NOTES TO THE 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 2017 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 2017 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 chemicals, polymers and pharmaceuticals and services as stated in Note 6 to the financial statements.

On 28 December 2017, the Group completed the demerger of CCM Duopharma Biotech Berhad where the pharmaceutical operations were demerged from the Group. Moving forward the Group will focus on chemical and polymer operations. Details of the demerger are set out in Note 20 to the financial statements. Other than mentioned above, there were no other significant changes in the principal activities of the Group.

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 15 March 2018.

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 ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

The following are accounting standards, amendments and interpretations 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 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*
- *Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119 Employee Benefits)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, Insurance Contracts

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 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*

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

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

- from the annual period beginning on 1 January 2018 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2018, except for MFRS 2 and MFRS 4 which are not applicable to the Group and the Company.

- from the annual period beginning on 1 January 2019 for those accounting standard, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2019, except for MFRS 11 which are not applicable to the Group and the Company.

The Group and the Company do not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Group and the Company.

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:

(i) 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, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

Currently, the Group recognises revenue from contracts with customers on the basis of fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Upon adoption of MFRS 15, the Group will recognise the revenue from contracts with customers that requires customer related costs to be allocated as a deduction of revenue.

The Group manufactures and sells certain chemical products for a customer under a non-cancellable exclusive rights to supply contract. Currently, the Group recognises revenue from contracts with customers after the significant risk and rewards of ownership is transferred to the customers. Upon adoption of MFRS 15, the Group will recognise the revenue from contracts with customers when the performance obligations have satisfied over time. The Group will apply MFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application.

(ii) 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, impairment of financial assets, and on hedge accounting.

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

(ii) MFRS 9, *Financial instruments* (continued)

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. The new standard contains three principle classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL), and eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available for sale. Upon adoption of MFRS 9, financial assets previously measured at available for sale will be measured using FVOCI.

(iii) MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and *IC Interpretation 127*, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group and the Company is currently assessing the financial impact that may arise from the adoption of MFRS 16.

(b) Basis of measurement

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

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with 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 estimate is revised and in any future periods affected.

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (continued)

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

- Note 5 - measurement of the recoverable amounts of cash-generating units
- Note 11 - valuation of trade receivables
- Note 12 - inventories

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(ii) Business combinations (continued)

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

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

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

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

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

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(v) Loss of control

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

(vi) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(vii) Non-controlling interests

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

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

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency (continued)

(i) Foreign currency transactions (continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 instrument 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, 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 that equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

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

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

(ii) Subsequent costs

The cost of replacing a component 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 component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component 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 assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

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

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 useful life as it is maintained through continuous marketing and upgrading.

(iv) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets (continued)

(vi) Amortisation

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

(g) Investment properties

(i) Investment properties carried at fair value

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

Investment properties are measured initially at cost and subsequently at fair value with any 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Non-current assets held for sale

Non-current assets, or disposal group comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group are measured at the lower of their carrying amount and fair value less cost of disposal.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Impairment

(i) Financial assets

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

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

An impairment loss in respect of available-for-sale financial assets is recognised in 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 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 financial 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 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Impairment (continued)

(ii) Other assets (continued)

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or the cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

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

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (group 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Equity instruments (continued)

(ii) Ordinary shares

Ordinary shares are classified as equity.

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

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

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

(m) Employee benefits

(i) Short-term employee benefits

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

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

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

(n) Provisions

A provision is recognised if, as a result of past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Provisions (continued)

(ii) Onerous contracts

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

(o) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, 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, which in the case of quoted securities is the ex-dividend date.

(v) Interest income

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Borrowing costs

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

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

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

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

(q) Income tax

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Income tax (continued)

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

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 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 to assess its performance, and for which discrete financial information is available.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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 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	Plant, machinery and equipment	Asset under construction	Total
Group								
Cost								
At 1 January 2016		100,480	38,292	75,173	85,504	677,967	8,530	985,946
Additions		–	–	99	–	80,647	21,613	102,359
Transfer to investment properties:	4							
- Offset of accumulated depreciation and impairment loss		(10,699)	–	–	(5,850)	–	–	(16,549)
- Revaluation of property transferred		118,275	–	–	–	–	–	118,275
- Transfer of carrying amount		(179,000)	–	–	(6,900)	–	–	(185,900)
Transfer to intangible assets	5	–	–	–	–	–	(3,493)	(3,493)
Disposals		–	–	–	–	(10,680)	–	(10,680)
Write-off		–	–	–	–	(7,376)	–	(7,376)
At 31 December 2016/ 1 January 2017		**29,056**	**38,292**	**75,272**	**72,754**	**740,558**	**26,650**	**982,582**
Additions		**–**	**–**	**373**	**–**	**26,192**	**61,494**	**88,059**
Effect of demerger	20	**(13,659)**	**(38,292)**	**(75,645)**	**(57,878)**	**(272,136)**	**(73,599)**	**(531,209)**
Disposals		**–**	**–**	**–**	**–**	**(1,499)**	**(30)**	**(1,529)**
Reclassification		**9,503**	**–**	**–**	**981**	**3,026**	**(13,510)**	**–**
Write-off		**–**	**–**	**–**	**–**	**(6,354)**	**–**	**(6,354)**
At 31 December 2017		**24,900**	**–**	**–**	**15,857**	**489,787**	**1,005**	**531,549**

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Leasehold land	Freehold land	Freehold buildings	Long term leasehold buildings	Plant, machinery and equipment	Asset under construction	Total
Group								
Depreciation								
At 1 January 2016		10,012	–	12,084	10,449	507,457	–	540,002
Depreciation for the year		2,352	–	3,696	3,136	41,007	–	50,191
Disposals		–	–	–	–	(9,579)	–	(9,579)
Impairment loss		–	–	–	4,606	–	–	4,606
Offset of accumulated depreciation and impairment loss on property transferred to investment properties		(10,699)	–	–	(5,850)	–	–	(16,549)
Write-off		–	–	–	–	(6,052)	–	(6,052)
At 31 December 2016/ 1 January 2017		**1,665**	**–**	**15,780**	**12,341**	**532,833**	**–**	**562,619**
Depreciation for the year		**2,232**	**–**	**3,232**	**1,635**	**39,664**	**–**	**46,763**
Effect of demerger	20	**(292)**	**–**	**(19,012)**	**(9,420)**	**(185,623)**	**–**	**(214,347)**
Disposals		**–**	**–**	**–**	**–**	**(1,221)**	**–**	**(1,221)**
Impairment loss		**–**	**–**	**–**	**–**	**185**	**–**	**185**
Write-off		**–**	**–**	**–**	**–**	**(6,296)**	**–**	**(6,296)**
Effect of the movement in exchange rate		**–**	**–**	**–**	**–**	**30**	**–**	**30**
At 31 December 2017								
Accumulated depreciation		**3,605**	**–**	**–**	**4,556**	**379,387**	**–**	**387,548**
Accumulated impairment loss		**–**	**–**	**–**	**–**	**185**	**–**	**185**
		3,605	**–**	**–**	**4,556**	**379,572**	**–**	**387,733**
Group								
Carrying amounts								
At 1 January 2016		90,468	38,292	63,089	75,055	170,510	8,530	445,944
At 31 December 2016/ 1 January 2017		**27,391**	**38,292**	**59,492**	**60,413**	**207,725**	**26,650**	**419,963**
At 31 December 2017		**21,295**	**–**	**–**	**11,301**	**110,215**	**1,005**	**143,816**

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Equipment	Asset under construction	Total
Company			
Cost			
At 1 January 2016	38,050	–	38,050
Additions	685	208	893
At 31 December 2016/1 January 2017	**38,735**	**208**	**38,943**
Additions	**99**	**–**	**99**
Disposals	**(938)**	**(30)**	**(968)**
At 31 December 2017	**37,896**	**178**	**38,074**
Depreciation			
At 1 January 2016	18,585	–	18,585
Depreciation for the year	3,515	–	3,515
At 31 December 2016/1 January 2017	**22,100**	**–**	**22,100**
Depreciation for the year	**3,499**	**–**	**3,499**
Disposals	**(909)**	**–**	**(909)**
At 31 December 2017	**24,690**	**–**	**24,690**
Carrying amounts			
At 1 January 2016	19,465	–	19,465
At 31 December 2016/1 January 2017	**16,635**	**208**	**16,843**
At 31 December 2017	**13,206**	**178**	**13,384**

3.1 Leasehold land

At 31 December 2017, the net carrying amount of the Group's leasehold land was RM21,295,000 (2016: RM27,391,000). Leasehold land of the Group has an unexpired lease period of 23 to 83 years.

4. INVESTMENT PROPERTIES

	Note	Group 2017	Group 2016	Company 2017	Company 2016
At 1 January		**210,370**	25,470	**211,320**	128,120
Additions		**–**	–	**–**	–
Change in fair value recognised in profit or loss		**200**	–	**380**	83,200
Transfer from property, plant and equipment	3	**–**	185,900	**–**	–
Transfer from assets held for sale	13	**1,000**	–	**–**	–
Transfer to assets classified as held for sale	13	**(185,900)**	(1,000)	**(185,900)**	–
Effect of demerger		**(5,650)**	–	**–**	–
At 31 December		**20,020**	210,370	**25,800**	211,320

During the financial year, a leasehold land and building amounting to RM185,900,000 have been transferred from investment property to assets classified as held for sale (see Note 13) following the commitment of the management during the year to a plan to sell the investment property.

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. Subsequent renewals are negotiated with the lessee and on average renewal periods are one to three years. No contingent rents are charged.

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

	Group 2017	Group 2016	Company 2017	Company 2016
Rental income	**420**	–	**3,701**	4,561
Direct operating expenses:				
- income generating investment properties	**22**	–	**22**	846
- non-income generating investment properties	**1,087**	769	**1,087**	–

4. INVESTMENT PROPERTIES (CONTINUED)

4.1 Fair value information

Fair value of investment properties are categorised as follows:

	Level 2	Level 3	Total
2017			
Group			
Freehold land	**–**	**220**	**220**
Leasehold land with unexpired lease period of more than 50 years	**–**	**19,800**	**19,800**
	–	**20,020**	**20,020**
Company			
Freehold land	**–**	**5,807**	**5,807**
Buildings	**–**	**193**	**193**
Leasehold land with unexpired lease period of more than 50 years	**–**	**19,800**	**19,800**
	–	**25,800**	**25,800**
2016			
Group			
Freehold land	–	220	220
Buildings	–	6,900	6,900
Leasehold land with unexpired lease period of more than 50 years	–	198,800	198,800
Leasehold land with unexpired lease period of less than 50 years	–	4,450	4,450
	–	210,370	210,370
Company			
Freehold land	–	5,440	5,440
Buildings	–	7,080	7,080
Leasehold land with unexpired lease period of more than 50 years	–	198,800	198,800
	–	211,320	211,320

4. INVESTMENT PROPERTIES (CONTINUED)

4.1 Fair value information (continued)

Level 3 fair value

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
At 1 January	**210,370**	25,470	**211,320**	128,120
Addition	**–**	–	**–**	–
Transfer from/(to) property, plant and equipment	**–**	185,900	**–**	–
Transfer from assets classified as held for sale	**1,000**	–	**–**	–
Transfer to assets classified as held for sale	**(185,900)**	(1,000)	**(185,900)**	–
Change in fair value				
- other income - unrealised	**200**	–	**380**	83,200
Effect of demerger	**(5,650)**	–	**–**	–
At 31 December	**20,020**	210,370	**25,800**	211,320

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.

4. INVESTMENT PROPERTIES (CONTINUED)

4.1 Fair value information (continued)

Highest and best use

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

5. INTANGIBLE ASSETS

	Goodwill	Marketing rights	Trade marks	Brands	Develop-ment cost	Total
Group						
Cost						
At 1 January 2016	306,745	16,483	63	2,400	6,708	332,399
Additions	–	–	–	–	230	230
Transfer from property, plant and equipment	–	–	–	–	3,493	3,493
At 31 December 2016/1 January 2017	**306,745**	**16,483**	**63**	**2,400**	**10,431**	**336,122**
Additions	**–**	**142**	**–**	**–**	**5,135**	**5,277**
Effect of demerger (Note 20)	**(212,211)**	**(16,625)**	**–**	**(2,400)**	**(15,566)**	**(246,802)**
At 31 December 2017	**94,534**	**–**	**63**	**–**	**–**	**94,597**
Accumulated impairment loss						
At 1 January 2016/ 31 December 2016/1 January 2017	**22,980**	**15,787**	**–**	**800**	**–**	**39,567**
Impairment loss	**–**	**81**	**–**	**1,600**	**88**	**1,769**
Effect of demerger (Note 20)	**(22,553)**	**(15,868)**	**–**	**(2,400)**	**(88)**	**(40,909)**
At 31 December 2017	**427**	**–**	**–**	**–**	**–**	**427**
Carrying amounts						
At 1 January 2016	283,765	696	63	1,600	6,708	292,832
At 31 December 2016/1 January 2017	**283,765**	**696**	**63**	**1,600**	**10,431**	**296,555**
At 31 December 2017	**94,107**	**–**	**63**	**–**	**–**	**94,170**

5. INTANGIBLE ASSETS (CONTINUED)

Company	Trademark
Cost/Carrying amount	
At 1 January 2016/31 December 2016/1 January 2017/31 December 2017	63

5.1 Goodwill

The carrying amount of the goodwill of subsidiaries in the polymers segment, arising from acquisition through business combination, was assessed for impairment during the year.

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	
	2017	**2016**
A subsidiary in pharmaceuticals division	–	189,658
Subsidiaries in polymers division	**94,107**	94,107
	94,107	283,765

The recoverable amounts of the cash-generating units containing goodwill were based on value in use of the investment in the respective subsidiaries ("the subsidiaries") and determined by discounting future cash flow based on financial budgets approved by management.

Subsequent to demerger exercise that took place on 28 December 2017, CCM Duopharma Biotech Berhad ("CCMD") Group is no longer a subsidiary of the Group. Goodwill of CCMD with carrying amount of RM189,658,000 has been derecognised during the year.

5. INTANGIBLE ASSETS (CONTINUED)

5.3 Impairment testing for cash-generating units containing goodwill (continued)

For the purpose of impairment testing of polymers division, 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 2 years (2016: 3 years) budget. Cash flows for a further 3 years (2016: 2 years) period were extrapolated using a growth rate of 5 percent growth rate (2016: 10 percent). Management believes that these 5 years (2016: 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 2 years (2016: 3 years) budget and subsequently projected based on growth rate as stated in note (a) above.

(c) A pre-tax discount rate of 7.1 percent (2016: 7.76 percent). The discount was estimated based on the respective subsidiaries' weighted average cost of capital ("WACC").

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2017	**2016**
At cost:		
Unquoted shares	**305,167**	265,167
Less: Accumulated impairment loss	**(87,223)**	(87,223)
	217,944	177,944

6. 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 2017 %	2016 %
CCM Agri-Max Sdn. Bhd. and its subsidiaries:	Malaysia	Investment holding	**100.0**	100.0
CCM Fertilizers Sdn. Bhd. and its subsidiary:	Malaysia	Dormant	**50.1**	50.1
Max Agriculture Sdn. Bhd.	Malaysia	Dormant	**50.1**	50.1
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 Polymers 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	Manufacturing and marketing of chlor-alkali and coagulant products and marketing of industrial and specialty chemicals	**100.0**	80.0
CCM Watercare Sdn. Bhd.	Malaysia	Dormant	**100.0**	80.0
CCM Singapore Pte. Ltd.*	Singapore	Marketing of chlor-alkali and coagulant products	**100.0**	80.0
P.T. CCM Indonesia*	Indonesia	Marketing of chlor-alkali and coagulant products and industrial chemicals	**100.0**	80.0

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2017 %	2016 %
Innovative Resins Sdn. Bhd.	Malaysia	Investment holding	**100.0**	100.0
CCM Marketing Sdn. Bhd. ("CCMM") and its subsidiaries:	Malaysia	Investment holding	**100.0**	100.0
CCM Duopharma Biotech Berhad ("CCMD") and its subsidiaries:	Malaysia	Investment holding	–	73.4
Duopharma (M) Sdn. Bhd.	Malaysia	Manufacturing, distribution, importing and exporting of pharmaceutical products and medicines	–	73.4
Upha Pharmaceutical Manufacturing (M) Sdn. Bhd.	Malaysia	Manufacturing of pharmaceutical products and sales of medicines	–	73.4
CCM Pharma Sdn. Bhd.	Malaysia	Property management and services	–	73.4
Innovax Sdn. Bhd.	Malaysia	Research and development of pharmaceutical products	–	73.4
CCM Pharmaceuticals Sdn. Bhd. and its subsidiaries:	Malaysia	Marketing and sales of medicine and pharmaceutical products	–	73.4
CCM Biopharma Sdn. Bhd.	Malaysia	Dormant	–	73.4
Sentosa Pharmacy Sdn. Bhd.	Malaysia	Distributor of pharmaceutical products	–	73.4
Unique Pharmacy (Ipoh) Sdn. Bhd.	Malaysia	Dormant	–	73.4
Unique Pharmacy (Penang) Sdn. Bhd.	Malaysia	Distributor of pharmaceutical products	–	73.4
Negeri Pharmacy Sdn. Bhd.	Malaysia	Dormant	–	73.4

6. **INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2017 %	2016 %
CCM International (Philippines), Inc.*	Republic of Philippines	Distribution, importing and exporting of pharmaceuticals product	–	73.4
CCM Pharmaceuticals (S) Pte. Ltd.*	Singapore	Distribution, wholesaler of medicinal and pharmaceutical products	–	73.4
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	Dormant	**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

* Not audited by member firms of KPMG International.

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

6.1 During the year, the Company entered into agreement with CCMM, to settle the amount owing by CCMM by way of transfers of CCMD shares to the Company (See Note 32).

6.2 Pursuant to the demerger, the Group has distributed CCMD shares to shareholders via capital reduction (See Note 32). Subsequent to the distribution which was completed on 28 December 2017, CCMD is no longer a subsidiary of the Group.

6.3 On 24 November 2017, the Company completed a Sale of Shares Agreement with Lanjut Setia Sdn. Bhd. ("LSSB") and its holding company, Permodalan Nasional Berhad ("PNB") to acquire the remaining 20% of the issued share capital of its subsidiary, CCM Chemicals Sdn. Bhd. ("CCMC") (See Note 32).

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

6.4 Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	CCM Fertilizers Sdn. Bhd. and its subsidiaries
2017	
NCI percentage of ownership interest and voting interest	**49.90%**
Carrying amount of NCI	**(1,360)**
Loss allocated to NCI	**(3,144)**
Summarised financial information before intra-group elimination	
As at 31 December	
Non-current assets	**154**
Current assets	**16,799**
Non-current liabilities	**–**
Current liabilities	**(19,678)**
Net liabilities	**(2,725)**
Year ended 31 December	
Revenue	**2,447**
Loss for the year	**(6,301)**
Total comprehensive loss	**(6,271)**
Cash flows from operating activities	**2,969**
Cash flows from investing activities	**5**
Cash flows used in financing activities	**(8,931)**
Net decrease in cash and cash equivalents	**(5,957)**

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

6.2 Non-controlling interests in subsidiaries (continued)

	CCM Fertilizers Sdn. Bhd. and its subsidiary	CCM Duopharma Biotech Berhad and its subsidiaries	CCM Chemicals Sdn. Bhd. and its subsidiaries	Total
2016				
NCI percentage of ownership interest and voting interest	49.90%	26.63%	20.00%	
Carrying amount of NCI	1,774	121,356	29,058	152,188
(Loss)/Profit allocated to NCI	(29,933)	7,144	2,580	(20,209)

Summarised financial information before intra-group elimination

	CCM Fertilizers Sdn. Bhd. and its subsidiary	CCM Duopharma Biotech Berhad and its subsidiaries	CCM Chemicals Sdn. Bhd. and its subsidiaries
As at 31 December			
Non-current assets	309	295,281	144,056
Current assets	37,816	366,182	120,969
Non-current liabilities	–	(103,791)	(51,111)
Current liabilities	(34,570)	(103,156)	(68,627)
Net assets	3,555	454,516	145,287
Year ended 31 December			
Revenue	128,104	312,940	215,044
(Loss)/Profit for the year	(59,985)	26,826	12,900
Total comprehensive (loss)/income	(59,985)	27,115	13,757
Cash flows from operating activities	33,864	33,241	36,739
Cash flows from/(used in) investing activities	12	(30,449)	(60,798)
Cash flows used in financing activities	(26,161)	(31,777)	(15,969)
Net increase/(decrease) in cash and cash equivalents	7,715	(28,985)	(40,028)
Dividends paid to NCI	–	5,942	491

7. INVESTMENT IN ASSOCIATE

	Group	
	2017	**2016**
At cost:		
Unquoted shares	**1,408**	1,408
Share of post-acquisition reserves	**14,200**	21,113
Dividend received from associate	**–**	(7,594)
	15,608	14,927

Details of a material associate is as follows:

			Effective ownership interest and voting interest	
Name of associate	**Principal place of business/ Country of incorporation**	**Nature of the relationship**	**2017 %**	**2016 %**
Orica-CCM Energy Systems Sdn. Bhd.	Malaysia	Associate	**45**	36

Subsequent to the acquisition of remaining 20% issued share capital of CCM Chemicals Sdn. Bhd. (“CCMC”), CCMC became a wholly-owned subsidiary of the Company which resulted in an increase in effective ownership in Orica-CCM Energy Systems Sdn. Bhd. from 36% to 45%.

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.

7. INVESTMENT IN ASSOCIATE (CONTINUED)

	Group	
	2017	**2016**
Summarised financial information		
Non-current assets	**2,801**	3,704
Current assets	**35,947**	40,136
Non-current liabilities	**(373)**	(373)
Current liabilities	**(3,849)**	(10,455)
Net assets	**34,526**	33,012
Total comprehensive income	**1,514**	3,933
Included in the total comprehensive income is:		
Revenue	**31,352**	36,426
Reconciliation of net assets to carrying amount as at 31 December		
Group's share of net assets	**15,537**	14,856
Consolidated adjustments	**71**	71
Carrying amount in the statement of financial position	**15,608**	14,927
Group's share of results for the year ended 31 December		
Group's share of total comprehensive income	**681**	1,770

8. OTHER INVESTMENTS

	2017	**2016**
Group		
Non-current		
Available-for-sale financial assets	**45,568**	50,074

8. OTHER INVESTMENTS (CONTINUED)

	2017	2016
Company		
Non-current		
Available-for-sale financial assets	**45,414**	49,950
	Note 8.1	

Note 8.1

In 2014, the Company acquired a 13.86% equity interest in PanGen Biotech Inc. ("PanGen") for a total cash consideration of KRW5 billion or equivalent to RM15,740,000.

On 11 March 2016, PanGen was listed on Korean Securities Dealers Automated Quotations ("KOSDAQ"). Pursuant to the listing, the Company has an effective interest of 9.34% in PanGen.

As at 31 December 2017, the Company has an effective interest of 8.39% in PanGen, following series of employee share option scheme being exercised during the financial year.

9. DEFERRED TAX (ASSETS)/LIABILITIES

Recognised deferred tax (assets) and liabilities

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

	Assets		Liabilities		Net	
	2017	2016	2017	2016	2017	2016
Group						
Property, plant and equipment	**–**	(27)	**21,157**	33,348	**21,157**	33,321
Investment properties	**–**	–	**5,983**	5,914	**5,983**	5,914
Provisions	**(2,723)**	(5,596)	**–**	–	**(2,723)**	(5,596)
Other temporary differences	**(2,247)**	(6,494)	**123**	4,428	**(2,124)**	(2,066)
Tax losses/tax incentives carry-forwards	**(1,173)**	(11,017)	**603**	–	**(570)**	(11,017)
Tax (assets)/liabilities	**(6,143)**	(23,134)	**27,866**	43,690	**21,723**	20,556
Set off of tax	**3,822**	14,081	**(3,822)**	(14,081)	**–**	–
Net tax (assets)/liabilities	**(2,321)**	(9,053)	**24,044**	29,609	**21,723**	20,556

9. DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

Recognised deferred tax (assets) and liabilities (continued)

	Assets		Liabilities		Net	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Company						
Property, plant and equipment	**–**	–	**2,901**	3,877	**2,901**	3,877
Investment properties	**–**	–	**12,391**	12,322	**12,391**	12,322
Other temporary differences	**(505)**	(690)	**–**	–	**(505)**	(690)
Tax (assets)/liabilities	**(505)**	(690)	**15,292**	16,199	**14,787**	15,509
Set off of tax	**505**	690	**(505)**	(690)	**–**	–
Net tax liabilities	**–**	–	**14,787**	15,509	**14,787**	15,509

Unrecognised deferred tax assets

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

	Group	
	2017	**2016**
Tax losses carry-forwards	**(91,492)**	(105,442)
Other temporary differences	**(6,760)**	(14,303)
	(98,252)	(119,745)

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.

9. DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

Movement in temporary differences during the year

	At 1.1.2016	Recognised in profit or loss (Note 19)	Recognised in other comprehensive income ("OCI")	At 31.12.2016/ 1.1.2017	Recognised in profit or loss (Note 19)	Included in discontinued operation (Note 20)	At 31.12.2017
Group							
Property, plant and equipment	31,547	1,774	–	**33,321**	7,104	(19,268)	**21,157**
Investment properties	–	–	5,914	**5,914**	69	–	**5,983**
Provisions	(6,014)	418	–	**(5,596)**	(3,125)	5,998	**(2,723)**
Other temporary differences	(2,596)	530	–	**(2,066)**	506	(564)	**(2,124)**
Tax losses/tax incentives carry-forwards	(11,267)	250	–	**(11,017)**	(670)	11,117	**(570)**
	11,670	2,972	5,914	**20,556**	3,884	(2,717)	**21,723**
Company							
Property, plant and equipment	4,539	(662)	–	**3,877**	(976)	–	**2,901**
Investment properties	8,182	4,140	–	**12,322**	69	–	**12,391**
Other temporary differences	(659)	(31)	–	**(690)**	185	–	**(505)**
	12,062	3,447	–	**15,509**	(722)	–	**14,787**

10. TRADE AND OTHER RECEIVABLES

	Note	Group 2017	Group 2016	Company 2017	Company 2016
Non-current					
Trade					
Amount due from subsidiaries	10.1	**–**	–	**3,866**	–
Non-trade					
Amount due from subsidiaries	10.1	**–**	–	**20,925**	454,959
Total non-current		–	–	**24,791**	454,959
Current					
Trade					
Trade receivables	10.2	**93,377**	157,799	**–**	–
Amount due from subsidiaries		**–**	–	**3,470**	–
		93,377	157,799	**3,470**	–
Non-trade					
Amount due from related companies	10.3	**20,424**	–	**–**	–
Amount due from subsidiaries		**–**	–	**24,484**	53,420
Amount due from associate		**88**	46	**75**	38
Deposits		**1,991**	9,818	**326**	305
Other receivables		**13,322**	11,921	**11,884**	7,445
Prepayments		**6,803**	15,831	**–**	–
		42,628	37,616	**36,769**	61,208
Total current		**136,005**	195,415	**40,239**	61,208

10.1 The amount due from subsidiaries relates to advances which are unsecured, subject to interest of 4.73% per annum (2016: 4.24% per annum) and are not repayable over the next 12 months. The Company recognised an impairment loss of RM Nil (2016: RM34,762,000) with respect to its advances to subsidiaries during the year.

During the year, the Company entered into agreement with CCM Marketing Sdn. Bhd. ("CCMM"), to settle the amount owing by CCMM by way of transfers of CCM Duopharma Biotech Berhad shares to the Company (See Note 32).

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

10.2 Included in the trade receivables are amount due from a significant investor that has influence over a subsidiary of RM Nil (2016: RM265,000).

10.3 During the financial year, the Company had a restructuring exercise which resulted in a change in the group structure. Arising from this change in group structure, the relationship between the Company and CCM Duopharma Biotech Berhad had changed from a subsidiary to a related company.

11. INVENTORIES

	Group	
	2017	**2016**
Raw materials	**10,002**	56,329
Work-in-progress	**4,202**	6,830
Finished goods	**16,083**	107,691
Spares and consumables	**1,058**	2,242
Stock-in-transit	**7,932**	–
	39,277	173,092

Recognised in profit or loss:		
Inventories recognised as cost of sales	**550,149**	582,216
Write-down to net realisable value	**5,924**	21,456
Reversal of provision for obsolete stocks	**(2,464)**	(1,050)
	553,609	602,622

The write-down is included in cost of sales.

12. CASH AND CASH EQUIVALENTS

	Note	Group 2017	Group 2016	Company 2017	Company 2016
Cash and bank balances		**66,907**	127,884	**11,742**	11,172
Deposits placed with financial institutions		**49,888**	64,568	**5,363**	47,364
Highly liquid investments with financial institutions	12.1	**43,550**	95,865	**43,550**	14,456
		160,345	288,317	**60,655**	72,992

12.1 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.

13. ASSETS CLASSIFIED AS HELD FOR SALE

An investment property of the Company is presented as asset held for sale following the commitment of the management during the year to a plan to sell the investment property. Efforts to sell the assets have commenced. On 30 November 2017, the Company has entered into a Sale and Purchase Agreement with Global Vision Logistics Sdn. Bhd. ("GVL") for the proposed disposal for a cash consideration of RM190 million and a sale is expected to be completed in the following year after both the Company and GVL have fulfilled the condition precedent clause stated in the agreement. On 2 March 2018, the Company in its Extraordinary General Meeting ("EGM") has obtained the shareholders' approval with respect of the proposed disposal.

The assets and liabilities of the disposal group are as follows:

	Group 2017	Group 2016
Assets classified as held for sale		
Investment property	**185,900**	1,000
	185,900	1,000

13. ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

	Company 2017	Company 2016
Assets classified as held for sale		
Investment property	185,900	–

The carrying value of investment property are the same as its carrying value before it was being reclassified to current asset.

14. CAPITAL AND RESERVES

14.1 Share capital

	Group and Company 2017 Amount	2017 Number of shares '000	2016 Amount	2016 Number of shares '000
Issued and fully paid:				
At 1 January 2017	**457,630**	**457,630**	457,630	457,630
Increase in share capital	**60,010**	**45,463**	–	–
Transfer from share premium in accordance with Section 618(2) of the Companies Act 2016	**40,017**	**–**	–	–
Share consolidation (Note a)	**–**	**(335,397)**	–	–
Effect of demerger (Note b)	**(475,737)**	**–**	–	–
At 31 December 2017	**81,920**	**167,696**	457,630	457,630

Ordinary shares

The Companies Act 2016 which came into effect on 31 January 2017 has abolished the concept of authorised share capital and par value of share capital.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

14. CAPITAL AND RESERVES (CONTINUED)

14.1 Share capital (continued)

During the financial year, the Company issued 45,463,186 new ordinary shares at RM1.32 per ordinary share via a private placement to eligible investors for a total cash consideration of RM60 million.

(a) During the year, issued share capital of the Company of 503,093,042 ordinary shares of the Company have been consolidated into 167,695,988 Consolidated Shares (See Note 32).

(b) Pursuant to the demerger as set out in Note 32 to the financial statements, the Group has distributed its entire shareholding of CCM Duopharma Biotech Berhad by way of reduction of paid-up capital by RM475.7 million.

14.2 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 Section 618 of the Companies Act 2016, any amount standing to the credit of the capital redemption reserve account has become part of the Company's share capital. The Company has twenty-four months upon the commencement of the Companies Act 2016 on 31 January 2017 to utilise on the credit.

Included in share capital is capital redemption reserve amounting to RM73,000 that is available to be utilised in accordance with Section 618(3) of the Companies Act 2016 on or before 30 January 2019 (24 months from commencement of Section 74).

14.3 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.

14.4 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.

14.5 Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment immediately prior to its reclassification as investment property.

14. CAPITAL AND RESERVES (CONTINUED)

14.6 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.

During the financial year, the Company has disposed off a total of 2,998,000 treasury shares with a total consideration received of RM4.56 million.

The treasury shares are being disposed in accordance with Section 127 (7)(b) of the Companies Act 2016.

At 31 December 2017, the Group held Nil (2016: 2,998,000) of the Company's shares. There was no repurchase of issued share capital in the current financial year.

14.7 Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

In accordance with Section 618 of the Companies Act 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. The Company has twenty-four months upon the commencement of the Companies Act 2016 on 31 January 2017 to utilise on the credit.

Included in share capital is share premium amounting to RM39,944,000 that is available to be utilised in accordance with Section 618(3) of the Companies Act 2016 on or before 30 January 2019 (24 months from commencement of Section 74).

15. LOANS AND BORROWINGS

		Group		Company	
	Note	**2017**	**2016**	**2017**	**2016**
Non-current - unsecured					
Term loan	15.1	**108,750**	536,118	**68,750**	394,320
Current - unsecured					
Bankers' acceptances		**2,818**	2,885	**–**	–
Term loan	15.1	**335,570**	16,250	**325,570**	6,250
Revolving credit and trade facilities	15.2	**21,000**	66,498	**20,000**	40,000
		359,388	85,633	**345,570**	46,250

15. LOANS AND BORROWINGS (CONTINUED)

15.1 - Unsecured term loan

(i) The Company has obtained a RM150.57 million, 3 years unsecured term loan at the rate of 4.70% per annum (2016: 4.70% per annum) which matures in April 2018.

(ii) The Company has obtained a RM150 million, 3 years unsecured term loan at the rate of 4.93% per annum (2016: 4.93% per annum) which matures in December 2018.

The significant covenants for the unsecured term loan (i) to (ii) 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) Interest coverage ratio of not less than 2 times.

Due to the demerger exercise (see Note 32), the lender has granted indulgence for the breach of financial covenants as follows:

(c) Consolidated Net Worth shall not be less than RM 750 million.

(d) Consolidated Total Debt to Consolidated Net Worth shall not exceed 1.5 times.

The lender has also revised the covenants as set out in Note ii (c) and Note ii (d) to Note ii (e) and Note ii (f) as shown below:

(e) Consolidated Net Worth shall not be less than RM250 million.

(f) Consolidated Total Debt to Consolidated Net Worth shall not be more than: -
- 1.75 times prior to the disposal of investment property (refer to Note 13); and
- 1.50 times after the disposal of investment property (refer to Note 13).

(iii) The Company obtained a RM100 million, 5 years unsecured term loan at a profit rate of approximately 4.90% which matures on 16 August 2021.

The significant covenants for the unsecured term loan (iii) above are as follows:

(a) Permodalan Nasional Berhad shall at all time, directly or indirectly, own at least 51% of the Company's issued and paid up share capital.

(b) Due to the demerger exercise (see Note 32), the lender has approved a temporary six-month indulgence in respect of the breach in gearing covenant of 1.50 times effective from 28 December 2017 to 30 June 2018.

15. LOANS AND BORROWINGS (CONTINUED)

15.1 - Unsecured term loan (continued)

(iv) CCM Chemicals Sdn. Bhd. ("CCMC"), a subsidiary of the Company, obtained a RM50 million, 5 years unsecured term loan at the floating rate of approximately 4.70% per annum (2016: approximately 4.70% per annum) which matures in October 2020.

The significant covenants for the unsecured term loan (iv) above 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.

15.2 - Unsecured revolving credit and trade facilities

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) The borrower shall maintain a Gearing Ratio of not more than 1.5 times.
(iii) The borrower shall maintain Debt Service Coverage Ratio of at least 2.0 times Earnings Before Interest, Income Tax and Depreciation during the tenure of the facility.

Reconciliation of movement of liabilities to cash flows arising from financing activities:

	Unsecured term loan	Unsecured revolving credit	Unsecured bankers' acceptances	Total
Balance at 1 January 2017	563,866	55,000	2,885	621,751
Drawdown/(Repayment) of:				
- Term loan	24,742	–	–	24,742
Repayment of:				
- Term loan	(16,849)	–	–	(16,849)
- Revolving credit	–	(34,000)	–	(34,000)
- Bankers' acceptance	–	–	(67)	(67)
Total changes from financing cash flows	571,759	21,000	2,818	595,577
Effect of demerger	(127,439)	–	–	(127,439)
Balance at 31 December 2017	444,320	21,000	2,818	468,138

16. PROVISION

	Group	
	2017	2016
Warranties		
At 1 January	**493**	964
Provision made during the year	**203**	–
Provision reversed during the year	**–**	(471)
Effect of demerger	**(696)**	–
At 31 December	**–**	493

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 1 year (2016: 2 years).

17. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2017	2016	2017	2016
Trade					
Trade payables		**52,947**	75,151	**–**	10
Non-trade					
Accrued expenses		**1,886**	34,237	**5,088**	7,170
Amount due to related companies		**4,982**	–	**–**	–
Amount due to subsidiaries	17.1	**–**	–	**15,743**	14,756
Other payables		**28,165**	31,842	**23,648**	3,867
		35,033	66,079	**44,479**	25,793
		87,980	141,230	**44,479**	25,803

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

18. REVENUE

	Continuing operations		Discontinued operation (see Note 20)		Total	
	2017	2016	2017	2016	2017	2016
Group						
Sales	**370,289**	295,946	**467,987**	458,864	**838,276**	754,810
Rental income from - property	**420**	428	**–**	–	**420**	428
	370,709	296,374	**467,987**	458,864	**838,696**	755,238
Company						
Rental income from - property	**3,701**	4,561	**–**	–	**3,701**	4,561
Dividends	**23,352**	23,757	**–**	–	**23,352**	23,757
	27,053	28,318	**–**	–	**27,053**	28,318

19. TAX EXPENSE

Recognised in profit or loss

	Group 2017	Group 2016	Company 2017	Company 2016
Tax expense on continuing operations	**17,374**	9,916	**126**	5,063
Tax expense on discontinued operation	**9,312**	4,719	**–**	–
Share of tax of equity accounted associate	**162**	400	**–**	–
Total tax expense	**26,848**	15,035	**126**	5,063

	Group 2017	Group 2016	Company 2017	Company 2016
Major components of income tax expense include:				
Current tax expense				
Malaysian - current year	**21,952**	14,632	**296**	2,999
- prior year	**850**	(2,969)	**552**	(1,383)
Total current tax recognised in profit or loss	**22,802**	11,663	**848**	1,616
Deferred tax expense				
Origination and reversal of temporary differences	**1,736**	4,680	**(604)**	3,684
Under/(Over) provision in prior years	**2,148**	(1,708)	**(118)**	(237)
Total deferred tax recognised in profit or loss (Note 9)	**3,884**	2,972	**(722)**	3,447
	26,686	14,635	**126**	5,063
Share of tax of equity accounted associate	**162**	400	**–**	–
Total tax expense	**26,848**	15,035	**126**	5,063

Reconciliation of effective tax rate

	%	%	%	%
Profit/(Loss) before tax	**100**	(100)	**100**	(100)
Income tax calculated using Malaysian tax rate of 24%	**24**	(24)	**24**	(24)
Non-deductible expenses	**8**	41	**56**	91
Non-taxable income	**(5)**	(7)	**(85)**	(55)
Under/(Over) provision in prior years	**4**	(7)	**6**	(3)
Effect of unrecognised deferred tax assets	**9**	18	**–**	–
	40	21	**1**	9

20. DISCONTINUED OPERATION

Pursuant to the demerger (see Note 32), pharmaceuticals segment was presented as discontinued operation during the year. The comparatives for results of discontinued operations have been re-presented to show the discontinued operations of pharmaceutical, together with fertilizer operating segment where the Group decided to scale down its business operations in prior year.

Profit or (Loss) attributable to the discontinued operation was as follows:

Results of discontinued operation

	Note	Group 2017	Group 2016
Revenue	18	**467,987**	458,864
Expenses		**(416,208)**	(526,126)
Results from operating activities		**51,779**	(67,262)
Tax expense	19	**(9,312)**	(4,719)
Results from operating activities, net of tax		**42,467**	(71,981)
Loss on sale of discontinued operation		**–**	(3,016)
Tax on disposal of discontinued operation		**–**	(1,050)
Results from operating activities, net of tax		**42,467**	(76,047)
Included in results from operating activities are:			
Depreciation of property, plant and equipment		**(23,951)**	(17,697)

The profit/(loss) from discontinued operation is attributable to:

	Group 2017	Group 2016
Owners of the Company	**31,158**	(53,258)
Non-controlling interests	**11,309**	(22,789)
Profit/(Loss) for the year	**42,467**	(76,047)
Cash flows (used in)/from discontinued operation		
Net cash from operating activities	**37,921**	54,703
Net cash (used in)/from investing activities	**(71,875)**	68,516
Net cash from/(used in) financing activities	**14,143**	(37,830)
Effect on cash flows	**(19,811)**	85,389

20. DISCONTINUED OPERATION (CONTINUED)

The carrying amount of net assets of CCMD Group distributed to shareholders of the Company on demerger was as follows:

	Group 2017
Property, plant and equipment	**316,862**
Investment properties	**4,650**
Intangible assets	**205,893**
Deferred tax assets	**9,851**
Inventories	**136,301**
Trade and other receivables	**107,789**
Current tax assets	**10,785**
Cash and cash equivalents	**96,020**
Asset held for sale	**1,000**
Trade and other payables	**(78,363)**
Loans and borrowings	**(127,439)**
Current tax liabilities	**(1,218)**
Deferred tax liabilities	**(12,568)**
Net assets	**669,563**

21. PROFIT/(LOSS) FOR THE YEAR

	Group		Company	
	2017	**2016**	**2017**	**2016**
Profit/(Loss) for the year is arrived at after charging:				
Auditors' remuneration:				
- Statutory Audit				
KPMG	**520**	539	**86**	85
Other auditors	**153**	164	**–**	–
- Other services				
KPMG	**122**	52	**65**	35
Depreciation of property, plant and equipment	**46,763**	50,191	**3,499**	3,515
Impairment loss:				
- Property, plant and equipment	**185**	4,606	**–**	–
- Trade receivables	**2,553**	11,956	**–**	–
- Other receivables	**–**	4,779	**–**	–
- Amount due from subsidiaries	**–**	–	**–**	34,762
- Investments in subsidiaries	**–**	–	**–**	42,435
- Intangible assets	**1,769**	–	**–**	–
Interest expense:				
- Subsidiaries	**–**	–	**–**	15
- Bank overdraft	**–**	2	**–**	–
- Revolving credits	**2,070**	4,301	**1,734**	2,808
- Bankers' acceptances	**201**	1,845	**–**	–
- Unsecured term loan	**21,710**	23,692	**19,436**	16,583
- Others	**6,248**	4,678	**648**	3,148
Net loss on disposal of:				
- Property, plant and equipment	**190**	–	**–**	–
- Investment in subsidiaries	**–**	–	**–**	92,398
Personnel expenses (including key management personnel)				
- Contribution to Employees Provident Fund	**15,968**	12,247	**2,636**	2,568
- Wages, salaries and others	**119,498**	100,456	**21,259**	14,601
Property, plant and equipment written off	**58**	1,324	**–**	–
Rental expenses in respect of:				
- Property leases	**4,097**	9,981	**1,411**	1,209
- Property	**1,722**	1,071	**17**	19
- Equipment	**381**	104	**237**	104
Research and development costs expensed as incurred	**10,256**	9,745	**–**	–
Write-down to net realisable value	**5,924**	21,456	**–**	–
Realised foreign exchange loss	**1,133**	–	**–**	–
Unrealised foreign exchange loss	**–**	1,888	**–**	522

21. PROFIT/(LOSS) FOR THE YEAR (CONTINUED)

	Group 2017	Group 2016	Company 2017	Company 2016
and after crediting:				
Change in fair value of investment properties	**200**	–	**380**	83,200
Interest income:				
- Subsidiaries	**–**	–	**13,182**	20,292
- Fixed deposits	**3,906**	5,301	**457**	881
- Others	**3,829**	4,363	**1,579**	1,642
Dividend income from				
- Other investment-quoted shares in Malaysia	**–**	3	**–**	–
- Subsidiaries	**–**	–	**23,352**	23,757
Net gain on disposal of:				
- Assets held for sale	**–**	–	**–**	20,350
- Property, plant and equipment	**–**	118	**59**	–
Reversal of:				
- Impairment on trade receivables	**3,697**	3,908	**–**	–
- Impairment on amount due from subsidiary	**–**	–	**12,500**	–
- Provision of warranty	**–**	471	**–**	–
- Provision of obsolete stocks	**2,464**	1,050	**–**	–
Rental income from property	**5,950**	435	**3,701**	4,561
Realised foreign exchange gain	**3,719**	1,515	**–**	23
Unrealised foreign exchange gain	**2,004**	–	**1,356**	–

22. EARNINGS/(LOSS) PER ORDINARY SHARE

Basic earnings/(loss) per ordinary share

The calculation of basic earnings/(loss) per ordinary share at 31 December 2017 was based on the profit/(loss) attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, calculated as follows:

	2017			2016		
	Continuing operations	Discontinued operation	Total	Continuing operations	Discontinued operation	Total
(Loss)/Profit for the year attributable to ordinary shareholders	**(5,239)**	**31,158**	**25,919**	(17,515)	(46,114)	(63,629)

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

	Group 2017	Group 2016
Weighted average number of ordinary shares at 31 December	**462,615**	454,632

	2017 Sen	2016 Sen
From continuing operations	**(1.13)**	(3.85)
From discontinued operation	**6.74**	(10.14)
Basic earnings/(loss) per ordinary share	**5.61**	(13.99)

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 2017 and 31 December 2016.

23. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Total amount	Date of payment
2017			
Interim 2017 ordinary	**2.50**	**11,366**	**1 June 2017**
Total amount		**11,366**	
2016			
Interim 2016 ordinary	2.50	11,366	3 June 2016
Interim 2016 ordinary	2.50	11,366	18 November 2016
Total amount		22,732	

24. OPERATING SEGMENTS

Business segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Managing Director (the chief operating decision maker) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Chemicals - Manufacturing and marketing of chlor-alkali and coagulant products, industrial and specialty chemicals.
- Polymer - Manufacturing and selling of industrial cleaner and hydrogel coating products.
- Pharmaceuticals - Manufacturing and marketing of pharmaceutical and healthcare products.

Other non-reportable segments comprise operations related to the investment holding company and rental of investment property. None of these segments met the quantitative thresholds for reporting segments in 2017 and 2016.

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's Managing Director (the chief operating decision maker). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Managing Director. Segment total asset is used to measure the return on assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Group's Managing Director. Hence, no disclosure is made on segment liability.

24. OPERATING SEGMENTS (CONTINUED)

	Chemicals		Polymers		Pharmaceuticals (discontinued)		Fertilizers (discontinued)		Others		Eliminations		Consolidated	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Segment profit/(loss)	**31,371**	13,087	**14,196**	13,605	**42,467**	26,826	**–**	(102,873)	**(30,236)**	(62,282)	**(17,980)**	27,799	**39,818**	(83,838)
Included in the measure of segment profit/ (loss) are:														
Total external revenue	**283,565**	214,740	**84,277**	81,206	**467,987**	312,940	**–**	145,924	**2,867**	428	**–**	–	**838,696**	755,238
Inter-segment revenue	**30,753**	4,972	**–**	–	**–**	–	**–**	–	**3,281**	4,133	**(34,034)**	(9,105)	**–**	–
Write-down of inventories	**–**	(1,793)	**–**	–	**(5,924)**	(5,946)	**–**	(13,717)	**–**	–	**–**	–	**(5,924)**	(21,456)
Impairment of property, plant and equipment	**–**	–	**–**	–	**–**	–	**–**	–	**185**	(4,606)	**–**	–	**185**	(4,606)
Depreciation and amortisation	**(19,018)**	(17,091)	**(539)**	(533)	**(23,951)**	(22,500)	**–**	(4,803)	**(3,498)**	(3,515)	**243**	(1,749)	**(46,763)**	(50,191)
Share of profit of associate	**681**	1,770	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**681**	1,770
Not included in the measure of segment profit but provided to Group Managing Director:														
Finance costs	**(3,700)**	(4,099)	**–**	(120)	**(5,264)**	(5,550)	**–**	(1,895)	**(34,616)**	(41,549)	**13,351**	18,695	**(30,229)**	(34,518)
Finance income	**1,102**	1,599	**1,285**	1,090	**2,714**	4,234	**–**	283	**2,634**	22,831	**–**	(20,373)	**7,735**	9,664
Tax expense	**(12,658)**	(4,930)	**(4,569)**	(4,081)	**(9,312)**	(4,653)	**–**	(66)	**(147)**	(5,064)	**–**	4,159	**(26,686)**	(14,635)

24. OPERATING SEGMENTS (CONTINUED)

	Chemicals 2017	Chemicals 2016	Polymers 2017	Polymers 2016	Pharmaceuticals (discontinued) 2017	Pharmaceuticals (discontinued) 2016	Fertilizers (discontinued) 2017	Fertilizers (discontinued) 2016	Others 2017	Others 2016	Eliminations 2017	Eliminations 2016	Consolidated 2017	Consolidated 2016
Segment assets	**313,114**	277,641	**181,605**	168,179	**768,685**	661,463	**30,752**	52,348	**629,900**	1,525,208	**(1,062,696)**	(999,527)	**861,360**	1,685,312
Included in the measure of segment assets are:														
Investment in associate	**15,537**	14,856	**-**	-	**-**	-	**-**	-	**-**	-	**71**	71	**15,608**	14,927
Additions to non-current assets other than financial instrument and deferred tax assets	**18,661**	64,946	**288**	1,785	**74,288**	34,953	**-**	315	**99**	905	**-**	-	**93,336**	102,904

Geographical segments

The Pharmaceuticals, Chemicals, Polymers 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 2017	Malaysia 2016	Indonesia 2017	Indonesia 2016	Singapore 2017	Singapore 2016	Other regions 2017	Other regions 2016	Discontinued operations 2017	Discontinued operations 2016	Consolidated 2017	Consolidated 2016
Geographical segments												
External revenue	**311,046**	219,959	**10,732**	15,742	**23,687**	28,357	**22,797**	32,316	**470,434**	458,864	**838,696**	755,238
Segment assets	**820,776**	914,699	**10,124**	9,406	**524**	13,930	**3,141**	33,466	**26,795**	713,811	**861,360**	1,685,312

25. FINANCIAL INSTRUMENTS

25.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables ("L&R");
(b) Available-for-sale financial assets ("AFS"); and
(c) Financial liabilities measured at amortised cost ("FL").

	Carrying amount	L&R/ (FL)	AFS
2017			
Financial assets			
Group			
Other investments	45,568	–	45,568
Trade and other receivables (excludes prepayment)	129,202	129,202	–
Cash and cash equivalents	160,345	160,345	–
	335,115	289,547	45,568
Company			
Other investments	45,414	–	45,414
Trade and other receivables (excludes prepayment)	65,030	65,030	–
Cash and cash equivalents	60,655	60,655	–
	171,099	125,685	45,414
Financial liabilities			
Group			
Loans and borrowings	(468,138)	(468,138)	–
Trade and other payables	(87,980)	(87,980)	–
	(556,118)	(556,118)	–
Company			
Loans and borrowings	(414,320)	(414,320)	–
Trade and other payables	(44,479)	(44,479)	–
	(458,799)	(458,799)	–

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.1 Categories of financial instruments (continued)

	Carrying amount	L&R/ (FL)	AFS
2016			
Financial assets			
Group			
Other investments	50,074	–	50,074
Trade and other receivables (excludes prepayment)	179,584	179,584	–
Cash and cash equivalents	288,317	288,317	–
	517,975	467,901	50,074
Company			
Other investments	49,950	–	49,950
Trade and other receivables (excludes prepayment)	516,167	516,167	–
Cash and cash equivalents	72,992	72,992	–
	639,109	589,159	49,950
Financial liabilities			
Group			
Loans and borrowings	(621,751)	(621,751)	–
Trade and other payables	(141,230)	(141,230)	–
	(762,981)	(762,981)	–
Company			
Loans and borrowings	(440,570)	(440,570)	–
Trade and other payables	(25,803)	(25,803)	–
	(466,373)	(466,373)	–

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.2 Net gains and losses arising from financial instruments

	Group		Company	
	2017	**2016**	**2017**	**2016**
Net gains/(losses) on:				
Available-for-sale:				
- recognised in other comprehensive income	**30**	34,210	**–**	34,210
- recognised in profit or loss	**–**	3	**–**	–
Loans and receivables	**13,056**	(3,118)	**29,073**	(12,446)
Financial liabilities measured at amortised cost	**(30,239)**	(34,518)	**(21,818)**	(22,554)
	(17,153)	(3,423)	**7,255**	(790)

25.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

25.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries.

(i) Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.4 Credit risk (continued)

(i) Receivables (continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 180 days, which are deemed to have higher credit risk, are monitored individually.

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

	Group	
	2017	**2016**
Malaysia	**89,337**	147,479
Indonesia	**1,763**	2,238
Others	**2,277**	8,082
	93,377	157,799

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.4 Credit risk (continued)

(i) Receivables (continued)

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

	Gross	Individual impairment	Collective impairment	Net
Group				
2017				
Not past due	**70,552**	**–**	**–**	**70,552**
Past due 0-30 days	**15,184**	**–**	**–**	**15,184**
Past due 31-180 days	**5,406**	**(110)**	**–**	**5,296**
Past due more than 181 days	**22,233**	**(14,315)**	**(5,573)**	**2,345**
	113,375	**(14,425)**	**(5,573)**	**93,377**
2016				
Not past due	121,027	–	–	121,027
Past due 0-30 days	19,204	–	–	19,204
Past due 31-180 days	14,391	(6)	–	14,385
Past due more than 181 days	30,118	(23,680)	(3,255)	3,183
	184,740	(23,686)	(3,255)	157,799

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.4 Credit risk (continued)

(i) Receivables (continued)

Impairment losses (continued)

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

	Group	
	2017	**2016**
At 1 January	**26,941**	20,663
Impairment loss recognised	**2,553**	11,956
Impairment loss reversed	**(3,697)**	(3,908)
Impairment loss written-off	**(62)**	(2,379)
Foreign exchange differences	**(1,042)**	609
Effects arising from demerger	**(4,695)**	–
At 31 December	**19,998**	26,941

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.

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.4 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 21. The Company does not specifically monitor the ageing of the advances to the subsidiaries.

25.5 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.

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.5 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							
2017							
Non-derivative financial liabilities							
Unsecured term loan	**444,320**	**4.70% - 5.00%**	**481,129**	**356,809**	**102,125**	**22,195**	**–**
Unsecured bankers' acceptances	**2,818**	**3.82%**	**2,926**	**2,926**	**–**	**–**	**–**
Unsecured revolving credit and trade facilities	**21,000**	**3.90% - 4.56%**	**21,887**	**21,887**	**–**	**–**	**–**
Trade and other payables	**87,980**	**–**	**87,980**	**87,980**	**–**	**–**	**–**
	556,118		**593,922**	**469,602**	**102,125**	**22,195**	**–**
2016							
Non-derivative financial liabilities							
Unsecured term loan	552,368	4.50% - 4.93%	613,968	27,801	412,577	147,219	26,371
Unsecured bankers' acceptances	2,885	4.40%	3,012	3,012	–	–	–
Unsecured revolving credit and trade facilities	66,498	4.05% - 4.46%	69,075	69,075	–	–	–
Trade and other payables	141,230	–	141,230	141,230	–	–	–
	762,981		827,285	241,118	412,577	147,219	26,371

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount	Contractual interest rate %	Contractual cash flows	Under 1 year	1 - 2 years	2 - 5 years
Company						
2017						
Non-derivative financial liabilities						
Unsecured term loan	**394,320**	**4.70%-5.00%**	**426,019**	**344,636**	**59,188**	**22,195**
Unsecured revolving credit and trade facilities	**20,000**	**3.90%-4.56%**	**20,866**	**20,866**	**–**	**–**
Trade and other payables	**44,479**	**–**	**44,479**	**44,479**	**–**	**–**
	458,799		**491,364**	**409,981**	**59,188**	**22,195**
2016						
Non-derivative financial liabilities						
Unsecured term loan	400,570	4.70% - 4.93%	438,317	11,150	374,842	52,325
Unsecured revolving credit and trade facilities	40,000	4.45% - 4.46%	41,782	41,782	–	–
Trade and other payables	25,803	–	25,803	25,803	–	–
	466,373		505,902	78,735	374,842	52,325

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

25.6.1 Interest rate risk or net asset value risk

The Group's investment in debt securities and borrowings are exposed to a risk of change in their fair value due to changes in market 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 Group's exposure to the risk of changes in market rates relates primarily to the highly liquid investments with floating net asset value and its floating interest rate unsecured term loans. Changes in the net asset value and interest rate may expose the Group to a risk of change in cash flows.

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	
	2017	**2016**	**2017**	**2016**
Fixed rate instruments				
Financial assets	**49,888**	64,568	**26,288**	502,323
Financial liabilities	**(324,388)**	(369,953)	**(320,570)**	(340,570)
	(274,500)	(305,385)	**(294,282)**	161,753
Floating rate instruments				
Financial assets	**43,550**	95,865	**43,550**	14,456
Financial liabilities	**(143,750)**	(251,798)	**(93,750)**	(100,000)
	(100,200)	(155,933)	**(50,200)**	(85,544)

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.6 Market risk (continued)

25.6.1 Interest rate risk or net asset value risk (continued)

Interest rate risk sensitivity analysis

(a) 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.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates 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 foreign currency rates, remain constant.

	2017 Profit or (loss)		**2016 Profit or (loss)**	
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
Group				
Floating rate instruments	**(762)**	**762**	(1,185)	1,185
Company				
Floating rate instruments	**(382)**	**382**	(650)	650

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.6 Market risk (continued)

25.6.2 Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD") 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
2017	
Trade receivables	**1,216**
Trade payables	**(393)**
Net exposure in the statements of financial position	**823**
2016	
Trade receivables	3,765
Trade payables	(5,821)
Loans and borrowings	(6,498)
Net exposure in the statements of financial position	(8,554)

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.6 Market risk (continued)

25.6.2 Currency risk (continued)

Currency risk sensitivity analysis

A 10% (2016: 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)	
	2017	**2016**
Group		
USD	**(63)**	650

A 10% (2016: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

25.6.3 Other price risk

Equity price risk arises from the Group's investment in equity securities.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors of the Group.

Equity price risk sensitivity analysis

This analysis assumes that all other variables remain constant and the Group's equity investments moved in correlation with the FTSE Bursa Malaysia KLCI ("FBMKLCI") and Korean Securities Dealers Automated Quotations ("KOSDAQ").

A 10% (2016: 10%) strengthening against the above indices at the end of the reporting period would have increased equity by RM4,556,843 (2016: RM5,007,400) for investments classified as available-for-sale. A 10% weakening against the above indices would have had equal but opposite effect on equity.

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

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		
2017										
Group										
Financial assets										
Quoted shares	**45,568**	**–**	**–**	**45,568**	**–**	**–**	**–**	**–**	**45,568**	**45,568**
Financial liabilities										
Unsecured term loan	**–**	**–**	**–**	**–**	**–**	**–**	**(97,693)**	**(97,693)**	**(97,693)**	**(108,750)**
	45,568	**–**	**–**	**45,568**	**–**	**–**	**(97,693)**	**(97,693)**	**(52,125)**	**(63,182)**
2016										
Group										
Financial assets										
Quoted shares	50,074	–	–	50,074	–	–	–	–	50,074	50,074
Financial liabilities										
Unsecured term loan	–	–	–	–	–	–	(480,122)	(480,122)	(480,122)	(536,118)
	50,074	–	–	50,074	–	–	(480,122)	(480,122)	(430,048)	(486,044)

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.7 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
2017										
Company										
Financial assets										
Quoted shares	**45,414**	**–**	**–**	**45,414**	**–**	**–**	**–**	**–**	**45,414**	**45,414**
Amount due from subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**23,671**	**23,671**	**23,671**	**24,791**
Financial liabilities										
Unsecured term loan	**–**	**–**	**–**	**–**	**–**	**–**	**(60,775)**	**(60,775)**	**(60,775)**	**(68,750)**
	45,414	**–**	**–**	**45,414**	**–**	**–**	**(37,104)**	**(37,104)**	**8,310**	**1,455**
2016										
Company										
Financial assets										
Quoted shares	49,950	–	–	49,950	–	–	–	–	49,950	49,950
Amount due from subsidiaries	–	–	–	–	–	–	414,792	414,792	414,792	454,959
Financial liabilities										
Unsecured term loan	–	–	–	–	–	–	(362,703)	(362,703)	(362,703)	(394,320)
	49,950	–	–	49,950	–	–	52,089	52,089	102,039	110,589

25. FINANCIAL INSTRUMENTS (CONTINUED)

25.7 Fair value information (continued)

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

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 (2016: 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.

26. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

Total equity of the Group has reduced significantly upon completion of the demerger exercise as mentioned in Note 20 to the financial statements. The debt-to-equity ratio at 31 December 2017 and 31 December 2016 were as follows:

		Group	
	Note	**2017**	**2016**
Total loans and borrowings	15	**468,138**	621,751
Total equity		**280,904**	891,776
Debt-to-equity ratios		**1.67:1**	0.70:1

Subsequent to the disposal of the investment property presented under asset held for sale (see Note 13), which are expected to be completed in the following year, gearing of the Group will reduce to 1.50 times or below to comply with a loan covenant (see Note 15).

27. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
Less than one year	**1,421**	1,306	**1,421**	1,306
Between one and five years	**3,000**	130	**3,000**	130
	4,421	1,436	**4,421**	1,436

The Group leases a number of office premises and equipment under operating leases. The leases typically run for a period of 3 to 5 years with an option to renew the lease after that date. Lease payments are revised to reflect market rentals. None of the leases includes contingent rentals.

28. CAPITAL AND OTHER COMMITMENTS

	Group		Company	
	2017	**2016**	**2017**	**2016**
Capital expenditure commitments				
Plant and equipment				
Contracted but not provided for	**22,249**	8,308	**43**	8

29. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its holding company, significant investors, subsidiaries, associate and key management personnel.

29. RELATED PARTIES (CONTINUED)

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 30) are shown below. The balances related to the below transactions are shown in Notes 10 and 17.

	Transaction value year ended 2017	2016
Group		
Rental expense to holding company	**1,411**	(1,209)
Company		
Dividend income from subsidiaries	**23,352**	23,757
Rental expense to holding company	**(1,411)**	(1,209)
Rental income from subsidiaries	**3,281**	4,133
Shared cost charged to subsidiaries	**13,815**	16,259

30. KEY MANAGEMENT PERSONNEL COMPENSATION

	Group		Company	
	2017	**2016**	**2017**	**2016**
Directors:				
- Fees	**1,026**	972	**768**	698
- Remuneration	**1,572**	1,504	**950**	776
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	**413**	280	**358**	228
	3,011	2,756	**2,076**	1,702
Other key management personnel:				
- Remuneration	**6,906**	6,808	**1,688**	1,638
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	**283**	265	**127**	130
	7,189	7,073	**1,815**	1,768

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

31. CONTINGENT LIABILITIES

As of 31 December 2017, 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 is unsuccessful, an additional tax to be paid by PTCCMI would be IDR36,100,000,000 (equivalent to approximately RM11.0 million). The hearing of the appeals was concluded on 29 July 2015 and as at 31 December 2017, 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 and the amount is not capable of reliable measurement.

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

32.1 Placement of new shares

During the financial year, the company issued 45,463,186 new ordinary shares at RM1.32 per ordinary share via a private placement to eligible investors for a total cash consideration of RM60 million.

32.2 Share consolidation

On 3 October 2017, approval has been given to the Company to consolidate every 3 existing ordinary shares of the Company (including treasury shares) into 1 ordinary share in the Company. The Share Consolidation has been completed on 26 December 2017. The issued share capital of the Company of 503,093,042 ordinary shares of the Company have been consolidated into 167,695,988 Consolidated Shares.

32.3 Acquisition of non-controlling interest

The Company has also entered into a Sale of Shares Agreement with Lanjut Setia Sdn. Bhd. ("LSSB") and its holding company, Permodalan Nasional Berhad ("PNB") to acquire the remaining 20% of the issued share capital of its subsidiary, CCM Chemicals Sdn. Bhd. ("CCMC"), of which 10% owned by LSSB and 10% by PNB, comprising a total of 4,000,000 ordinary shares for a purchase consideration of RM40 million. The Company has announced that the acquisitions were completed on 24 November 2017. CCMC became a wholly-owned subsidiary of the Group.

32.4 Demerger of CCM Duopharma Biotech Berhad ("CCMD")

On 28 December 2017, the Group completed the demerger of CCMD from the Group. The pharmaceutical operations were demerged from the Group. Moving forward the Group will focus on chemical and polymer operations. The demerger involved the following:

(i) Transfer of CCMD shares from CCM Marketing Sdn. Bhd. ("CCMM")

On 11 August 2017, the Company entered into Debt Settlement Agreement with one of its subsidiaries, CCMM to fully settle the amount owing by CCMM by way of the transfer of 204,665,784 units of CCMD shares owned by CCMM to the Company with a consideration received of RM475.7 million.

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

32.4 Demerger of CCM Duopharma Biotech Berhad ("CCMD") (continued)

(ii) Distribution of CCMD shares

On 28 December 2017, the Company distributed its entire interest in CCMD shares to shareholders of the Company by way of a reduction of the paid up capital of the Company pursuant to Section 116 of the Companies Act 2016.

The effect of the demerger is as follows:

	Group	Company
Decrease in share capital	475,737	475,737
Decrease in retained earnings	65,948	–
Decrease in minority interest	127,878	–
Carrying amount of CCMD/Investment in CCMD	669,563	475,737

33. SUBSEQUENT EVENT

On 2 March 2018, the shareholders of the Company have approved the ordinary resolution relating to the proposed disposal (see Note 13) as set out in the Notice of Extraordinary General Meeting ("EGM") dated 14 February 2018.

34. COMPARATIVE FIGURES

The comparatives for the Consolidated Statement of Profit or Loss and Other Comprehensive Income have been re-presented to show the discontinued operation pursuant to the demerger of CCM Duopharma Biotech Berhad ("CCMD") during the year.