemical Company of Malaysia Berhad is an investment holding and management company with subsidiaries engaged in the manufacturing and marketing of pharmaceuticals, chemicals and fertilizers 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 for the year attributable to:-		
Owners of the Company	(62,476)	(58,935)
Non-controlling interests	(10,780)	–
	(73,256)	(58,935)

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:-

(i) an interim ordinary 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; and

(ii) an interim ordinary dividend of 2.50 sen per ordinary share totalling RM11,365,796 in respect of the financial year ended 31 December 2015 on 1 October 2015.

The Directors do not recommend any final dividend to be paid for the financial year ended 31 December 2015.

DIRECTORS OF THE COMPANY

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

Dato' Sri Azalina binti Othman, Chairman (resigned on 28 July 2015)
Leonard Ariff bin Abdul Shatar, Group Managing Director (appointed w.e.f. 9 January 2015)
Dato' Azmi bin Mohd Ali
Khalid bin Sufat
Dr. Leong Chik Weng
Datin Paduka Kartini binti Hj. Abdul Manaf
Dato' Seri Ir. Dr. Zaini bin Ujang
Tan Sri Siti Sa'diah binti Sh Bakir

DIRECTORS' INTERESTS IN SHARES

None of the Directors holding office at 31 December 2015 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 financial 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 2015 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 33 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:-

Khalid bin Sufat

Leonard Ariff bin Abdul Shatar

Kuala Lumpur,
Date: 23 March 2016

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 108 to 198 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 2015 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 199 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:-

Khalid bin Sufat **Leonard Ariff bin Abdul Shatar**

Kuala Lumpur,
Date: 23 March 2016

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 108 to 199 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 23 March 2016.

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 2015 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 108 to 198.

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 2015 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 199 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 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 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

Abdullah Abu Samah
Approval Number: 2013/06/16(J)
Chartered Accountant

Petaling Jaya,
Date: 23 March 2016

STATEMENTS OF
FINANCIAL POSITION
as at 31 December 2015

Amounts in RM'000 unless otherwise stated

	Note	Group 2015	Group 2014	Company 2015	Company 2014
Assets					
Property, plant and equipment	3	**445,944**	540,718	**19,465**	22,793
Investment properties	4	**25,470**	31,140	**128,120**	113,530
Intangible assets	5	**292,832**	290,091	**63**	63
Prepaid lease payments	6	**–**	5,357	**–**	–
Investments in subsidiaries	7	**–**	–	**217,247**	360,961
Investment in associate	8	**16,217**	15,269	**–**	–
Other investments	9	**15,864**	15,864	**15,740**	15,740
Deferred tax assets	10	**7,626**	11,563	**–**	–
Receivables	11	**–**	–	**444,152**	414,968
Total non-current assets		**803,953**	910,002	**824,787**	928,055
Inventories	12	**199,251**	245,454	**–**	–
Current tax assets		**21,684**	18,454	**4,461**	3,092
Trade and other receivables	11	**227,918**	256,937	**152,211**	134,808
Cash and cash equivalents	13	**324,558**	208,212	**51,165**	81,307
		773,411	729,057	**207,837**	219,207
Assets classified as held for sale	14	**159,542**	–	**13,600**	–
Total current assets		**932,953**	729,057	**221,437**	219,207
Total assets		**1,736,906**	1,639,059	**1,046,224**	1,147,262
Equity					
Share capital		**457,630**	457,630	**457,630**	457,630
Reserves		**28,951**	22,644	**34,181**	34,181
Retained earnings		**184,790**	269,998	**125,108**	206,775
Equity attributable to owners of the Company	15	**671,371**	750,272	**616,919**	698,586
Non-controlling interests		**178,581**	130,326	**–**	–
Total equity		**849,952**	880,598	**616,919**	698,586

The notes on pages 119 to 199 are an integral part of these financial statements.

Amounts in RM'000 unless otherwise stated

	Note	Group 2015	Group 2014	Company 2015	Company 2014
Liabilities					
Loans and borrowings	16	**454,379**	100,000	**300,570**	100,000
Deferred tax liabilities	10	**19,296**	19,289	**12,062**	12,218
Total non-current liabilities		**473,675**	119,289	**312,632**	112,218
Loans and borrowings	16	**178,717**	494,003	**100,000**	320,000
Provision	17	**964**	758	**–**	–
Trade and other payables	18	**147,379**	143,046	**16,673**	16,458
Current tax liabilities		**909**	1,365	**–**	–
		327,969	639,172	**116,673**	336,458
Liabilities classified as held for sale	14	**85,310**	–	**–**	–
Total current liabilities		**413,279**	639,172	**116,673**	336,458
Total liabilities		**886,954**	758,461	**429,305**	448,676
Total equity and liabilities		**1,736,906**	1,639,059	**1,046,224**	1,147,262

The notes on pages 119 to 199 are an integral part of these financial statements.

STATEMENTS OF **PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

for the year ended 31 December 2015

Amounts in RM'000 unless otherwise stated

	Note	Group 2015	Group 2014 Restated	Company 2015	Company 2014
Continuing operations					
Revenue	19	**630,330**	600,401	**5,196**	8,088
Cost of sales		**(392,478)**	(397,049)	**(746)**	(785)
Gross profit		**237,852**	203,352	**4,450**	7,303
Other income		**13,076**	9,110	**59,468**	3,050
Distribution expenses		**(72,746)**	(67,430)	–	–
Administrative expenses		**(95,122)**	(84,904)	**(16,783)**	(15,358)
Other expenses		**(14,917)**	(9,665)	**(108,887)**	(85,063)
Results from operating activities		**68,143**	50,463	**(61,752)**	(90,068)
Finance income		**5,470**	4,516	**20,848**	22,311
Finance costs		**(21,582)**	(15,114)	**(17,797)**	(18,472)
Net finance (costs)/income		**(16,112)**	(10,598)	**3,051**	3,839
Share of profit of equity-accounted associate, net of tax		**948**	1,706	**–**	–
Profit/(Loss) before tax		**52,979**	41,571	**(58,701)**	(86,229)
Tax (expense)/income	20	**(24,372)**	(13,648)	**(234)**	57
Profit/(Loss) from continuing operations		**28,607**	27,923	**(58,935)**	(86,172)
Discontinued operation					
Loss from discontinued operation, net of tax	21	**(101,863)**	(63,346)	**–**	–
Loss for the year	22	**(73,256)**	(35,423)	**(58,935)**	(86,172)
Other comprehensive income/(loss), net of tax					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation differences or foreign operations		**6,645**	(11,654)	**–**	–
Other comprehensive income/(loss) for the year, net of tax		**6,645**	(11,654)	**–**	–
Total comprehensive loss for the year		**(66,611)**	(47,077)	**(58,935)**	(86,172)

The notes on pages 119 to 199 are an integral part of these financial statements.

Amounts in RM'000 unless otherwise stated

	Note	Group 2015	Group 2014 Restated	Company 2015	Company 2014
(Loss)/Profit attributable to:-					
Owners of the Company		**(62,476)**	(42,514)	**(58,935)**	(86,172)
Non-controlling interests		**(10,780)**	7,091	**–**	–
Loss for the year		**(73,256)**	(35,423)	**(58,935)**	(86,172)
Total comprehensive (loss)/income attributable to:-					
Owners of the Company		**(56,169)**	(54,310)	**(58,935)**	(86,172)
Non-controlling interests		**(10,442)**	7,233	**–**	–
Total comprehensive loss for the year		**(66,611)**	(47,077)	**(58,935)**	(86,172)
Basic earnings/(loss) per ordinary share (sen)	23				
from continuing operations		**4.35**	4.07		
from discontinued operations		**(18.09)**	(13.42)		
		(13.74)	(9.35)		
Diluted earnings/(loss) per ordinary share (sen)	23				
from continuing operations		**4.35**	4.07		
from discontinued operations		**(18.09)**	(13.42)		
		(13.74)	(9.35)		

The notes on pages 119 to 199 are an integral part of these financial statements.

STATEMENTS OF
CHANGES IN EQUITY
for the year ended 31 December 2015

Amounts in RM'000 unless otherwise stated

		Attributable to equity holders of the Company											
		Non-distributable								Distributable			
	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
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 119 to 199 are an integral part of these financial statements.

Amounts in RM'000 unless otherwise stated

	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
		I------ Attributable to equity holders of the Company									------I		
		I------ Non-distributable							------I	Distributable			
Group													
At 1 January 2015		457,630	39,944	73	(14,542)	23	–	2,982	(5,836)	269,998	750,272	130,326	880,598
Foreign currency translation differences for foreign operations		–	–	–	6,307	–	–	–	–	–	6,307	338	6,645
Total other comprehensive income/(loss) for the year		–	–	–	6,307	–	–	–	–	–	6,307	338	6,645
Loss for the year		–	–	–	–	–	–	–	–	(62,476)	(62,476)	(10,780)	(73,256)
Total comprehensive (loss)/income for the year		–	–	–	6,307	–	–	–	–	(62,476)	(56,169)	(10,442)	(66,611)
Issue of new shares to non-controlling interests		–	–	–	–	–	–	–	–	–	–	67,055	67,055
Dividends to owners of the Company	24	–	–	–	–	–	–	–	–	(22,732)	(22,732)	–	(22,732)
Dividends to non-controlling interests		–	–	–	–	–	–	–	–	–	–	(8,358)	(8,358)
At 31 December 2015		457,630	39,944	73	(8,235)	23	–	2,982	(5,836)	184,790	671,371	178,581	849,952
		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 119 to 199 are an integral part of these financial statements.

STATEMENTS OF
CHANGES IN EQUITY (CONT'D)
for the year ended 31 December 2015

Amounts in RM'000 unless otherwise stated

	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 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/ 1 January 2015		**457,630**	**39,944**	**73**	**–**	**(5,836)**	**206,775**	**698,586**
Total comprehensive loss for the year		**–**	**–**	**–**	**–**	**–**	**(58,935)**	**(58,935)**
Dividend to owners of the Company	24	**–**	**–**	**–**	**–**	**–**	**(22,732)**	**(22,732)**
At 31 December 2015		**457,630**	**39,944**	**73**	**–**	**(5,836)**	**125,108**	**616,919**
		Note 15.1	Note 15.7	Note 15.2	Note 15.5	Note 15.6		

The notes on pages 119 to 199 are an integral part of these financial statements.

STATEMENTS OF
CASH FLOWS
for the year ended 31 December 2015

Amounts in RM'000 unless otherwise stated

	Note	Group 2015	Group 2014	Company 2015	Company 2014
Cash flows from operating activities					
(Loss)/Profit before tax					
- continuing operations		**52,979**	41,571	**(58,701)**	(86,229)
- discontinued operations		**(96,054)**	(63,652)	**–**	–
		(43,075)	(22,081)	**(58,701)**	(86,229)
Adjustments for:-					
Amortisation of prepaid lease payments	6	**387**	387	**–**	–
Write back of amount due to subsidiaries		**–**	–	**(4,924)**	–
Change in fair value of investment properties	4	**(5,755)**	(200)	**(28,115)**	(2,500)
Depreciation of property, plant and equipment	3	**54,110**	54,817	**3,624**	3,549
Dividend income from subsidiaries		**–**	–	**–**	(2,660)
Net loss/(gain) on disposal of property, plant and equipment		**699**	6	**(171)**	(2)
Net gain on disposal of investment in subsidiaries		**–**	–	**(26,046)**	–
Finance costs		**30,108**	27,268	**17,797**	18,472
Finance income		**(5,930)**	(4,891)	**(20,848)**	(22,311)
Impairment loss on property, plant and equipment	3	**37,604**	24,086	**–**	–
Impairment loss on investment in subsidiary		**–**	–	**38,853**	–
Operating profit/(loss) before changes in working capital (carried forward)		**68,148**	79,392	**(78,531)**	(91,681)

STATEMENTS OF
CASH FLOWS (CONT'D)
for the year ended 31 December 2015

Amounts in RM'000 unless otherwise stated

	Note	Group		Company	
		2015	2014	2015	2014
Operating profit/(loss) before changes in working capital (brought forward)		**68,148**	79,392	**(78,531)**	(91,681)
Impairment loss on amount due from subsidiaries		**–**	–	**65,065**	82,128
Impairment loss on trade receivables		**4,156**	14,507	**–**	–
Reversal of impairment loss on trade receivables		**(308)**	(3,068)	**–**	–
Share of profit of equity accounted associate, net of tax		**(948)**	(1,706)	**–**	–
Inventories written off		**2,776**	6,880	**–**	–
Property, plant and equipment written off		**206**	24	**10**	3
Unrealised foreign exchange loss		**294**	5,623	**760**	6
Unrealised foreign exchange gain		**(7,162)**	(10)	**–**	–
Write-down of inventories		**12,626**	10,507	**–**	–
Operating profit/(loss) before changes in working capital		**79,788**	112,149	**(12,696)**	(9,544)
Change in inventories		**(36,067)**	27,266	**–**	–
Change in trade and other payables		**19,116**	(17,660)	**5,139**	(7,842)
Change in trade and other receivables		**5,674**	15,272	**(112,412)**	51,069
Cash from/(used in) operations		**68,511**	137,027	**(119,969)**	33,683
Interest paid		**(30,108)**	(27,268)	**(17,797)**	(18,472)
Interest received		**5,930**	4,891	**20,848**	22,311
Income taxes paid		**(30,107)**	(22,120)	**(1,759)**	(524)
Income taxes refunded		**–**	11,132	**–**	6,789
Net cash from/(used in) operating activities		**14,226**	103,662	**(118,677)**	43,787

Amounts in RM'000 unless otherwise stated

	Note	Group 2015	Group 2014	Company 2015	Company 2014
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	**(45,516)**	(41,896)	**(466)**	(1,213)
Acquisition of intangible asset		**(1,611)**	–	**–**	–
Acquisition of investment properties		**(75)**	–	**(75)**	–
Acquisition of unquoted shares		**–**	(15,740)	**–**	(15,740)
Dividends received from subsidiaries		**–**	–	**–**	2,660
Increase in investment in subsidiaries		**–**	–	**–**	(9,819)
Placement of deposits pledged with licensed bank		**(15,000)**	–	**–**	–
Proceeds from disposal of property, plant and equipment		**331**	4	**331**	4
Proceeds from disposal of subsidiaries		**–**	–	**130,907**	–
Proceeds from disposal of intangible assets		**1,600**	–	**–**	–
Proceeds from disposal of assets held for sale		**–**	74,814	**–**	74,814
Net cash (used in)/from investing activities		**(60,271)**	17,182	**130,697**	50,706
Cash flows from financing activities					
Dividends paid to non-controlling interests		**(8,358)**	(9,358)	**–**	–
Dividends paid to owners of the Company	24	**(22,732)**	–	**(22,732)**	–
Proceeds from new shares issued to non-controlling interests		**67,055**	9,780	**–**	–
Proceeds from loans and borrowings		**595,693**	82,243	**300,570**	40,000
Repayment of loans and borrowings		**(489,117)**	(237,874)	**(320,000)**	(150,000)
Net cash from/(used in) financing activities		**142,541**	(155,209)	**(42,162)**	(110,000)

Amounts in RM'000 unless otherwise stated

	Note	Group 2015	Group 2014	Company 2015	Company 2014
Exchange differences on translation of the financial statements of foreign operations		**8,009**	(12,760)	**–**	–
Net increase/(decrease) in cash and cash equivalents		**104,505**	(47,125)	**(30,142)**	(15,507)
Cash and cash equivalents at 1 January	(i)	**208,212**	255,337	**81,307**	96,814
Cash and cash equivalents at 31 December	(i)	**312,717**	208,212	**51,165**	81,307

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 2015	Group 2014	Company 2015	Company 2014
Cash and bank balances		**95,929**	105,436	**3,000**	3,770
Deposits placed with financial institutions		**117,629**	102,776	**33,165**	77,537
Highly liquid investments with financial institutions		**111,000**	–	**15,000**	–
	13	**324,558**	208,212	**51,165**	81,307
Cash and cash equivalents under assets classified as held for sale	14	**3,159**	–	**–**	–
		327,717	208,212	**51,165**	81,307
Less: Deposits pledged		**(15,000)**	–	**–**	–
		312,717	208,212	**51,165**	81,307

The notes on pages 119 to 199 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 2015 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 2015 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 pharmaceuticals, chemicals and fertilizers 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 23 March 2016.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the 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 January 2016

- MFRS 14, *Regulatory Deferral Accounts*
- 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,* 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*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*

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 (continued)

- 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 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- 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*

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

- 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 MFRS 14, Amendments to MFRS 11 and Amendments to MFRS 119 which are not applicable to the Group and the Company.
- 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.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period 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, T*ransfer 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.

1. **BASIS OF PREPARATION (CONTINUED)**

(a) Statement of compliance (continued)

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 judgments

The preparation of financial statements in conformity with Malaysian Financial Reporting Standards ("MFRSs") requires management to make judgments, 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 judgments 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(vi) Associates (continued)

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency (continued)

(ii) Operation denominated in functional currencies other than Ringgit Malaysia (continued)

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.

(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), contingent consideration in a business combination 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

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

(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)).

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), contingent consideration in a business combination 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(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.

(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.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

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 years to 96 years
• Freehold building	50 years
• Long and short term leasehold building	10 years to 50 years
• Plant, machinery and equipment	2 years to 13 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, except for property interest held under operating lease, the leased assets are not recognised in the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets (continued)

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 changes 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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 financial institutions 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Impairment (continued)

(i) Financial assets (continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Impairment (continued)

(ii) Other assets (continued)

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Borrowing costs (continued)

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.

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 assets and liabilities 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.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(q) **Income tax (continued)**

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) **Discontinued operation**

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

(s) **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.

(t) **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.

(u) **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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Contingencies (continued)

(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.

(v) 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 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/ 1 January 2015		120,813	26,792	74,930	149,036	19,903	738,870	708	1,131,052
Additions		–	–	243	17	20	33,552	11,684	45,516
Transfer from investment properties	4	–	11,500	–	–	–	–	–	11,500
Transfer to intangible assets	5	–	–	–	–	–	–	(2,730)	(2,730)
Transfer to assets held for sale	14	(20,333)	–	–	(63,184)	(19,923)	(88,009)	(1,132)	(192,581)
Disposals		–	–	–	(365)	–	(5,935)	–	(6,300)
Write-off		–	–	–	–	–	(511)	–	(511)
At 31 December 2015		100,480	38,292	75,173	85,504	–	677,967	8,530	985,946

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 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
Impairment loss	3.1	–	–	–	–	11,629	12,457	–	24,086
Disposals		–	–	–	–	–	(1,584)	–	(1,584)
Write-off		–	–	–	–	–	(1,220)	–	(1,220)
Effect of movement in exchange rates		–	–	–	–	205	1,125	–	1,330
At 31 December 2014/ 1 January 2015									
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**
Depreciation for the year		**307**	**–**	**3,219**	**4,810**	**281**	**45,493**	**–**	**54,110**
Impairment loss	3.1	**–**	**–**	**–**	**22,473**	**–**	**15,131**	**–**	**37,604**
Transfer to assets held for sale	14	**(2,388)**	**–**	**–**	**(39,906)**	**(19,279)**	**(74,898)**	**–**	**(136,471)**
Disposals		**–**	**–**	**–**	**(35)**	**–**	**(5,235)**	**–**	**(5,270)**
Write-off		**–**	**–**	**–**	**–**	**–**	**(305)**	**–**	**(305)**
At 31 December 2015									
Accumulated depreciation		**10,012**	**–**	**12,084**	**10,449**	**–**	**507,457**	**–**	**540,002**
Accumulated impairment loss		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
		10,012	**–**	**12,084**	**10,449**	**–**	**507,457**	**–**	**540,002**
Carrying amounts									
At 1 January 2014		110,582	26,609	66,040	128,986	11,756	232,538	1,795	578,306
At 31 December 2014/ 1 January 2015		**108,720**	**26,792**	**66,065**	**125,929**	**905**	**211,599**	**708**	**540,718**
At 31 December 2015		**90,468**	**38,292**	**63,089**	**75,055**	**–**	**170,510**	**8,530**	**445,944**

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Equipment	Under construction	Total
Company			
Cost			
At 1 January 2014	36,295	314	36,609
Additions	1,213	–	1,213
Transfers	314	(314)	–
Disposals	(8)	–	(8)
Write-off	(3)	–	(3)
At 31 December 2014/1 January 2015	**37,811**	**–**	**37,811**
Additions	**466**	**–**	**466**
Disposals	**(216)**	**–**	**(216)**
Write-off	**(11)**	**–**	**(11)**
At 31 December 2015	**38,050**	**–**	**38,050**
Depreciation			
At 1 January 2014	11,475	–	11,475
Depreciation for the year	3,549	–	3,549
Disposals	(6)	–	(6)
At 31 December 2014/1 January 2015	**15,018**	**–**	**15,018**
Depreciation for the year	**3,624**	**–**	**3,624**
Disposals	**(56)**	**–**	**(56)**
Write off	**(1)**	**–**	**(1)**
At 31 December 2015	**18,585**	**–**	**18,585**
Carrying amounts			
At 1 January 2014	24,820	314	25,134
At 31 December 2014/1 January 2015	**22,793**	**–**	**22,793**
At 31 December 2015	**19,465**	**–**	**19,465**

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.1 Impairment loss

During the financial year, the cessation of the production of its manufacturing plants and continuous losses in Fertilizers segment caused the Group to assess the recoverable amount of the related leasehold buildings and plant, machinery and equipment. The Group tested the related assets for impairment and recognised an impairment loss of RM22,473,000 (2014: RM11,629,000) and RM15,131,000 (2014: RM11,011,000) with respect to leasehold buildings and plant, machinery and equipment.

3.2 Leasehold land

At 31 December 2015, the net carrying amount of the Group's leasehold land was RM90,468,000 (2014: RM108,720,000). Leasehold land of the Group has an unexpired lease period of 24 to 84 years.

3.3 Change in estimate

During the financial year, the Group decided to construct a new Oral Solid Dosage ("OSD") plant to replace its current plant. Consequently, the Group conducted an operational efficiency review of its current plant and certain machinery and equipment, whereby they are now expected to remain in use for another 5 years. As a result, the expected useful lives of these assets decreased and the effect of these changes on depreciation expense in current and future periods is as follows:-

	2015	**2016**	**2017**	**2018**	**2019**	**Later**
Increase/(decrease) in depreciation expense	**1,609**	1,609	1,609	1,609	1,609	(8,045)

4. INVESTMENT PROPERTIES

	Note	Group 2015	Group 2014	Company 2015	Company 2014
At 1 January		**31,140**	30,940	**113,530**	111,030
Additions		**75**	–	**75**	–
Change in fair value recognised in profit or loss		**5,755**	200	**28,115**	2,500
Transfer to property, plant and equipment	3	**(11,500)**	–	**–**	–
Transfer to assets classified as held for sale	14	**–**	–	**(13,600)**	–
At 31 December		**25,470**	31,140	**128,120**	113,530

	Group 2015	Group 2014	Company 2015	Company 2014
Included in the above are:-				
At fair value				
Freehold land	**220**	11,640	**5,440**	4,040
Leasehold land with unexpired lease period of more than 50 years	**20,800**	15,300	**112,500**	83,800
Leasehold land with unexpired lease period of less than 50 years	**4,450**	4,200	**–**	13,500
Buildings	**–**	–	**10,180**	12,190
At 31 December	**25,470**	31,140	**128,120**	113,530

During the financial year:-

(i) a freehold land has been transferred from investment property to property, plant and equipment (see Note 3), since the freehold land will be used by one of the subsidiary of the Company as warehouse for its plant.

(ii) a leasehold land has been transferred from investment property to assets classified as held for sale (see Note 14), since the leasehold land will be part of a disposal group.

Investment properties of the Group and 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.

4. INVESTMENT PROPERTIES (CONTINUED)

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
Rental income				
Direct operating expenses:	**–**	–	**5,196**	5,428
- income generating investment properties	**–**	–	**748**	785
- non-income generating investment properties	**47**	86	**–**	–

4.1 Fair value information

Fair value of investment properties are categorised as follows:-

	Level 2	Level 3	Total
2015			
Group			
Freehold land	**–**	**220**	**220**
Leasehold land with unexpired lease period of more than 50 years	**–**	**20,800**	**20,800**
Leasehold land with unexpired lease period of less than 50 years	**–**	**4,450**	**4,450**
	–	**25,470**	**25,470**
Company			
Freehold land	**–**	**5,440**	**5,440**
Buildings	**–**	**10,180**	**10,180**
Leasehold land with unexpired lease period of more than 50 years	**–**	**112,500**	**112,500**
	–	**128,120**	**128,120**

4. INVESTMENT PROPERTIES (CONTINUED)

4.1 Fair value information (continued)

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

Level 3 fair value

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

	Group		Company	
	2015	2014	2015	2014
At 1 January	**31,140**	30,940	**113,530**	111,030
Addition	**75**	–	**75**	–
Transfer to property, plant and equipment	**(11,500)**	–	**–**	–
Transfer to assets classified as held for sale	**–**	–	**(13,600)**	–
Change in fair value				
- other income - unrealised	**5,755**	200	**28,115**	2,500
At 31 December	**25,470**	31,140	**128,120**	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	Develop-ment cost	Total
Group						
Cost						
At 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/ 1 January 2015	**306,745**	**15,787**	**63**	**4,000**	**3,063**	**329,658**
Additions	**–**	**696**	**–**	**–**	**915**	**1,611**
Disposal	**–**	**–**	**–**	**(1,600)**	**–**	**(1,600)**
Transfer from property, plant and equipment	**–**	**–**	**–**	**–**	**2,730**	**2,730**
At 31 December 2015	**306,745**	**16,483**	**63**	**2,400**	**6,708**	**332,399**
Accumulated impairment loss						
At 1 January 2014/ 31 December 2014/ 1 January 2015/ 31 December 2015	**22,980**	**15,787**	**–**	**800**	**–**	**39,567**
Carrying amounts						
At 1 January 2014	**283,765**	**–**	**63**	**3,200**	**1,062**	**288,090**
At 31 December 2014/ 1 January 2015	**283,765**	**–**	**63**	**3,200**	**3,063**	**290,091**
At 31 December 2015	**283,765**	**696**	**63**	**1,600**	**6,708**	**292,832**

Company	**Trademark**
Cost/Carrying amount	
At 1 January 2014/31 December 2014/1 January 2015/31 December 2015	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

(i) The carrying amount of marketing rights amounting to RM nil (2014: nil) 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.

(ii) The carrying amount of marketing rights amounting to RM696,000 (2014: nil) represents the sole and exclusive right to market and sell Insulin Glargine Pen developed by Biocon SA, a company incorporated in India. The products have yet to be fully commercialised at year end.

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. INTANGIBLE ASSETS (CONTINUED)

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.

5.3 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	
	2015	**2014**
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"), determined by discounting future cash flow 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 (2014: 3 years) budget. Cash flows for a further 2 years (2014: 2 years) period were extrapolated using a growth rate of 8 percent (2014: 4 percent) for the subsidiary of pharmaceuticals division and 5 percent growth rate (2014: 4 to 5 percent) for subsidiaries of chemicals division. Management believes that these 5 years (2014: 5 years) forecast period was justified due to the long term nature of the businesses.

(b) The anticipated growth rate for revenue was projected in accordance with the Group's 3 years (2014: 3 years) budget and subsequently projected based on growth rate as stated in note (a) above.

(c) A pre-tax discount rate of 7.38 percent (2014: 8.60 percent). 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

	Note	Unexpired leasehold land with period less than 50 years 2015	2014
Group			
Cost			
At 1 January		**8,849**	8,849
Transfer to assets held for sale	14	**(8,849)**	–
At 31 December		**–**	8,849
Amortisation			
At 1 January		**3,492**	3,105
Amortisation for the year		**387**	387
Transfer to assets held for sale	14	**(3,879)**	–
At 31 December		**–**	3,492
Carrying amounts			
At 1 January		**5,357**	5,744
At 31 December		**–**	5,357

7. INVESTMENTS IN SUBSIDIARIES

	Company 2015	2014
At cost:		
Unquoted shares	**262,035**	366,896
Less: Accumulated impairment loss	**(44,788)**	(5,935)
	217,247	360,961

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 2015 %	2014 %
CCM Agri-Max Sdn. Bhd. and its subsidiaries:	Malaysia	Trading of wide range of fertilizers	**100.0**	100.0
CCM Fertilizers Sdn. Bhd. and its subsidiary:	Malaysia	Manufacture and marketing of a wide range of fertilizers	**50.1**	50.1
Max Agriculture 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	Trading as an agent and in its own right in chemicals and other commodities	**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 selling of industrial and hydrogel coating 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

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2015 %	2014 %
CCM Chemtrade Sdn. Bhd. ^	Malaysia	Dormant	–	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
CCM Marketing Sdn. Bhd. and its subsidiaries:	Malaysia	Investment holding	**100.0**	100.0
Euphorex Corporation Sdn. Bhd. ^	Malaysia	Dormant	–	100.0
Liberal Wira Sdn. Bhd. ^	Malaysia	Dormant	–	100.0
Usaha Progresif Sdn. Bhd. ^	Malaysia	Dormant	–	100.0
CCM Duopharma Biotech Berhad and its subsidiaries:	Malaysia	Investment holding	**73.4**	73.4
Duopharma (M) Sdn. Bhd.	Malaysia	Manufacturer, distributor, importer and exporter of pharmaceutical products and medicines	**73.4**	73.4
Upha Pharmaceutical Manufacturing (M) Sdn. Bhd.	Malaysia	Contract manufacturing of pharmaceutical products and sales of medicines	**73.4**	100.0
CCM Pharma Sdn. Bhd.	Malaysia	Property management and services	**73.4**	100.0
Innovax Sdn. Bhd.	Malaysia	Research and development of pharmaceutical products	**73.4**	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 2015 %	2014 %
CCM Pharmaceuticals Sdn. Bhd. and its subsidiaries:	Malaysia	Marketing and sales of medicine and pharmaceutical products	**73.4**	100.0
CCM Biopharma Sdn. Bhd.	Malaysia	Dormant	**73.4**	100.0
Sentosa Pharmacy Sdn. Bhd.	Malaysia	Distributor of pharmaceutical products	**73.4**	100.0
Unique Pharmacy (Ipoh) Sdn. Bhd.	Malaysia	Distributor of pharmaceutical products	**73.4**	100.0
Unique Pharmacy (Penang) Sdn. Bhd.	Malaysia	Distributor of pharmaceutical products	**73.4**	100.0
Negeri Pharmacy Sdn. Bhd.	Malaysia	Dormant	**73.4**	100.0
CCM International (Philippines), Inc. *	Republic of Philippines	Distribution, importing and exporting of pharmaceuticals and chemicals product	**73.4**	100.0
CCM Pharmaceuticals (S) Pte. Ltd. *	Singapore	Distribution, wholesaler of medicinal and pharmaceutical products	**73.4**	100.0
CCM Investments Limited **	British Virgin Islands	Investment holding	**100.0**	100.0
CCM International Sdn. Bhd. and its subsidiaries:	Malaysia	Investment holding	**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

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

* Not audited by members firms of KPMG International.

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

^ In liquidation and consolidated based on unaudited financial statements for the financial year ended 31 December 2014 and was dissolved during the financial year ended 31 December 2015.

7.1 During the year, the Group completed the following internal restructuring exercises:-

(i) disposal of 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, together with the settlement of advances due to CCMB amounting to RM10,256,000 based on 30 September 2014 balances;

(ii) disposal of 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 RM34,942,000, together with the settlement of advances due to CCMB amounting to RM16,337,000 based on 30 September 2014 balances;

(iii) disposal of the entire enlarged ordinary shares in CCM International (Philippines) Inc. ("CCMIP"), including 5 ordinary shares held on trust by five Directors of CCMIP for the benefit of CCM Investments Ltd. ("CCMIL"), a wholly-owned subsidiary of CCMB, representing 100% of its issued and paid-up share capital, by CCMIL, to CCMD for a cash consideration of RM1,000;

(iv) disposal of 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, together with the settlement of advances due to CCMB amounting to RM27,000 based on 30 September 2014 balances;

(v) disposal of 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, together with the settlement of advances due to CCMB amounting to RM84,779,000 based on 30 September 2014 balances; and

(vi) disposal of 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, together with the settlement of advances due to CCMB amounting RM399,000 based on 30 September 2014 balances.

The above transactions were completed on 27 May 2015.

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 subsidiaries	CCM Chemicals Sdn. Bhd. and its subsidiaries	Total
2015				
NCI percentage of ownership interest and voting interest	49.90%	26.63%	20.00%	
Carrying amount of NCI	31,739	120,045	26,797	178,581
(Loss)/Profit allocated to NCI	(19,602)	9,691	(869)	(10,780)
Summarised financial information before intra-group elimination				
As at 31 December				
Non-current assets	511	279,104	98,149	
Current assets	153,992	354,342	158,796	
Non-current liabilities	–	(109,016)	(51,584)	
Current liabilities	(90,898)	(74,712)	(71,377)	
Net assets	63,605	449,718	133,984	
Year ended 31 December				
Revenue	290,988	269,794	209,225	
(Loss)/Profit for the year	(39,282)	36,391	(4,345)	
Total comprehensive (loss)/income	(39,282)	35,669	(1,694)	
Cash flows (used in)/from operating activities	(29,096)	(50,872)	23,213	
Cash flows used in investing activities	(420)	(147,286)	(7,006)	
Cash flows from financing activities	21,672	324,087	39,456	
Net (decrease)/increase in cash and cash equivalents	(7,844)	125,929	55,663	
Dividends paid to NCI	–	8,358	–	

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
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				
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	

8. INVESTMENT IN ASSOCIATE

	Group 2015	Group 2014
At cost:		
Unquoted shares	**1,408**	1,408
Share of post acquisition reserves	**19,343**	18,395
Dividend received from associate	**(4,534)**	(4,534)
	16,217	15,269

Details of a material associate is as follows:-

Name of associate	Principal place of business/ Country of incorporation	Nature of the relationship	Effective ownership interest and voting interest 2015 %	Effective ownership interest and voting interest 2014 %
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 2015	Group 2014
Summarised financial information		
Non current assets	**4,428**	4,779
Current assets	**41,805**	34,963
Non current liabilities	**(373)**	(5,366)
Current liabilities	**(9,981)**	(603)
Net assets	**35,879**	33,773
Total comprehensive income	**2,106**	3,791
Included in the total comprehensive income is:		
Revenue	**36,632**	36,336
Reconciliation of net assets to carrying amount as at 31 December		
Group's share of net assets	**16,146**	15,198
Consolidated adjustments	**71**	71
Carrying amount in the statement of financial position	**16,217**	15,269
Group's share of results for the year ended 31 December		
Group's share of total comprehensive income	**948**	1,706

9. OTHER INVESTMENTS

	Unquoted	Quoted in Malaysia	Total
Group			
2015			
Non-current			
Available-for-sale financial assets	**15,740**	**124**	**15,864**
Market value of quoted investments	**–**	**124**	**124**
2014			
Non-current			
Available-for-sale financial assets	15,740	124	15,864
Market value of quoted investments	–	124	124
Company			
2015			
Non-current			
Available-for-sale financial assets	**15,740**	**–**	**15,740**
2014			
Non-current			
Available-for-sale financial assets	**15,740**	**–**	**15,740**
	Note 9.1		

Note 9.1

In 2014, the Company acquired 241,935 common 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 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.

PanGen had subsequently conducted several capital raising and bonus issue exercises resulting in the Company holding an effective interest in PanGen of 11.62% comprising of 483,870 common shares and 332,580 redeemable cumulative convertible preference shares.

10. DEFERRED TAX (ASSETS)/LIABILITIES

Recognised deferred tax (assets) and liabilities

Deferred tax (assets) and liabilities are attributable to the following:-

	Assets		Liabilities		Net	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Group						
Property, plant and equipment	**–**	–	**31,547**	23,614	**31,547**	23,614
Provisions	**(6,014)**	(2,168)	**–**	–	**(6,014)**	(2,168)
Other temporary differences	**(7,903)**	(4,189)	**5,307**	5,553	**(2,596)**	1,364
Tax losses/tax incentives carry-forwards	**(11,267)**	(15,084)	**–**	–	**(11,267)**	(15,084)
Tax (assets)/liabilities	**(25,184)**	(21,441)	**36,854**	29,167	**11,670**	7,726
Set off of tax	**17,558**	9,878	**(17,558)**	(9,878)	**–**	–
Net tax (assets)/liabilities	**(7,626)**	(11,563)	**19,296**	19,289	**11,670**	7,726
Company						
Property, plant and equipment	**–**	–	**4,539**	5,650	**4,539**	5,650
Investment properties	**–**	–	**3,340**	3,221	**3,340**	3,221
Other temporary differences	**(659)**	(85)	**4,842**	3,432	**4,183**	3,347
Tax (assets)/liabilities	**(659)**	(85)	**12,721**	12,303	**12,062**	12,218
Set off of tax	**659**	85	**(659)**	(85)	**–**	–
Net tax (assets)/liabilities	**–**	–	**12,062**	12,218	**12,062**	12,218

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 2015	Group 2014
Tax losses carry-forwards	**(20,478)**	(64,208)
Other temporary differences	**(1,006)**	(441)
	(21,484)	(64,649)

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 1.1.2014	Recognised in profit or loss (Note 20)	At 31.12.2014/ 1.1.2015	Recognised in profit or loss (Note 20)	At 31.12.2015
Group					
Property, plant and equipment	16,328	7,286	**23,614**	7,933	**31,547**
Provisions	(6,986)	4,818	**(2,168)**	(3,846)	**(6,014)**
Other temporary differences	4,983	(3,619)	**1,364**	(3,960)	**(2,596)**
Tax losses/tax incentives carry-forwards	(4,373)	(10,711)	**(15,084)**	3,817	**(11,267)**
	9,952	(2,226)	**7,726**	3,944	**11,670**
Company					
Property, plant and equipment	6,235	(585)	**5,650**	(1,111)	**4,539**
Investment properties	3,091	130	**3,221**	119	**3,340**
Other temporary differences	2,673	674	**3,347**	836	**4,183**
	11,999	219	**12,218**	(156)	**12,062**

11. TRADE AND OTHER RECEIVABLES

	Note	Group 2015	Group 2014	Company 2015	Company 2014
Non-current					
Non-trade					
Amount due from subsidiaries	11.1	**–**	–	**444,152**	414,968
Total non-current		**–**	–	**444,152**	414,968
Current					
Trade					
Trade receivables	11.2	**199,449**	222,057	**–**	–
Non-trade					
Amount due from subsidiaries	11.3	**–**	–	**151,262**	134,029
Amount due from associate	11.3	**57**	45	**41**	37
Deposits		**10,267**	7,049	**308**	527
Other receivables		**9,341**	4,146	**581**	88
Prepayments		**8,804**	23,640	**19**	127
		28,469	34,880	**152,211**	134,808
Total current		**227,918**	256,937	**152,211**	134,808

11.1 The amount due from subsidiaries relates to advances which are unsecured, subject to interest of 4.24% per annum (2014: 4.35% per annum) and are not repayable over the next 12 months. The Company has recognised an impairment loss of RM65,065,000 (2014: RM82,128,000) with respect to its advances to subsidiaries during the year.

11.2 Included in the trade receivables as at 31 December 2015 are amount due from a significant investor that has influence over a subsidiary of RM473,000 (2014: RM19,941,000).

11.3 Included in non-trade amount due from subsidiaries as at 31 December 2015 are advances to subsidiaries of RM14,738,000 (2014: RM41,498,000) which are unsecured, subject to interest of 4.24% per annum (2014: 4.35%).

The remaining amount due from subsidiaries and associate are unsecured, interest free and repayable on demand.

12. INVENTORIES

	Group	
	2015	**2014**
Raw materials	**115,843**	96,037
Work-in-progress	**4,404**	7,317
Finished goods	**76,388**	136,969
Spares and consumables	**2,616**	5,131
	199,251	245,454

Recognised in profit or loss:		
Inventories recognised as cost of sales	**728,440**	827,862
Write-down to net realisable value	**12,626**	10,507
Write-off of inventories	**2,776**	6,880

12.1 The write-down and write-off are included in cost of sales.

13. CASH AND CASH EQUIVALENTS

		Group		Company	
	Note	**2015**	**2014**	**2015**	**2014**
Cash and bank balances		**95,929**	105,436	**3,000**	3,770
Deposits placed with financial institutions	13.1	**117,629**	102,776	**33,165**	77,537
Highly liquid investments with financial institutions	13.2	**111,000**	–	**15,000**	–
		324,558	208,212	**51,165**	81,307

13.1 Deposits placed with financial institutions

Included in the Group's deposits placed with financial institutions is RM15,000,000 (2014: nil) pledged for bank overdraft facility granted to a subsidiary. The tenure of the overdraft facility will be expiring on 17 March 2016.

13.2 Highly liquid investments with financial institutions

The Directors regard the highly liquid investments with financial institutions as cash and cash equivalents in view of its high liquidity and insignificant changes in value.

14. DISPOSAL GROUP HELD FOR SALE

In 2015, the Group committed to a plan to cease and scale down its Fertilizers operating segment. The decision is consistent with the Group's strategy to place greater focus on enhancing business profitability on its Pharmaceuticals and Chemicals segments and to exit business operations which have been consistently underperforming over the years. Part of the business operations under the Fertilizers operating segment is presented as a disposal group held for sale following the commitment of the Group's management to a plan to sell the disposal group. Efforts to sell the disposal group have commenced, and a sale is expected to be completed by end 2016.

At 31 December 2015, the assets and liabilities of the disposal group are as follows:-

		Group 2015
Assets classified as held for sale		
Property, plant and equipment	a	**56,110**
Prepaid lease payments	b	**4,970**
Inventories	c	**66,868**
Receivables	d	**28,248**
Current tax assets		**187**
Cash and cash equivalents		**3,159**
		159,542
Liabilities classified as held for sale		
Payables and accruals		**14,577**
Borrowings		**70,730**
Current tax liabilities		**3**
		85,310

		Company 2015
Assets classified as held for sale		
Investment property	e	**13,600**

The carrying value of property, plant and equipment, prepaid lease payments and investment property are the same as its carrying value before it was being reclassified to current asset.

14. DISPOSAL GROUP HELD FOR SALE (CONTINUED)

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

	Note	Group 2015
Cost	3	**192,581**
Accumulated depreciation and impairment loss	3	**(136,471)**
		56,110

Note b
Prepaid lease payments held for sale comprise the following:-

	Note	Group 2015
Cost	6	**8,849**
Accumulated amortisation	6	**(3,879)**
		4,970

Note c
The inventories held for sale comprise raw materials, work-in-progress, finished goods and spares and consumables and are carried at cost.

Note d
Receivables are carried at cost less an impairment loss of RM6,512,000.

Note e
Investment property held for sale is a leasehold land leased to a subsidiary carried at fair value of RM13,600,000.

15. CAPITAL AND RESERVES

15.1 Share capital

	Group and Company			
	2015		2014	
	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	**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 2015, the Group held 2,998,000 (2014: 2,998,000) of the Company’s shares. There were no repurchase of issued share capital in the current financial year.

15. CAPITAL AND RESERVES (CONTINUED)

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

		Group		Company	
	Note	2015	2014	2015	2014
Non-current - unsecured					
Sukuk Musyarakah	16.1	**–**	100,000	**–**	100,000
Term loan	16.2	**454,379**	–	**300,570**	–
		454,379	100,000	**300,570**	100,000
Current - unsecured					
Bankers' acceptances		**34,770**	44,228	**–**	–
Term loan	16.2	**7,989**	280,000	**–**	280,000
Revolving credit and trade facilities	16.3	**35,958**	169,775	**–**	40,000
Sukuk Musyarakah	16.1	**100,000**	–	**100,000**	–
		178,717	494,003	**100,000**	320,000

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

16. LOANS AND BORROWINGS (CONTINUED)

16.1 Unsecured Sukuk Musyarakah (continued)

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.

(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.

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.

All the above unsecured term loan (i) to (iii) had been fully settled on their maturity dates in 2015.

(iv) In April 2015, the Company obtained a RM150.57 million, 3 years unsecured term loan at the rate of 4.70% per annum which mature in April 2018.

16. LOANS AND BORROWINGS (CONTINUED)

16.2 Unsecured term loan

(v) In December 2015, the Company obtained a RM150 million, 3 years unsecured term loan at the rate of 4.93% per annum which mature in April 2018.

The significant covenants for the unsecured term loan (iv) to (v) above are as follows:-

(a) 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.

(b) The Company 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.

(c) The consolidated Total Indebtedness to Consolidated Net worth Ratio shall not be exceeding 1.5 times (Net worth consists of share capital, non-controlling interest and retained earnings/losses).

(d) The consolidated Net Worth shall not be less than RM750 million.

(e) Interest coverage ratio of not less than 2 times.

(vi) In June 2015, CCM Duopharma Biotech Berhad ("CCMD"), a subsidiary of the Company, obtained a RM245 million term loan facility, divided into two tranches. CCMD has settled Tranche 1 of RM133 million on 23 July 2015. Tranche 2 of RM112 million is payable over 7 years and is subject to interest rate of 4.5% per annum.

The significant covenants for the unsecured term loan (vii) are as follows:-

(a) It is a condition that CCM Marketing Sdn. Bhd. shall at all time, directly or indirectly, owns it majority shareholding in the CCMD's issued and paid up share capital, and;

(b) Gearing ratio at the CCMD shall not exceed 1.5 times throughout the tenure of the facility.

(vii) In September 2015, CCM Chemicals Sdn. Bhd. ("CCMC"), a subsidiary of the Company, obtained a RM50 million, 5 years unsecured term loan at the rate of 4.86% per annum which matures in October 2020.

The significant covenants for the unsecured term loan (vi) are as follows:-

(a) CCMC shall maintain a minimum Consolidated Net Worth of RM80 million during the tenure of the facility.

(b) CCMC's Consolidated Total Debt to Consolidated Net Worth ratio shall not at all times exceed 1.5 times.

(c) CCMC's Interest Coverage Ratio shall not less than 2.0 times.

(d) CCMC's Debt Service Ratio shall not at all times less than 1.25 times.

16. LOANS AND BORROWINGS (CONTINUED)

16.3 Unsecured revolving credit and trade facilities

As at 31 December 2015, the subsidiaries of the Company have 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.

17. PROVISION

	Note	Group 2015	2014
Warranties			
At 1 January		**758**	410
Provision made during the year		**206**	348
At 31 December		**964**	758

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 (2014: 2 years).

18. TRADE AND OTHER PAYABLES

	Note	Group 2015	Group 2014	Company 2015	Company 2014
Trade					
Trade payables		**74,308**	84,425	**–**	–
Non-trade					
Accrued expenses		**41,103**	39,439	**11,121**	9,092
Amount due to subsidiaries	18.1	**–**	–	**3,107**	6,389
Other payables		**31,968**	19,182	**2,445**	977
		73,071	58,621	**16,673**	16,458
		147,379	143,046	**16,673**	16,458

18.1 The non-trade payables due to subsidiaries are unsecured, interest free and repayable on demand.

19. REVENUE

	Continuing operations 2015	Continuing operations 2014 Restated	Discontinued operation (see Note 21) 2015	Discontinued operation (see Note 21) 2014 Restated	Total 2015	Total 2014 Restated
Group						
Sales	**629,537**	599,364	**367,509**	488,656	**997,046**	1,088,020
Rental income from property	**793**	1,037	**–**	–	**793**	1,037
	630,330	600,401	**367,509**	488,656	**997,839**	1,089,057
Company						
Rental income from property	**5,196**	5,428	**–**	–	**5,196**	5,428
Dividends	**–**	2,660	**–**	–	**–**	2,660
	5,196	8,088	**–**	–	**5,196**	8,088

20. TAX EXPENSE/(INCOME)

Recognised in profit or loss

	Group		Company	
	2015	2014	**2015**	2014
Tax expense/(income) on continuing operations	**24,372**	13,648	**234**	(57)
Tax expense/(income) on discontinued operation	**5,809**	(306)	**–**	–
Share of tax of equity accounted associate	**521**	413	**–**	–
Total tax expense/(income)	**30,702**	13,755	**234**	(57)

Major components of income tax expense include:

		Group		Company	
		2015	2014	**2015**	2014
Current tax expense					
Malaysian	– current year	**26,568**	17,396	**1,383**	1,432
	– prior year	**(359)**	(2,713)	**(993)**	(1,708)
Overseas	– current year	**1**	–	**–**	–
	– prior year	**27**	885	**–**	–
Total current tax recognised in profit or loss		**26,237**	15,568	**390**	(276)
Deferred tax expense					
Origination and reversal of temporary differences		**287**	(1,081)	**(198)**	(9)
Under/(Over) provision in prior years		**3,657**	(1,145)	**42**	228
Total deferred tax recognised in profit or loss (Note 10)		**3,944**	(2,226)	**(156)**	219
		30,181	13,342	**234**	(57)
Share of tax of equity accounted associate		**521**	413	**–**	–
Total tax expense/(income)		**30,702**	13,755	**234**	(57)

Reconciliation of effective tax rate

	%	%	**%**	%
Loss before tax	**(100)**	(100)	**(100)**	(100)
Income tax calculated using Malaysian tax rate of 25% (2014: 25%)	**(25)**	(25)	**(25)**	(25)
Non-deductible expenses	**58**	135	**39**	28
Non-taxable income	**(5)**	(37)	**(12)**	(1)
Under/(Over) provision in prior years	**8**	(14)	**(2)**	(2)
Impairment of deferred tax assets in Fertilizers operating segment	**39**	–	**–**	–
Others	**(4)**	1	**–**	–
	71	60	**–**	–

21. DISCONTINUED OPERATION

In 2015, the Group decided to cease and scale down its business operations for Fertilizers operating segment following continuing losses incurred by this operating segment. The Fertilizers segment was not a discontinued operation or classified as held for sale as at 31 December 2014 and the comparative consolidated statement of profit or loss and other comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

Profit attributable to the discontinued operation was as follows:-

Results of discontinued operation

		Group	
	Note	**2015**	**2014**
Revenue	19	**367,509**	488,656
Expenses		**(463,563)**	(552,308)
Results from operating activities		**(96,054)**	(63,652)
Tax (loss)/benefit	20	**(5,809)**	306
Results from operating activities, net of tax		**(101,863)**	(63,346)
Included in results from operating activities are:			
Depreciation of property, plant and equipment		**12,385**	14,468
Amortisation of prepaid lease payments		**387**	387

The loss from discontinued operation is attributable to:-

	Group	
	2015	**2014**
Owners of the Company	**(82,261)**	(61,025)
Non-controlling interests	**(19,602)**	(2,321)
Loss for the year	**(101,863)**	(63,346)
Cash flows from/(used in) discontinued operation		
Net cash (used in)/from operating activities	**(55,209)**	59,691
Net cash used in investing activities	**(2,089)**	(18,215)
Net cash from/(used in) financing activities	**44,933**	(60,989)
Effect on cash flows	**(12,365)**	(19,513)

22. LOSS FOR THE YEAR

	Group		Company	
	2015	2014	2015	2014
Loss for the year is arrived at after charging:				
Amortisation of prepaid lease payments	**387**	387	**–**	–
Auditors' remuneration				
- Statutory Audit:				
- KPMG	**558**	530	**85**	80
- Other auditors	**129**	134	**–**	–
- Other services KPMG	**112**	209	**52**	49
Depreciation of property, plant and equipment	**54,110**	54,817	**3,624**	3,549
Impairment loss:				
- Property, plant and equipment	**37,604**	24,086	**–**	–
- Trade receivables	**4,156**	14,507	**–**	–
- Amount due from subsidiaries	**–**	–	**65,065**	82,128
- Investment in subsidiaries	**–**	–	**38,853**	–
Interest expense:				
- Subsidiaries	**–**	–	**20**	22
- Bank overdraft	**136**	–	**–**	–
- Revolving credits	**5,355**	4,216	**573**	–
- Bankers' acceptances	**2,352**	1,480	**–**	–
- Unsecured term loan	**15,481**	14,190	**12,561**	14,190
- Others	**6,784**	7,382	**4,643**	4,260
Net loss on disposal of property, plant and equipment	**699**	6	**–**	–
Personnel expenses (including key management personnel)				
- Contribution to Employees Provident Fund	**14,706**	13,720	**2,343**	2,463
- Wages, salaries and others	**116,090**	111,686	**16,786**	13,366
Property, plant and equipment written off	**206**	24	**10**	3
Rental expenses in respect of				
- property leases	**8,584**	11,024	**1,209**	1,187
- property	**219**	122	**18**	–
- equipment	**469**	88	**159**	88

22. LOSS FOR THE YEAR (CONTINUED)

	Group		Company	
	2015	**2014**	**2015**	**2014**
Loss for the year is arrived at after charging: (continued)				
Research and development costs expensed as incurred	**9,371**	7,359	**–**	–
Realised foreign exchange loss	**2,081**	1,034	**18**	10
Write-down of inventories	**12,626**	10,507	**–**	–
Write-off of inventories	**2,776**	6,880	**–**	–
Unrealised foreign exchange loss	**294**	5,623	**760**	6
and after crediting:				
Change in fair value of investment properties	**5,755**	200	**28,115**	2,500
Interest income:				
- Subsidiaries	**–**	–	**18,373**	18,653
- Fixed deposits	**5,106**	4,427	**2,436**	3,658
- Others	**824**	464	**39**	–
Net gain on disposal of property, plant and equipment	**–**	–	**171**	2
Realised foreign exchange gain	**3,225**	1,700	**–**	4
Reversal of impairment loss on trade receivables	**308**	3,068	**–**	–
Rental income from property	**1,037**	1,037	**5,196**	5,428
Unrealised foreign exchange gain	**7,162**	10	**–**	–
Write back of amount due to a creditor	**–**	1,942	**–**	–
Write back of amount due to subsidiaries	**–**	–	**4,924**	–
Net gain on disposal of investment in subsidiaries	**–**	–	**26,046**	–

23. EARNINGS/(LOSS) PER ORDINARY SHARE

Basic earnings/(loss) per ordinary share

The calculation of basic earnings/(loss) per ordinary share at 31 December 2015 was based on the profit/(loss) attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, calculated as follows:-

	2015			2014		
	Continuing operations	**Discontinued operation**	**Total**	**Continuing operations**	**Discontinued operation**	**Total**
Profit/(Loss) for the year attributable to ordinary shareholders	**19,785**	**(82,261)**	**(62,476)**	18,511	(61,025)	(42,514)

23. EARNINGS/(LOSS) PER ORDINARY SHARE (CONTINUED)

	Group 2015	Group 2014
Weighted average number of ordinary shares at 31 December	**454,632**	454,632

	2015 Sen	2014 Sen
From continuing operations	**4.35**	4.07
From discontinued operations	**(18.09)**	(13.42)
Basic loss per ordinary share	**(13.74)**	(9.35)

Diluted earnings/(loss) per ordinary share

No diluted earnings/(loss) per ordinary share is presented as there are no adjustment for the effects of all dilutive potential ordinary shares as at 31 December 2015 and 31 December 2014.

24. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Total amount	Date of payment
2015			
Interim 2014 ordinary	**2.50**	**11,366**	15 January 2015
Interim 2015 ordinary	**2.50**	**11,366**	1 October 2015
Total amount		**22,732**	

25. 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:-

- Pharmaceuticals - Manufacture and marketing of pharmaceutical and healthcare products.
- Chemicals - Manufacture and marketing of chlor-alkali and coagulant products, industrial and specialty chemicals and polymer coatings.
- Fertilizers - Manufacture and marketing of fertilizers.

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 2015 and 2014.

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.

25. OPERATING SEGMENTS (CONTINUED)

	Pharmaceuticals		Chemicals		Fertilizers (discontinued)		Others		Eliminations		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Segment profit/(loss)	**28,686**	27,506	**18,001**	14,325	**(101,863)**	(63,346)	**(74,720)**	(124,473)	**56,640**	110,565	**(73,256)**	(35,423)
Included in the measure of segment (loss)/profit are:												
Total external revenue	**334,769**	320,386	**294,755**	278,980	**367,509**	488,656	**806**	1,037	**–**	–	**997,839**	1,089,057
Inter-segment revenue	**–**	–	**–**	–	**–**	–	**4,403**	8,570	**(4,403)**	(8,570)	**–**	–
Write-down of inventories	**3,674**	2,153	**–**	–	**8,952**	8,354	**–**	–	**–**	–	**12,626**	10,507
Write-off of inventories	**2,776**	6,103	**–**	777	**–**	–	**–**	–	**–**	–	**2,776**	6,880
Impairment of property, plant and equipment	**–**	–	**–**	–	**37,604**	24,086	**–**	–	**–**	–	**37,604**	24,086
Depreciation and amortisation	**(21,532)**	(18,486)	**(15,722)**	(13,163)	**(12,772)**	(18,371)	**(3,624)**	(3,549)	**(847)**	(1,635)	**(54,497)**	(55,204)
Share of profit of associate	**–**	–	**948**	1,706	**–**	–	**–**	–	**–**	–	**948**	1,706
Not included in the measure of segment profit but provided to Group Managing Director:												
Finance costs	**(20,107)**	(12,353)	**(4,114)**	(3,140)	**(8,526)**	(12,154)	**(17,801)**	(18,532)	**20,440**	18,911	**(30,108)**	(27,268)
Finance income	**5,498**	167	**1,824**	949	**460**	375	**20,848**	22,311	**(22,700)**	(18,911)	**5,930**	4,891
Tax income/(expense)	**(9,670)**	(8,157)	**(13,271)**	(4,620)	**(5,809)**	306	**(234)**	55	**(1,197)**	(926)	**(30,181)**	(13,342)

25. OPERATING SEGMENTS (CONTINUED)

	Pharmaceuticals		Chemicals		Fertilizers (discontinued)		Others		Eliminations		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Segment assets	**781,925**	725,350	**459,348**	450,649	**346,725**	397,806	**1,047,220**	1,161,896	**(898,312)**	(1,096,642)	**1,736,906**	1,639,059
Included in the measure of segment assets are:												
Investment in associate	**–**	–	**16,146**	15,198	**–**	–	**–**	–	**71**	71	**16,217**	15,269
Additions to non-current assets other than financial instrument and deferred tax assets	**34,084**	21,660	**10,562**	17,219	**2,089**	1,289	**467**	1,728	**–**	–	**47,202**	41,896

Geographical segments

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

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		Singapore		Other regions		Fertilizers (discontinued)		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Geographical segments												
External revenue	**587,396**	1,021,905	**7,724**	26,910	**26,002**	33,004	**9,208**	7,238	**367,509**	488,656	**997,839**	1,089,057
Segment assets	**1,304,665**	1,165,715	**12,026**	41,341	**18,615**	19,394	**19,945**	14,803	**381,655**	397,806	**1,736,906**	1,639,059

26. FINANCIAL INSTRUMENTS

26.1 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
2015			
Financial assets			
Group			
Other investments	15,864	–	15,864
Trade and other receivables	219,114	219,114	–
Cash and cash equivalents	324,558	324,558	–
	559,536	543,672	15,864
Company			
Other investments	15,740	–	15,740
Trade and other receivables	596,344	596,344	–
Cash and cash equivalents	51,165	51,165	–
	663,249	647,509	15,740
Financial liabilities			
Group			
Loans and borrowings	(633,096)	(633,096)	–
Trade and other payables	(147,379)	(147,379)	–
	(780,475)	(780,475)	–
Company			
Loans and borrowings	(400,570)	(400,570)	–
Trade and other payables	(16,673)	(16,673)	–
	(417,243)	(417,243)	–

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.1 Categories of financial instruments (continued)

	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)	–

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.2 Net gains and losses arising from financial instruments

	Group		Company	
	2015	**2014**	**2015**	**2014**
Net gains/(losses) on:				
Loans and receivables	**9,786**	(6,548)	**(44,995)**	(59,817)
Financial liabilities measured at amortised cost	**(30,108)**	(34,157)	**(12,873)**	(18,484)
	(20,322)	(40,705)	**(57,868)**	(78,301)

26.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:-

- Credit risk
- Liquidity risk
- Market risk

26.4 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.

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.4 Credit risk (continued)

(i) Receivables (continued)

Exposure to credit risk, credit quality and collateral (continued)

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:-

	Group	
	2015	**2014**
Malaysia	**189,900**	202,545
Indonesia	**2,775**	8,293
Others	**6,774**	11,219
	199,449	222,057

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				
2015				
Not past due	**154,413**	**–**	**–**	**154,413**
Past due 0-30 days	**21,119**	**–**	**–**	**21,119**
Past due 31-180 days	**22,966**	**(990)**	**–**	**21,976**
Past due more than 181 days	**21,614**	**(10,026)**	**(9,647)**	**1,941**
	220,112	**(11,016)**	**(9,647)**	**199,449**
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

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.4 Credit risk (continued)

(i) Receivables (continued)

The movements in the allowance for impairment losses of trade receivables during the year were:-

	Group	
	2015	**2014**
At 1 January	**21,676**	18,957
Impairment loss recognised	**4,156**	14,507
Impairment loss reversed	**(308)**	(3,068)
Impairment loss written off	**(6,512)**	(8,798)
Foreign exchange differences	**1,651**	78
At 31 December	**20,663**	21,676

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.

(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.

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.4 Credit risk (continued)

(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 22. The Company does not specifically monitor the ageing of the advances to the subsidiaries.

26.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's 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.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.5 Liquidity risk (continued)

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	More than 5 years
Group							
2015							
Non-derivative financial liabilities							
Unsecured Sukuk Musyarakah	**100,000**	**4.35%**	**104,350**	**104,350**	**–**	**–**	**–**
Unsecured term loan	**462,368**	**4.30% - 4.93%**	**538,990**	**25,159**	**354,505**	**103,710**	**55,616**
Unsecured bankers' acceptances	**34,770**	**3.91% - 4.30%**	**36,154**	**36,154**	**–**	**–**	**–**
Unsecured revolving credit and trade facilities	**35,958**	**4.30% - 7.73%**	**37,880**	**37,880**	**–**	**–**	**–**
Trade and other payables	**147,379**	**–**	**147,379**	**147,379**	**–**	**–**	**–**
	780,475		**864,753**	**350,922**	**354,505**	**103,710**	**55,616**
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	–	–

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount	Contractual interest rate %	Contractual cash flows	Under 1 year	1 - 2 years	2 - 5 years
Company						
2015						
Non-derivative financial liabilities						
Unsecured Sukuk Musyarakah	**100,000**	**4.35%**	**104,350**	**104,350**	**–**	**–**
Unsecured term loan	**300,570**	**4.70% - 4.93%**	**331,078**	**13,075**	**318,003**	**–**
Trade and other payables	**16,673**	**–**	**16,673**	**16,673**	**–**	**–**
	417,243		**452,101**	**134,098**	**318,003**	**–**
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	–

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.6 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.

26.6.1 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 of 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.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:-

	Group		Company	
	2015	**2014**	**2015**	**2014**
Fixed rate instruments				
Financial assets	**117,629**	102,776	**492,055**	534,003
Financial liabilities	**(633,096)**	(594,003)	**(400,570)**	(420,000)
	(515,467)	(491,227)	**91,485**	114,003

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.

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.6 Market risk (continued)

26.6.2 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") 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.

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	**IDR**
2015		
Trade receivables	**10,068**	**1,258**
Trade payables	**(4,279)**	**–**
Net exposure in the statement of financial position	**5,789**	**1,258**
2014		
Trade receivables	10,690	6,606
Trade payables	(14,421)	–
Borrowings	(9,643)	–
Net exposure in the statement of financial position	(13,374)	6,606

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.6 Market risk (continued)

26.6.2 Currency risk (continued)

Currency risk sensitivity analysis

A 10% (2014: 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)	
	2015	**2014**
Group		
USD	**(434)**	1,003
IDR	**(94)**	(495)

A 10% (2014: 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.

26.7 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.

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.7 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
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
2015										
Group										
Financial assets										
Quoted shares	**124**	**–**	**–**	**124**	**–**	**–**	**–**	**–**	**124**	**124**
Financial liabilities										
Unsecured term loan	**–**	**–**	**–**	**–**	**–**	**–**	**(434,214)**	**(434,214)**	**(434,214)**	**(454,379)**
	124	**–**	**–**	**124**	**–**	**–**	**(434,214)**	**(434,214)**	**(434,090)**	**(454,255)**
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)

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.7 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
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
2015										
Company										
Financial assets										
Amount due from subsidiaries	–	–	–	–	–	–	**426,086**	**426,086**	**426,086**	**444,152**
Financial liabilities										
Unsecured term loan	–	–	–	–	–	–	**(286,763)**	**(286,763)**	**(286,763)**	**(300,570)**
	–	–	–	–	–	–	**139,323**	**139,323**	**139,323**	**143,582**
2014										
Company										
Financial assets										
Amount due from subsidiaries	–	–	–	–	–	–	397,669	397,669	397,669	414,968
Financial liabilities										
Unsecured sukuk Musyarakah	–	–	–	–	–	–	(98,653)	(98,653)	(98,653)	(100,000)
	–	–	–	–	–	–	299,016	299,016	299,016	314,968

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.7 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.

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. (2014: 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 long term liabilities are determined using the discounted cash flows valuation technique.

27. 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 2015, the Group's strategy, which was unchanged from 2014, was to maintain the debt-to-equity ratio of not more than 1:1. The debt-to-equity ratio at 31 December 2015 and 31 December 2014 were as follows:

		Group	
	Note	2015	2014
Total loans and borrowings	16	**633,096**	594,003
Total equity		**849,952**	880,598
Debt-to-equity ratios		**0.74: 1**	0.67:1

27. CAPITAL MANAGEMENT (CONTINUED)

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.

28. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
Less than one year	**1,558**	1,571	**1,209**	1,187
Between one and five years	**201**	159	**201**	–
	1,759	1,730	**1,410**	1,187

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.

29. CAPITAL AND OTHER COMMITMENTS

	Group		Company	
	2015	**2014**	**2015**	**2014**
Capital expenditure commitments				
Plant and equipment				
Authorised but not contracted for	**269,074**	28,543	**3,708**	5,607
Contracted but not provided for	**35,099**	31,498	**206**	–
	304,173	60,041	**3,914**	5,607

30. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group 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, associate and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and the Company, other than key management personnel compensation (see Note 31) are shown below. The balances related to the below transactions are shown in Notes 11 and 18.

	Transaction value year ended	
	2015	**2014**
Group		
Rental expense to holding company	**(1,209)**	(1,187)
Sales of products to significant investors that has influence over a subsidiary	**559**	19,730
Company		
Dividend income from subsidiaries	**–**	2,660
Rental expense to holding company	**(1,209)**	(1,187)
Rental income from subsidiaries	**4,403**	4,391
Shared cost charged to subsidiaries	**15,385**	14,953

31. KEY MANAGEMENT PERSONNEL COMPENSATION

	Group		Company	
	2015	**2014**	**2015**	**2014**
Directors				
- Fees	**838**	894	**620**	654
- Remuneration	**1,244**	1,489	**419**	1,452
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	**306**	165	**250**	165
	2,388	2,548	**1,289**	2,271
Other key management personnel:				
- Remuneration	**6,361**	5,459	**1,970**	1,396
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	**340**	255	**114**	87
	6,701	5,714	**2,084**	1,483

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.

32. CONTINGENT LIABILITIES

As of 31 December 2015, PT CCM Indonesia ("PTCCMI"), a subsidiary of the Company was appealing against the Director General Tax, Indonesia's assessment with respect to year of assessment 2011. If the appeal was unsuccessful, an additional tax to be paid by PTCCMI arising from various tax adjustments/corrections would be IDR36,100,000,000 (equivalent to approximately RM9.7 million). The hearing of the appeals was concluded on 29 July 2015 and as at 31 December 2015, the matter is currently pending decision from the Indonesian Tax Court.

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.

33. SUBSEQUENT EVENTS

(i) On 23 February 2016, PT CCM Agripharma ("PTCCMA"), a wholly-owned subsidiary of Chemical Company of Malaysia Berhad ("CCM"), entered into Conditional Land and Building Sale and Purchase Agreement ("SPA") with PT Feedmill Indonesia to dispose two parcels of land and a parcel of land attached with building, plant and equipment located in Medan, Indonesia, measuring approximately 75,339 square metres for a sale consideration of IDR121.8 billion equivalent to approximately RM41,000,000.

The sale is subject to the terms and conditions stipulated in the SPA and is expected to be completed in 2016.

(ii) On 11 March 2016, PanGen Biotech Inc. ("PanGen"), an investee company of CCM was listed on Korean Securities Dealers Automated Quotations ("KOSDAQ") under the category of New Growth Engine Companies. The listing of PanGen includes issuance of 1,699,500 new common shares resulting in CCM having an effective equity interest of 9.34% in PanGen as at the listing date.

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 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	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Total retained earnings of the Company and its subsidiaries				
- realised	**230,416**	304,322	**39,963**	149,901
- unrealised	**38,038**	58,827	**85,145**	56,874
	268,454	363,149	**125,108**	206,775
Total share of retained earnings of associate				
- realised	**14,533**	13,585	**–**	–
- unrealised	**276**	276	**–**	–
	283,263	377,010	**125,108**	206,775
Less: Consolidation adjustments	**(98,473)**	(107,012)	**–**	–
Total retained earnings	**184,790**	269,998	**125,108**	206,775

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 2016

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 2016

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
1 – 99	588	10.75	7,931	0.00
100 – 1,000	884	16.16	565,169	0.12
1,001 – 10,000	2,799	51.16	13,727,715	3.00
10,001 – 100,000	1,071	19.58	31,844,022	6.96
100,001 – 22,881,491(*)	127	2.32	66,759,156	14.59
22,881,491 and above(**)	2	0.04	344,725,863	75.33
	5,471	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 2016

Names	Direct Holdings		Indirect Holdings	
	No.	%	No.	%
1. Permodalan Nasional Berhad	321,504,263	70.25	–	–
2. Yayasan Pelaburan Bumiputra[a]	–	–	321,504,263	70.25
3. Lembaga Tabung Haji	23,221,600	5.07	–	–

[a] Deemed interested 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 2016

No.	Shareholders	Holdings	Percentage (%)
1.	PERMODALAN NASIONAL BERHAD	321,504,263	70.25
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)	4,983,900	1.09
5.	AMANAHRAYA TRUSTEES BERHAD - Affin Hwang Principled Growth Fund	3,500,000	0.76
6.	CHEMICAL COMPANY OF MALAYSIA BERHAD - Share Buy Back Account	2,998,000	0.66
7.	G.T.Y HOLDINGS SDN. BHD.	2,500,000	0.55
8.	CHUA ENG HO WA'A @ CHUA ENG WAH	1,629,500	0.36
9.	AMANAHRAYA TRUSTEES BERHAD - Affin Hwang Aiiman Equity Fund	1,587,100	0.35
10.	HSBC NOMINEES (ASING) SDN BHD - Exempt AN for Bank Julius Baer & Co. Ltd. (Singapore BCH)	1,453,200	0.32
11.	UOB KAY HIAN NOMINEES (ASING) SDN BHD - Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	1,053,328	0.23
12.	HLB NOMINEES (TEMPATAN) SDN BHD - Pledged Securities Account for Liew Sun Yick	980,000	0.21
13.	GOH ING SING	857,600	0.19
14.	LEONG CHAO SEONG	806,000	0.18
15.	MAYBANK NOMINEES (TEMPATAN) SDN BHD - Chua Eng Ho Wa'a @ Chua Eng Wah	755,000	0.16
16.	WONG KIN WAH	632,000	0.14
17.	PUBLIC NOMINEES (TEMPATAN) SDN BHD - Pledged Securities Acount For Lee Yock Chem @ Lee York Soo (E-PKG)	625,000	0.14
18.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD - Exempt AN For Affin Hwang Asset Management Berhad (TSTAC/CLNT-T)	616,100	0.13
19.	LEE HONG LOK CONNAUGHT	578,400	0.13
20.	GOH GEOK LOO	501,000	0.11

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONTINUED)
as at 31 March 2016

No.	Shareholders	Holdings	Percentage (%)
21.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD - Pledged Securities Account For Wai Siew Choong (8114933)	490,000	0.11
22.	LEE KONG HIAN	489,596	0.11
23.	NG YONG SENG	462,400	0.10
24.	CHIN KHEE KONG @ SONS SDN BHD	454,500	0.10
25.	LEE YEOW HIAN	426,000	0.09
26.	LEE YEE CHONG	422,000	0.09
27.	MALAYSIA NOMINEES (TEMPATAN) SDN BHD - Lee Foundation, States of Malaya (00-00197-000)	420,000	0.09
28.	HLB NOMINEES (TEMPATAN) SDN BHD - Pledged Securities Account For Eng Wang Ai	415,100	0.09
29.	EQUITY HEIGHTS SDN BHD	400,000	0.09
30.	SOH CHAU KIN	365,000	0.08
		393,126,587	85.90

LIST OF
TOP TEN (10) PROPERTIES
as at 31 December 2015

Location	Tenure	Lease Period	Area (sq-metre)	Description	Approximate Age of Building	Net Book 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	16-46 years	102.70	December 2015
UPHA Factory Lot 11454, 11458, 11459 Mukim of Kajang Selangor Darul Ehsan	Leasehold	99 years (1987 - 2086)	22,099	Industrial land, factory and office	25-67 years	74.50	November 2014
Duopharma (M) Sdn. Bhd. Lot No. 2599 Mukim and District of Klang Selangor Darul Ehsan	Freehold	–	23,270	Industrial land, factory, warehouse and offices	21 years	68.00	December 2015
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	6 years	46.00	December 2015
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	35.90	December 2015
CCM Chemicals Sdn. Bhd. Pasir Gudang Works Pasir Gudang Johor Darul Takzim	Leasehold	60 years (1991 - 2051)	104,599	Industrial land, factory and offices	24 years	39.00	December 2015

LIST OF
TOP TEN (10) PROPERTIES (CONT'D)
as at 31 December 2015

Location	Tenure	Lease Period	Area (sq-metre)	Description	Approximate Age of Building	Net Book Value (RM million)	Date of Valuation
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	19 years	24.90	December 2014
CCM Water Systems Sdn. Bhd. Lot 4 & 6, Jalan Kemajuan 16/17A, 40200 Shah Alam Selangor Darul Ehsan	Leasehold	99 years (1995 - 2094)	14,492	Industrial land, factory and offices	21 years	19.40	December 2015
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	–	19.80	December 2015
Duopharma (M) Sdn. Bhd. Vacant Industrial Land Lot No. 2707, Mukim and District of Klang Selangor Darul Ehsan	Freehold	–	21,838	Industrial land	–	11.70	December 2015

RECURRENT **RELATED PARTY TRANSACTIONS OF A REVENUE NATURE**

As at the Annual General Meeting held on 27 May 2015, 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 2015, pursuant to the shareholders' mandate are as follows:-

Transactions	Vendor/ Provider	Purchaser/Recipient	Aggregate Value (RM'000)	Related Parties
Sale of Fertilizers	CCM Fertilizers Sdn. Bhd. ("CCMF")	CCM Agriculture Sdn. Bhd. ("CCMA")	1,576	***Interested Major Shareholder:*** LTH[1]
Sale of Fertilizers	CCMF	TH Plantations Berhad ("THPB")	558	***Interested Major Shareholder:*** LTH[1]
Sale of Fertilizers	CCMA	CCMF	44,140	***Interested Major Shareholder:*** LTH[1]
Sale of Fertilizers	CCMF	CCM Agriculture (Sabah) Sdn. Bhd. ("CCMA(S)")	180	***Interested Major Shareholder:*** LTH[1]
Sale of Fertilizers	CCMA(S)	CCMF	19,590	***Interested Major Shareholder:*** LTH[1]
Provision of Shared/ Management Services[3]	CCM	CCMF	2,461	***Interested Major Shareholder:*** LTH[1]
Provision of Shared/ Management Services[3]	CCM	CCM Chemicals Sdn. Bhd. ("CCMC")	2,267	***Interested Director/ Interested person connected:*** LAAS[2]
Provision of Shared/ Management Services[3]	CCM	PT CCM Indonesia ("PTCCMI")	43	***Interested Director/ Interested person connected:*** LAAS[2]
Sale of Chemicals	CCMC	CCM Innovative Solutions Sdn. Bhd. ("CCMIS")	3,355	***Interested Director/ Interested person connected:*** LAAS[2]
Sale of Chemicals	CCM Usaha Kimia Sdn. Bhd. ("CCMUK")	CCMC	496	***Interested Director/ Interested person connected:*** LAAS[2]
Sale of Chemicals	CCMC	CCMUK	15,892	***Interested Director/ Interested person connected***: LAAS[2]

Transactions	Vendor/ Provider	Purchaser/Recipient	Aggregate Value (RM'000)	Related Parties
Sale of Chemicals	CCMC	CCM Singapore Pte. Ltd. ("CCMSPL")	8,533	Interested Director/ Interested person connected: LAAS[2]
Sale of Chemicals	CCMC	PTCCMI	474	Interested Director/ Interested person connected: LAAS[2]
Sale of Chemicals	CCMC	Upha Pharmaceutical Manufacturing (M) Sdn. Bhd. ("UPHA")	–	Interested Director/ Interested person connected: LAAS[2]

Notes:-

[1] Lembaga Tabung Haji ("LTH") 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. LTH also holds a direct interest of 71.18% in TH Plantations Berhad and therefore, has interest in the transaction.

[2] Leonard Ariff bin Abdul Shatar ("LAAS") is the Group Managing Director of CCM. In addition, LAAS is the Chief Executive Officer of CCM Duopharma Biotech Berhad. LAAS is also the Chairman and Director of CCMC. He was also the Director of CCM's Chemicals Division from October 2014 until December 2015. Following the internal re-organisation of the CCM Group in January 2016, LAAS's position as Director of Pharmaceuticals Division has been re-designated as Chief Executive Officer, Pharmaceuticals. He has no direct interest in any of the companies within the CCM Group, nor its subsidiaries. By virtue of him holding these positions, LAAS is an interested director and an interested "Person(s) connected" as defined in the Definitions Section of this Circular. Therefore, he is deemed interested in the Proposed Shareholders' Mandate by virtue of him being an interested Director and an interested person connected to CCM.

[3] 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-Fourth (54th) Annual General Meeting of the Company will be held at **Ballroom 1, Level 1, Sime Darby Convention Centre, No. 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur** on **Thursday, 26 May 2016** at **3.00 p.m.** for the following purposes:-

AGENDA

As Ordinary Business

1. To adopt the Audited Financial Statements for the financial year ended 31 December 2015 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) En. Khalid bin Sufat (Article 91)
   Ordinary Resolution 2

   (b) Dr. Leong Chik Weng (Article 91)
   Ordinary Resolution 3

   (c) YB Hajah Normala binti Abdul Samad (Article 96)
   Ordinary Resolution 4

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

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 Resolutions:-

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 6

"That subject to the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company and/or its subsidiaries shall be mandated to enter into the recurrent related party transactions of a revenue or trading nature with the related party as specified in Sections 2.2.1 and 2.2.5 of the Circular to Shareholders dated 28 April 2016 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: 28 April 2016

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 19 May 2016 shall be regarded as members and entitled to attend and vote at the meeting.

Explanatory Notes on Special Business

Ordinary Resolution 6 – 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 6 are set out in the Circular to Shareholders dated 28 April 2016.

STATEMENT ACCOMPANYING THE **NOTICE OF THE FIFTY-FOURTH ANNUAL GENERAL MEETING**

Pursuant to Paragraph 8.27(2), Appendix 8A of the Listing Requirements of Bursa Malaysia Securities Berhad

The details of the three (3) Directors seeking re-election and their interest in the securities of the Company are set out in their respective profiles which appear in the Directors' Profiles on pages 38, 41 and 42 of this Annual Report.

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PROXY **FORM**

CDS Account No.	

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

I/We ____
(FULL NAME IN CAPITAL LETTERS)

of ____
(FULL ADDRESS)

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

____
(FULL NAME IN CAPITAL LETTERS)

of ____
(FULL ADDRESS)

as my/our proxy to vote for me/us at the Fifty-Fourth Annual General Meeting of the Company to be held at Ballroom 1, Level 1, Sime Darby Convention Centre, No. 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 26 May 2016 at 3.00 p.m. and at any adjournment thereof.

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

NO.	ORDINARY BUSINESS	RESOLUTION NO.	FOR	AGAINST
1.	To adopt the Audited Financial Statements for the financial year ended 31 December 2015 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) En. Khalid bin Sufat (Article 91)	Ordinary Resolution 2		
	b) Dr. Leong Chik Weng (Article 91)	Ordinary Resolution 3		
	c) YB Hajah Normala binti Abdul Samad (Article 96)	Ordinary Resolution 4		
3.	To re-appoint Messrs. KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 5		
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 6		

______________________ ______________________
No. of shares Signature/Seal

Signed this ________ day of ___________ 2016.

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 19 May 2016 shall 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

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CHEMICAL COMPANY
OF MALAYSIA BERHAD
(5136-T)

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