

# CHAIRMAN'S STATEMENT



## DATO' HAJAH NORMALA BINTI ABDUL SAMAD

Non-Independent Non-Executive Chairman

### Dear Shareholders,

On behalf of the Board of Directors, it gives me great pleasure to present to you the Chemical Company of Malaysia Berhad ("CCM") annual report for the financial year ended 31 December 2016 ("FY2016").

John. F. Kennedy once said, "For time and the world do not stand still. Change is the law of life." Indeed, through the years, our organisation has grown in leaps and bounds to keep up with the changing times. As a matter of fact, CCM's business transformation in Malaysia mimics the development of our country. We started the Fertilizers business during the Agriculture era in the 1960s and progressed into the Chemicals business during the Industrialisation era in the 1980s and now, have a solid presence in the Pharmaceuticals and Polymers businesses which are in line with the Innovation and Sustainability era of the nation.

While it was a difficult decision to exit the Fertilizers business, we are certain that we have made the right choice for the Group. Moving forward, our Polymers business will stand on its own instead of being part of the Chemicals business. Effectively, we will still have three major businesses, i.e. Pharmaceuticals, Chemicals and Polymers. These three businesses have strong footings in Malaysia and in the region. We will remain steadfast to strengthen our strategic initiatives and use our working capital efficiently to boost our business.

As for our performance for FY2016, CCM recorded a revenue of RM609.3 million from our core businesses, 3.3 percent lower from RM630.3 million recorded in the corresponding period in 2015 while continuing to consolidate our core businesses following the exit from the fertilizers business.

The Group's profit before tax from its core businesses for the financial year under review, fell 36.6 percent to RM33.6 million from RM53.0 million. An in-depth analysis of CCM's results and business review is presented in the Group Managing Director's Management Discussion and Analysis which can be found in pages 12 to 19 of this annual report.

## **DIVIDEND**

The Group continued its commitment to pay dividends albeit registering financial losses for the year. In 2016, the Group declared and paid two single tier interim dividends (paid on 3 June 2016 and 18 November 2016). Total dividend payout for 2016 was 5.0 sen (2015: 5.0 sen) per share, all totalling RM22.74 million.

## **ACKNOWLEDGEMENT**

The year 2016 saw its fair share of ups and downs but we are positive that all our stumbling blocks will serve as stepping stones for success in the coming years. We believe that we are where we are today because of the unending support from our stakeholders, employees, shareholders and customers. On behalf of the Board, I wish to extend our appreciation to our staff for their continuous dedication, perseverance, commitment and contributions to the Group.

We recently welcomed Datuk Nik Moustpha bin Haji Nik Hassan to join the CCM Board. We look forward to his contributions to the sustainable growth of the Group. At the same time, our subsidiary, CCM Duopharma Biotech Berhad ("CCMD") saw the retirement of Tan Sri Dato' Dr. Abu Bakar bin Suleiman and Tan Sri Dato' Dr. Jegathesan a/l N.M. Vasagam @ Manikavasagam followed with the resignations of Datuk Alias bin Ali and Dato' Haji Ghazali bin Awang in 2016. In February 2017, Dr Byung-Geon Rhee also resigned from the Board. We thank them for their services and wise counsel.

We have made changes to our CCMD Board of Directors as part of our planning for the next stage of growth. We welcome Razalee bin Amin, Puan Sri Datuk Rohani Parkash binti Abdullah, Zaiton binti Jamaluddin and Dato' Eisah binti A. Rahman as new Board members of CCMD. We have also appointed Tan Sri Siti Sa'diah binti Sh. Bakir, Dato' Azmi bin Mohd Ali and myself to sit on the CCMD Board. We believe the strong line up of Board members and senior management will steer the Group to newer heights.

With that, I thank you very much for your support and I look forward to your continuous support for the coming year.

**DATO' HAJAH NORMALA BINTI ABDUL SAMAD**

Chairman