GROUP MANAGING DIRECTOR'S Operations Review

Amirul Feisal bin Wan Zahir
Group Managing Director

Dear Shareholders,

2013 was a challenging year. Two of our divisions, namely our Fertilizers and Chemicals Divisions were adversely impacted by commodity related down-cycle. However, the Pharmaceuticals Division continued where it left off in 2012, with another stellar performance. The Group's profitability was also impacted by an impairment of RM15.8 million against the marketing rights of Pneumococcal Vaccine, acquired in 2006. However, the impact of the impairment was cushioned by a one-off gain from the revaluation of two parcels of land in Bukit Tunku amounting to RM13.1 million. CCM ended the year with a revenue of RM1.29 billion, a 15 percent decline, while Group profit before tax ("PBT") declined by 71 percent to RM20.9 million.

CHEMICALS DIVISION

2013 saw what is perhaps the lowest point of the commodity down cycle which began in 2012. The domestic chemicals industry was affected by a combination of supply cost increases, a challenging export market due to the varying global market dynamics especially in Europe, the availability of alternative cheaper chemicals from China to mitigate cost increase and the varying level of competitors' aggressive pricing programme to increase their market share. Furthermore, the excess supply of Chlor-Alkali products due to the inability of a major user to ramp up its production further distorted the market intensifying the difficulties faced by the Division in its business.

These various market dynamics impacted all three of the Divisions' businesses. Chemicals Division ended 2013 with revenue of RM299.5 million, a reduction of 15 percent from RM352.2 million in 2012, while PBT was lower by 58 percent to RM16.6 million from RM39.0 million in the previous year.

During the year under review, the Chlor-Alkali segment was affected by the demand fluctuation of oleochemical manufacturers competing against their Indonesian counterparts with lower cost of production. The downward pressure on prices was further exacerbated in Malaysia as off take from a new Chlor-Alkali plant commissioned to supply a rare earth refining facility did not fully materialise as planned. The additional supply capacity introduced without a matching demand affected the domestic market equilibrium and further eroded the profitability from this segment. In contrast, the regional market was not as intense as compared to in Malaysia. To defend against further margin erosion, our plant operations deployed various operational excellence programme to optimise cost. On the market side, we also observed closely any opportunities to improve margins including deploying various customer excellence programmes.

The regional trading business continued with its restructuring programme which focused on 'solutions provider' approach. The overall trading business, however, performed below expectation. This was due to the market dynamics described above and the new 'solutions' driven portfolio of products is in its ramping up phase. Moving forward, in line with our restructuring programme to improve margins, we will continue to source for both premium and mid-tier products and to continue to develop our people. This is to suit our aspiration to move towards value added products with sustainable margins and under our own label, across South East Asia.

Polymer coatings business undertaken through CCM Innovative Solutions Sdn. Bhd. ("CCMIS"), offers solutions for the surgical and medical rubber glove manufacturers in Malaysia, Thailand, Indonesia, Vietnam, India, Sri Lanka and China. CCMIS collaborates closely with the manufacturers to ensure continuous business relationship based on '*premium service, premium products and premium people*' ("SPP"). This SPP approach managed to weather off to a certain extent, aggressive price competition. The surgical and medical rubber glove market is trending towards nitrile rubber on the back of fluctuating latex prices and higher utility costs. This would impact demand for our traditional products as less usage is required for nitrile. To mitigate this risk, CCMIS is deploying various R&D programmes to develop newer products to maintain its competitiveness and market share in the long run. For the year under review, CCMIS continued to be the main contributor for the Division's profitability.

For 2014, the Division will continue to expand its R&D capabilities to position itself as a solution provider in the near future and will continue to look at polymeric material, food additives and ingredients, and industrial health and hygiene. We will also continue to explore research partnerships both within and outside Malaysia. Internally, the Division will continue to apply continuous improvement programmes to achieve its future aspiration. The Malaysian government's commitment to reduce its fiscal deficit will bring about the reduction of subsidies enjoyed by the manufacturing sector. Thus, the recent hike in electricity tariff and possible further fuel increases in the near future have prompted the Division to consider investing in newer technologies with improved efficiencies to extract operational savings.

The Chemicals Division has been a committed supporter of the Chemical Industries Council of Malaysia ("CICM") Responsible Care programme, whereby the processes of production, sales, distribution and disposal of chemical products are holistically managed to ensure minimal impact to safety, health and environment ("SHE"). Accordingly, in 2013, the Division's flagship entity namely CCM Chemicals Sdn. Bhd. ("CCMC"), was awarded with the Gold Awards in Community Awareness and Emergency Response Code, Distribution Code, Pollution Prevention Code, Process Safety Code, Employee Health and Safety Code and Product Stewardship Code. CCMC also won the CICM Platinum Awards under the category of Employee Health and Safety Code, and Process Safety Code. Such awards signify that employees' safety and welfare have always been one of the key pillars in the Division's activities.

CCMIS was awarded the ISO 9001:2008 certification which demonstrated the ability to consistently provide products that meet customers' and applicable statutory and regulatory requirements. This will only strengthen our commitment towards enhancing customers' satisfaction through effective application of various processes and conformity towards customer excellence programme as well as statutory and regulatory commitments. In a fitting end to 2013, the Division was awarded the Prime Minister's Hibiscus Award under Notable Achievement in Environmental Performance.

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PHARMACEUTICALS DIVISION

The Pharmaceuticals Division recorded strong performance in 2013 achieving a PBT growth of 34 percent to RM34.1 million from RM25.5 million on the back of a revenue increase of 4 percent to RM295.9 million from RM284.8 million. The stellar performance in 2013 was driven mainly by improved domestic Ethical sales to the government and private sectors, as well as increased sales to export markets. Apart from the revenue contribution, the Division continued its disciplined execution of the Lean Six Sigma projects to improve cost of goods sold ("COGS") and a general tightening of expenses, both of which contributed to improved profitability.

In the Ethical segment, the Division continued its strategic focus in niche areas such as oncology, biotherapeutics and vaccines as well as improved its product pipeline and customer offerings. In 2013, the Division commenced joint clinical trials for an Erythropoietin ("EPO") biosimilar developed for use in the treatment of anaemia in end-stage kidney failure patients, with PanGen Biotech Inc. ("PanGen") of South Korea. The clinical trials have already commenced in both South Korea and Malaysia. Such high value added partnership projects are the Division's cornerstone strategy in the commercialisation of biotherapeutics while eliminating the need to invest in very expensive clinical trials and long gestation periods to deliver biotherapeutics to the market.

The partnership with PanGen was strengthened further with the conclusion of a purchase of a 13.86 percent equity stake in the company by CCM in December 2013. The equity stake is reciprocated through exclusive marketing and commercialisation rights in Malaysia, Singapore and Brunei, granted to CCM for all biotherapeutics developed by PanGen. In this regard, CCM's equity stake in PanGen allows the Pharmaceuticals Division to have strategic access to a biotherapy product pipeline as there are very few start-up biotherapy companies globally with the expertise, track record and range of cell lines already developed by PanGen.

In addition to our partnership with PanGen, CCM is also collaborating with Biocon, India to market their range of Human Insulin products in Malaysia. This would supplement the portfolio of Biotherapeutics being developed by CCM.

Through its product pipeline strategy initiative launched in 2012, the Division continued to launch new products in the year under review such as *Dermoplex Simple Cream* (for skin relief), *Acetan HCT* 50mg & 100mg (for high blood pressure), *Dexproco Syrup* (for cough and cold), *CCM Cyanocobalamine* (Vitamin B12 injection) and *Duopidogrel* (anti-thrombotic agent).

While efforts in the Ethical segment have continued to bear fruits for the Division, the brand rationalisation and revitalising programme that was started in 2012 continued to be the main activity in the Over-the-Counter ("OTC") segment in 2013, whereby focus was given to the four core brands namely *Champs*™, *Flavettes*™, *Proviton*™ and *Naturalle*™. *Flavettes*™ received a new dose of life in early 2013 with a fresh new livery and tagline, namely 'A Burst of Life' and 'Inspire Your Day', largely aimed at the youth segment of the OTC market. Road shows were carried out at major tertiary education institutions in the first quarter of 2013 and the end of 2013 saw *Flavettes*™ closing the year with its *'Flavettes™ Rhythm Nation Tour'* with Rhythm Nation, a finalist in the music competition 'Passport To Fame: Battle of the Bands 2011'. We are hopeful that such advertising and promotional investments made on the core brands would translate into positive returns to the Division over the next three years.

The Division also launched several new OTC products to reinforce and complement the brand rationalisation and revitalisation programme. In 2013, *Proviton*™ *plus CoQ10* (multivitamin for general wellbeing with CoQ10 for energy metabolism, physiologic energy and cardiovascular health) and *Donna*™ *Glucosamine + Chondroitin + MSM* (Methylsulfonylmethane) (for relief of joint pains) were launched.

On the regional front, the Division's investment in expanding its key markets in ASEAN are bearing fruit with our Singapore and Philippines operations achieving profitability and significant growth potential. The Division will continue to focus on developing effective distribution channels and efficient go-to-market strategies for new products based on local customer requirements.

The Division's leadership in Halal pharmaceuticals was further reinforced during the year with its three entities obtaining the Halal Malaysia certification based on the world's first Halal Pharmaceuticals Standard MS2424:2012 - Halal Pharmaceuticals - General Guidelines, by Jabatan Kemajuan Islam Malaysia ("JAKIM") in January 2013. The historic achievement was also bestowed recognition in the Malaysia Book of Records. Due to its leadership position in Halal pharmaceuticals, 2013 saw senior officers and management of the Division being invited to speak and participate in numerous government-led Halal conferences, symposiums, workshops, training and events both locally and internationally. Such events help reinforce the Halal positioning in the customers' mind. The Division's leadership position in Halal Pharmaceuticals is bearing fruit as consumers and hospitals begin to have a preference for Halal alternatives.

With an increasingly competitive landscape in the generic pharmaceuticals industry, maintaining profit margins remains a challenge for the Division. In such an environment, operational cost becomes key in maintaining competitiveness and preserving margins. Since its inception in mid-2012, the Lean Six Sigma projects have brought cumulative hard savings of approximately RM8 million to the Division. Major capital expenditure investments were committed in 2013, in order for the machinery and equipment to remain cost effective in the coming years. Such investments were aided by a new online tendering and procurement system commissioned in 2013 that ensures cost effectiveness for any operational and capital expenditures.

Due recognition was also obtained by the Division, with two other major awards received in 2013. The first award was given by the renowned market research house, Frost & Sullivan, whereby CCM's Pharmaceuticals Division was named the Pharmaceutical Company of the Year – Generics Drug Category, in the Frost & Sullivan Malaysia Excellence Awards 2013. The Division's offering in the children's supplement category namely *Champs*™ was also awarded the Guardian Customers' Choice Award 2013 in the Kids' Supplement Category.

For 2014, the Division aims to make a mark in both commercial and operational fronts. Commercially, 2014 will continue with improved domestic market penetration initiatives, launching of new products and continued push in export markets. Meanwhile operationally, 2014 will see the Division focus on supply chain to support a continuing growing business, thus looking at long-term storage capacity and also depot management. The Division will also continue on initiatives in improving efficiencies in both expenses and COGS. Strategically, 2014 will see the continuation of the Division's focus in Biotherapeutics, niche therapeutic areas, revitalisation of its OTC range, regional expansion and Halal leadership in the pharmaceutical space.

FERTILIZERS DIVISION

2013 was a challenging year, not just for CCM's Fertilizers Division but for the whole industry as well. The first half of 2013 saw the Division charting improvements in its results, but that position changed in the second half of the year. A significant drop in potash prices due to the unexpected unravelling of the world's largest potash joint-venture in July 2013 had created market uncertainty in the second half of 2013. This resulted in reduced demand for fertilizers from plantations, with the Group's Fertilizers Division consequently being severely affected. Fertilizers Division reported a 21 percent decrease in revenue to RM693.0 million from RM876.3 million in the previous year, due to the lower volume of compound fertilizers sold to the plantations and export sectors. The Division posted a pre-tax loss of RM12.9 million as compared to a PBT of RM10.7 million previously, mainly as a result of the decline in demand for fertilizers.

Our Shah Alam plant recorded lower profitability compared to 2012, while plant operations in Lahad Datu and Medan faced greater localised market challenges during the year, with the difficult market conditions compounding the effect, especially during the second half of the year. The two plants' entities ended 2013 with loss positions due to lower sales volume and depressed prices.

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Nevertheless, despite the adverse performance, there were some positive highlights within the Division in 2013. The Bintulu plant continued its turnaround in 2013 and is in the right track, with improved sales contributing to the positive performance.

In facing the challenges, the Division initiated several key initiatives in 2013 to improve operations, sales and supply chain. New sales personnel were added to our team to ensure sufficient coverage on our plantations and dealers markets throughout the country. An integrated campaign between the sales and technical teams to drive the sales volume was carried out whereby, the technical team carried out complimentary advisory services and training to the smallholders and dealers with the aim to increase yield through the use of our Cock's Head Brand ("CHB") or "Cap Kepala Ayam" compound fertilizers. On the operations side, sourcing of more competitive raw materials had been studied and used in our production without compromising on quality and production rate of manufacturing our compound fertilizers. Improvements were also made on logistics and warehousing of raw materials. We have also improved on our foreign exchange management with better raw material and hedging processes. In addition, the Lean Six Sigma programme which started in 2012, continued making its mark in 2013, with evident results of increased productivity and efficiency across the Division, translating to total savings from the initiative so far around RM7 million.

To improve our performance in Lahad Datu, we are planning a multi-prong approach; that is to increase our sales and marketing efforts in Sabah focusing on small and medium sized estates via the expansion of our dealers market, to establish strategic partnerships with major plantations so that a captive market can be created for our Lahad Datu plant and to penetrate the Kalimantan markets through our Indonesian distributors. In generating demand and new markets in Sabah, we have launched an enhanced formulation, '*MPOBF2 Super K*', sold via dealers and dedicated agents. This product is formulated to meet the nutrients requirement for palms planted on peat soil which will position CCM as a leader in understanding requirements of local conditions.

Our operations in Medan continues to be loss making despite significant cost improvements made over the years. Although our trading operations for Indonesia remains profitable, our plant operations continue to face the difficulties of operating in the local business environment. We will continue to explore all options to resolve our position in Medan.

The market for fertilizers in 2014 is likely to be better but it would still be challenging. The outlook for CPO prices is expected to improve compared to 2013, driven by the expected decline in palm oil inventories in the coming months. The premier standing of the CHB will be defended via increased branding and marketing activities such as end-user marketing, creating brand loyalty among existing customers while attracting new ones. Emphasis on ISO certified production and high quality products should command a good price premium. The branding efforts undertaken to promote our CHB brand were recognised with the esteemed BrandLaureate Award for Best Brand in Manufacturing in May 2013.

IMPAIRMENT OF VACCINE MARKETING RIGHTS AND GAIN FROM NON–CORE ASSET RATIONALISATION

During the financial year under review, the Group had, after assessing the commercial viability of its marketing rights vis-a-vis future development stages of the Pneumococcal Vaccine ("Vaccine"), anticipated that the economic benefits of the marketing rights will not be recovered. Thus, full impairment of RM15.8 million was recognised. In 2006, CCM had acquired marketing rights for the Asian region (excluding Japan) for the Vaccine from Synergy America Inc. The Vaccine is currently still at the pre-clinical development stage.

The impact of the impairment however, was offset by a one-off gain from a revaluation of our property in Bukit Tunku. In September 2013, CCM had undertaken the formal process to dispose its properties situated in Bukit Tunku, Kuala Lumpur, to Permodalan Nasional Berhad ("PNB") for a consideration of RM74.8 million ("Bukit Tunku Disposal"). As a result of the change in Fair Value of Investment Property arising from the Bukit Tunku Disposal, CCM had recognised a gain of RM13.1 million in 2013. Subsequently, at the Extraordinary General Meeting convened in January 2014, shareholders duly approved the resolution for the Bukit Tunku Disposal. The exercise was part of the on-going rationalisation of CCM's non-core assets, complementing our transformation programme launched in 2011.

CONTINUED FOCUS ON STRENGTHENING OUR BALANCE SHEET

The Group had significantly improved its cash and working capital management with a release in cash from operating activities by RM109.2 million in 2013. The cash released from active working capital management was utilised to pare down the Group's external borrowings. This has resulted in a reduction of Debt/Equity ratio to 0.81x from 0.87x in 2012 (FY 2011 – 0.91x).

The proceeds from Bukit Tunku Disposal which was completed in February 2014, will also provide flexibility for the Group to further pare down its debt as part of its transformation programme.

In addition, CCM also recorded savings on net interest cost, with RM26.3 million in 2013 compared to RM32.7 million in 2012. This represented reduction of 19.4 percent. The Group has restructured some of the higher costs borrowings, bringing down the long-term financing costs to an average of 3.6 percent - 3.8 percent (from average of 4.0 percent).

GROUP-WIDE OPERATIONAL EXCELLENCE VIA LEAN SIX SIGMA PROGRAMME AND EFFICIENT TECHNOLOGY PLATFORMS

In 2013, the Group continued with the implementation of the Lean Six Sigma programme, a three-year programme which began in May 2012. As of March 2014, 89 staff completed the Green Belt training and of these, 6 staff attended the more in-depth Black Belt training. As of February 2014, the Group has a total of 127 projects, of which 68 have already been implemented and have delivered hard savings of over RM21 million. The projects are implemented in all areas of operations; from plant operations and maintenance, supply chain management including logistics and warehousing, sales and marketing as well as support services such as finance, human resource and information technology. The proliferation of the Lean Six Sigma projects and trained staff will not only bring on more savings for the Company but also a cultural change throughout the organisation to continuously improve.

On the IT front, the Group is already seeing operational efficiencies and improved decision-making processes as a result of the implementation of a new Enterprise Resource Planning ("ERP") solution, namely the SAP system, in our Pharmaceuticals Division. The Group has commenced its blueprinting exercise at the end of 2013 for phased implementation of SAP in its other two Divisions.

DEVELOPING TALENT WITH A STRONG CULTURE OF INTEGRITY

In CCM, we are also committed to a culture where issues on ethics and integrity can be raised and discussed openly. The Corporate Integrity System ("CIS") embarked by the Group since the establishment of our Integrity unit in November 2013, is an initiative to improve the state of corporate integrity and ethical values and practices in CCM. As part of this platform, CCM had revived and re-launched the 'Integrity Hotline' where every member of the CCM family can speak up if there is a concern about any inappropriate behaviour he or she observes. The initiative bodes well and complements our core values, with integrity being one of the components and making integrity the way of life for everyone here at CCM.

Our people are the most important asset in our organisation and as such, we continuously work to increase job satisfaction while assisting our employees develop in their professional careers. We also strive to instil our core values in the hearts and minds of our employees and ensure they are motivated and driven to do better for themselves and the organisation.

As of 31 December 2013, the Group has a total of 1,972 employees. 49.3 percent of our employees belong to the age group of between 30 to 44 with the next largest age group being those aged 18 to 29 (30.2 percent), whilst those between the age of 45 to 54 is 16.8 percent. The remaining members of our workforce (3.8 percent) are aged 55 and older. 85.0 percent of our workforce is based in Peninsular Malaysia, 3.0 percent in Sabah, 3.4 percent in Sarawak and 8.6 percent from the ASEAN region. The Pharmaceuticals Division employs the largest number of employees at 57.5 percent followed by Fertilizers Division at 22.0 percent, whilst the Chemicals Division is at 15.1 percent and the holding company at 5.4 percent. As our operations require consistency and long term stability, 90.0 percent of our employees are permanent employees with only 10.0 percent under contractual terms.

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For the year under review, the Group recorded an attrition rate of 10.4 percent. This is below the 2013 attrition rate in the general industry in Malaysia of 13.2 percent (source: *Towers Watson's Total Rewards Seminar, 30 October 2013, Kuala Lumpur*). As a testament to our continuous commitment to put our employees first, CCM was awarded the "Anugerah Majikan 1Malaysia" by the YAB Prime Minister, at the Labour Day Awards Presentation in June 2013. This award was based on five criteria including the implementation of human capital development, 1Malaysia values, corporate social responsibility programmes, employee turnout and implementation of human capital transformation activities.

The year under review also saw us launched the My Career Acceleration Programme ("MyCAP") for the Group's non-executive employees to strengthen their skills, competencies and capabilities. MyCAP is an 'upward mobility programme' developed by CCM and aligned with the Performance Management and Delivery Unit ("PEMANDU") Workforce Transformation Roadmap to transform the Malaysian workforce. From this programme, it is hoped that our employees will be on track to greater career growth and mobility opportunities.

COMMITMENT AND LEADERSHIP IN HALAL

With our efforts so far in Halal, we are proud to have established a strong footing in the growing Halal market. Our intention is to have the market recognise the CCM brand and its products synonymous with Halal. We believe that with increasing customer awareness on the availability of Halal pharmaceuticals and our other products, our leadership position would make our products as a preferred choice. Our Pharmaceuticals Division has already won tenders where our leadership position in Halal products became a key deciding factor for the award.

As mentioned in the Pharmaceuticals Division review, CCM's Halal leadership position was reinforced when we received the renowned "Halal Malaysia" certification based on the world's first Halal Pharmaceuticals Standard MS2424:2012 Halal Pharmaceuticals – General Guidelines, from JAKIM. The Halal certificates for our three pharmaceutical companies were presented by YB Mejar Jeneral Dato' Seri Jamil Khir bin Hj. Baharom on 30 January 2013 and this achievement has earned a listing in The Malaysia Books of Records.

During the year under review, we also continued to strengthen our ties with key strategic partners in Halal. We were honoured to be invited to participate in the 'Halal Lab' co-organised by Performance Management & Delivery Unit ("PEMANDU"), Ministry of International Trade and Industry ("MITI") and Halal Industry Development Corporation ("HDC"), in which ideas were generated to further develop Halal pharmaceuticals as one of the key drivers in achieving Malaysia's aspiration to be the 'Global Halal Hub'. We were also made representatives for organisations such as the Federation of Malaysian Manufacturers ("FMM") and Malaysian Organisation of Pharmaceutical Industries ("MOPI") in various Halal-related government committees and activities. The Pharmaceutical Services Division of several states have also collaborated with CCM in Halal Pharmaceuticals seminars.

In addition to receiving recognition from government bodies, CCM was also involved in the private sector led activities such as the Islamic Development Bank ("IDB") Expert Roundtable, 1st International Halal Pharmaceuticals Summit co-organised by CPhI (a premier global pharmaceuticals events organiser) and the Global Islamic Economy Summit Conference, co-organised by the Dubai Chamber of Commerce and Industry with Thomson Reuters.

Internally, we also strengthened the core of Halal Integrity throughout the CCM Group with consistent and visible leadership commitment and support, through the 1Malaysia CCM Halal Awareness Series organised in 2013 with several key stakeholders such as suppliers and various agencies such as JAKIM, HDC and Ministry of Health ("MOH").

We have also obtained official approval from the Halal Hub Division of JAKIM for our various Halal branding initiatives, to be in compliance with the requirements of the Trade Description Act 2011 under the purview of the Ministry of Domestic Trade, Co-operatives and Consumerism ("KPDNKK"). Such branding initiatives that are in compliance with the Act are the Group's *'CCM & Halal'*, Pharmaceuticals Division's *'Manufactured in Halal Compliant Facilities'*, Chemicals Division's tagline *'The First Halal Certified Chlor-Alkali in South East Asia'* and our Fertilizers Division's tagline *'Berkualiti, Bersih lagi Suci'*.

Our Halal journey will be in its 15th year in 2014 and the focus would be to continue the execution of Phase Two of CCM Group's Halal Strategy, i.e. to 'Nurture & Optimise CCM's Halal Leadership Position' by identifying targeted customers to increase sales opportunities for both the local and regional market, continuing to strengthen ties with key strategic partners at all levels of CCM's management, and augmenting knowledge capacity building by developing a Halal training module which caters to the different levels of CCM's workforce and nature of business of each Division.

ACKNOWLEDGEMENT

While we have made significant progress in improving the efficiency of operations and strengthen the foundations of the Company in terms of governance, human capital and financial capital management, 2013 has shown us that some of our businesses are still exposed to swings in the industry cycles. Our expansion efforts in our Pharmaceuticals Division and move towards a more stable product portfolio in our Chemicals Division are strategies that we will continue to focus on to mitigate the Group's exposure to industry cycles. We will remain steadfast in pursuing our strategic objectives and continue to be optimistic that good progress will continue in future years.

12 November 2013 marked the conclusion of YBhg. Tan Sri Dato' Sri Hamad Kama Piah bin Che Othman's tenure as the Chairman of CCM. We would like to extend our heartfelt gratitude to him for his leadership and guidance for the past three years, bringing an extraordinary degree of passion, energy and commitment to CCM. Under his leadership, CCM has positioned itself as a leader in Halal manufacturing and human capital development. He had also championed the revamping of CCM's strategic initiatives, with the launch of CCM's transformation programme in 2011. We wish him all the best in his future undertakings.

At the same time, we take this opportunity to welcome YB Dato' Sri Azalina binti Othman on board as the new Chairman of CCM. She is the first woman Chairman of CCM since its inception 50 years ago, and brings with her a wealth of experience from both the private and public sectors, to lead CCM in continuing its strategic transformational change. Her previous portfolio as the Minister of Youth and Sports, and Tourism will certainly increase CCM's profile locally and internationally. Her vibrant and energetic personality will certainly match the high energy level of the CCM staff. Indeed, this is an exciting and challenging time for CCM, and we look forward to that under the stewardship of YB Dato' Sri Azalina, CCM will soar to greater heights.

Finally, on behalf of the senior management of CCM, we would like to convey a special acknowledgement to the Board of Directors for their guidance, wisdom and unwavering commitment towards achieving CCM's strategic objectives. To the employees, we would also like to thank them for their dedication and hard work throughout the year.

Amirul Feisal bin Wan Zahir
Group Managing Director