

TECHNOL

A woman in a white lab coat and gloves is working in a biosafety cabinet. She is focused on her task, and the scene is lit with soft, natural light from a window with vertical blinds in the background. The overall tone is professional and scientific.

OGY

TECHNOLOGY



Chemicals Division

THE CHEMICALS DIVISION RECORDED A 12% GROWTH. THE IMPROVED RESULTS WERE ATTRIBUTED MAINLY TO THE PERFORMANCE OF BOTH THE MANUFACTURING AND TRADING BUSINESS.



CCMC continues to consolidate its position as the leading chlor-alkali producer in Malaysia.



CCM's Chemicals Division (CCMC) ended the year under review on a very satisfactory note. The division achieved a record of RM369.3 million in turnover for the FY 2006 as compared to RM317.8 million posted previously. Overall, the chemicals business recorded a growth of 16%. The improved results were attributed mainly to a sterling performance turned in by both manufacturing and trading businesses. Total exports of manufactured products reached record volumes in 2006, amidst a scenario of rising production costs as a direct result of higher oil prices. CCMC's chlor-alkali business had to cope with increases in electricity tariffs as well as salt prices, and this has had some impact on profitability. However, CCMC has offset these impacts by increasing plant efficiencies. Various cost-containment measures were also instituted during the year.

Significant progress was made on both the domestic and international fronts. CCMC continues to consolidate its position as the leading chlor-alkali producer in Malaysia. Hence, we are currently evaluating plans to expand our chlor-alkali facility in Pasir Gudang. In line with its aspiration to be a leading total solutions provider in the water industry, CCMC has also ventured into water engineering complementing the services it already provides to the potable and industrial water sectors. In the trading area, we have gained new grounds in the regional metals and electronic chemicals businesses. CCMC is also developing new product lines to capitalise on the rapid growth of the oleochemical and bio-diesel industries.

Like the rest of the Group, CCMC has taken on the challenge of the growing internationalisation of its business activities. In FY 2006, about 28% of CCMC's turnover were derived from exports and sales outside Malaysia, an increase from 23% in 2005. Over the next few years, CCMC aspires to be a regional company with 40% of its revenue derived from its overseas operations. Under the CCMC Regionalisation strategy, our operations in Singapore and Indonesia are performing well, with record sales and turnover. Our new Vietnamese operations are also meeting expectations. We are on track in setting up our Thai operations, which begins operations in 2007.



CCMF is the only compound fertilizer manufacturer in Malaysia to have received both the SIRIM MS49:1994 product certification and MS ISO 9001:2000 quality system.



Fertilizers Division

CCMF IS A LEADING COMPOUND FERTILIZER MANUFACTURER IN THE COUNTRY, TRADING UNDER ITS POPULAR 'COCK'S HEAD' BRAND SINCE 1967.





CCM's Fertilizers Division (CCMF) faced several challenges in FY 2006. The most pronounced ones being the volatile raw material costs, and increased competition from lower quality NPK compound fertilizers. To mitigate the effects of cost volatility, several initiatives in relation to the use of different sources of raw materials were introduced. However, we ensured that these initiatives did not in any way affect the premium quality of our products. CCMF is the only compound fertilizer manufacturer in Malaysia to have received both the SIRIM MS49:1994 product certification and MS ISO 9001:2000 quality system. The division continued to emphasize on technical selling to protect our market share.

Notwithstanding these daunting challenges, the division achieved a turnover of RM535.6 million for the FY 2006. This was RM138.9 million or 35% higher than the turnover registered the previous year. However, escalating raw material costs have impacted margins. As a result, the division registered a profit before tax of RM13.0 million for FY 2006, against RM30.0 million the previous year.

CCMF is a leading compound fertilizer manufacturer in the country, trading under its popular 'Cock's Head' brand since 1967. In addition to compound fertilizers, the division trades in a wide range of other straight fertilizers, mixture fertilizers and specialty products like organic and foliar fertilizers. During the year, two new products namely CHB 99 Plus, and FERT 300 were launched. Our premium CHB compound fertilizer has proven agronomically sound and economically viable for any given crop. The premium CHB 99 Plus contains magnesium, which is

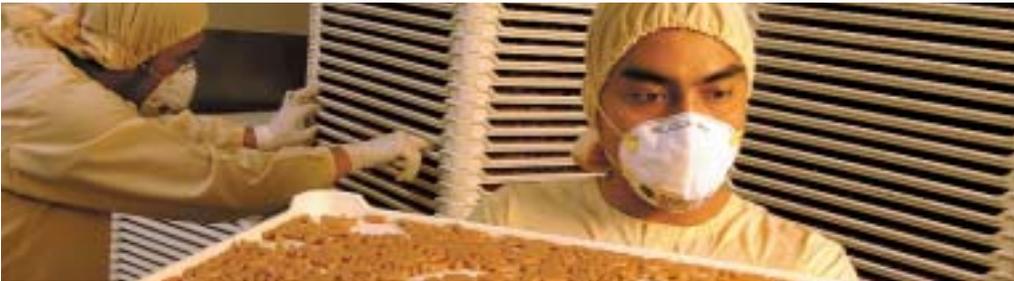




essential in boosting latex yields. By continually introducing innovative and better fertilizers, CCM is playing its part in helping revitalise the agriculture sector and improve the economic well-being of farmers.

CCMF advocates a 'Total Care' concept by educating its customers to achieve better yields through proper and accurate use of its fertilizers. Each year, CCMF publishes 20,000 copies of its Agrinfo magazine, which are distributed to farmers through its Golden Growers Club.

The division continues to make good progress in support of the Group's plan to be a regional player. Inroads continued to be made into the Indonesian market, where trading activities have already commenced and several warehousing facilities have been strategically established at major ports. As covered earlier in this report, CCM is also planning to set up three new fertilizer plants. The Bintulu plant which is under construction is expected to come on stream some time in 2008, while the other two plants are planned to be commissioned in 2010. The division has plans to further grow its business regionally in 2007, targeting neighbouring countries such as Indonesia, Thailand and the Philippines.



Pharmaceuticals Division

CCM'S RISE TO IT LEADERSHIP POSITION IS PREDICATED ON A KEEN SENSE OF INSIGHTS AND UNDERSTANDING OF THE PHARMACEUTICAL INDUSTRY AND ABILITY TO MEET THE MARKET DEMAND.

CCM is also filling a void in the pharmaceuticals industry within the Islamic world. There is a growing demand for halal certified herbal-based pharmaceuticals products and medication.



CCM is strengthening its pharmaceuticals division to be the Group's major revenue contributor within the next few years. The acquisition of CCMD in 2005 was a major step in this direction and has lived up to CCM's expectations in terms of its contribution to the Group's financial performance as well as the synergies derived from the combined entity with the existing pharmaceuticals business. Today, the CCM Group is the leading generic pharmaceutical company in Malaysia, generating a total turnover of RM204.1 million in FY 2006, or 18.4% of the CCM Group's revenue.

The pharmaceutical industry has been growing at around 8 to 10% annually, a trend that is expected to continue with the population's increasing affluence and becoming more conscious about their own health. With intensifying competition from cheaper generic drugs from India and China, regulatory authorities in Malaysia have also adopted higher standards for the pharmaceuticals industry, in line with the Pharmaceutical Inspection Co-operation Scheme (PICS). Malaysia is one of two ASEAN countries that have been accepted as a member of the PICS. The benefits of membership include global acceptance of the quality of pharmaceutical products manufactured in Malaysia, making it easier for our products to penetrate export markets.

CCM's rise to its leadership position is predicated on a keen sense of insights and understanding of the pharmaceutical industry and ability to meet the market demand. Through significant investment in research and development, CCM was able to maintain an edge in a highly competitive business environment. Among some of the more innovative products launched in 2006 included Mizolam, a psychotropic drug used for the treatment of psychiatric problems, and an oral gel aid for relieving mouth ulcers. CCM is also filling a void in the pharmaceutical industry within the Islamic world. There is a growing demand for halal certified herbal-based pharmaceutical products and medications.



During the year under review, CCMD further increased its product range with the roll out of 3 new ethical products. Among these were ACE inhibitors for reducing blood pressure, anesthetics, contraceptives and anti-retroviral drugs for the treatment of HIV-infected patients.

CCMD also launched 5 new OTC herbal products used traditionally to maintain general health and well being. Taking its cue from the ancient Ayurvedic treatment for the lowering of blood sugar levels, CCMD took two years to develop Diamelon, which was launched on 8 December 2006. The product is derived from bitter melon (bitter gourd), long believed to have the natural curative and preventive elements to keep diabetes at bay. Three other herbal products were launched by the Deputy Prime Minister, YAB Dato' Sri Mohamad Najib Tun Abdul Razak in September 2006. Sunlax is a food supplement that rejuvenates, refreshes and relaxes through an active ingredient commonly found in green tea. The other two products, Pygenol, nourishes the skin while Lipasu Plus is a herbal fat blocker containing flavanols extracted from plants.



As reported last year, CCMD won a tender award to supply SLN 30 and SLN 40 tablets and Methadone to the Ministry of Health. We are the only company in Malaysia permitted by the patent holder to produce SLN 30 and SLN 40, and supplies of these 3-in-1 anti-retroviral drugs for the treatment of HIV/AIDS patients commencing 2006. Methadone is a well-tested medication used for the treatment of narcotic withdrawal and has proven highly successful in an initial 6-month government pilot programme to wean drug users from their addiction. The Government has decided to extend this programme to three years and CCMD has secured the tender award to supply Methadone to the MoH up to the year 2009.

On the domestic front, the pharmaceuticals division continued to penetrate new markets for the concessionary, non-concessionary and private segment businesses. Reputable bumiputra agents have been engaged to participate actively in government tenders. Besides participating in nationwide media publicity and promotion campaigns, CCM have also reached out to a larger customers and consumers base through road shows and direct sales activities in rural areas.

On the international front, CCM pharmaceuticals' products already enjoy a strong presence in ASEAN markets. ASEAN markets will continue to be the mainstay of our export business. Export sales to new markets in the Middle East and Africa started during the year. Meanwhile, markets in Central Europe, Central Asia and Organisation of Islamic Countries (OIC) are being developed.

Corporate Social Responsibility

Corporate social responsibility is integrally tied up with CCM's business activities. As a corporate entity, we owe it to our many stakeholders to ensure growing returns. But in fulfilling this objective, we also touch the lives of millions of Malaysians, and in so doing, help raise the quality of life, improve living standards and help keep the wheels of the Malaysian economy rolling.

CCM supplies the Malaysian market with a whole array of pharmaceutical products at competitive prices. Over time, many of our products have already become household names as a brand to be trusted and an assurance of quality. Through our SLN 30, SLN 40 and Methadone programmes, we are giving hope to the less fortunate, helping these people live a healthier and more productive life. The chlorine we produce and supply to almost all the water authorities in the country ensure that Malaysian water supply is among the cleanest in the region. And by ensuring a stable supply of fertilizers at competitive prices, we help improve the lot of farmers and plantation owners alike, while meeting the national objective of promoting agriculture as one of the main engines of growth.

In addition to all that has been described, the CCM Group has long supported many charitable organisations and worthy causes. During the year, CCM donated 37,000 sets of first-aid kits worth RM750,000.00 for Malaysian pilgrims departing for the Haj. These easy-to-carry kits were specially packed to enable pilgrims to treat common ailments, thereby enabling them to fulfil their religious obligations in relative comfort. On 16 September 2006, CCM signed a two-year Memorandum of Understanding with Yayasan Rahah to complement the foundation's

community service projects. By our contribution of medicines and pharmaceuticals, Yayasan Rahah will be able to provide free medical care to the needy. In conjunction with the launch of Diamelon on 8 December 2006, CCM made a donation to support the National Diabetes Institute's (NADI) educational and awareness programmes. CCMD has also undertaken to donate 50 sen from the sale of every box of the herbal product to NADI for a full year ending November 2007. Motorists heading back to Kuala Lumpur after the Deepavali and Hari Raya festivals in October last year, were pleasantly surprised to receive health and food supplements from CCM staff at major toll plazas. These are some of the ways of showing our appreciation to Malaysians for their loyalty and support.

As a Group that is closely associated with health products, it is perhaps natural that CCM should gravitate towards promoting sports as a healthy way of life. CCM was the main sponsor for the CCM 2nd Selangor International Open Bowling Championship, an event that has produced a crop of internationally recognised bowlers for the last 30 years. The 2006 Championship attracted 300 participants from Malaysia as well as Asia, United Kingdom and the United States of America. The Group also contributes to other sports such as golf, cricket and lawn bowling.

Education continued to be one of the focus areas in CCM's corporate sponsorship programmes. During the year, CCMF collaborated with the Malaysian Palm Oil Board to develop an educational VCD to help smallholders adopt 'Good Agronomic Practices on Oil Palm Planting'. The VCD contains important information and advice to help the smallholder community improve the yields of their palm oil cultivation. It covers topics ranging from seed selection, maintenance and management of ditches, fertilizing to harvesting. The VCD was distributed free to 4,100 registered smallholders who are members of the Golden Growers Club, set up by CCMF in 1998.

We support the Government's initiatives to inculcate the reading habit among schoolchildren. As our contribution to the campaign on 'Enhancing Knowledge Among Rural Primary School Students in Perak Darul Ridzuan', CCM donated RM100,000.00 worth of books which was distributed among 18 schools throughout the state of Perak.

Ultimately, one of CCM's most enduring legacies will be the many students who have benefited from our scholarship programmes. To date, CCM has awarded more than 100 scholarships worth over RM2.8 million to deserving students pursuing undergraduate studies at local institutions of higher learning. Every year, 10 CCM scholars receive an annual grant of RM7,000.00 each and are given industrial training during their semester breaks at any of CCM's wholly-owned subsidiaries. Upon graduation, the candidates are absorbed into CCM's workforce.





HumanResource

Development

REQUIRES WORLD CLASS HUMAN CAPITAL THAT IS KNOWLEDGEABLE,
HIGHLY SKILLED, FLEXIBLE AND ABOVE ALL, CREATIVE.

People drive the organisation. And if we are to scale new heights, CCM knows that it must depend on the combined knowledge, skills and experience of its human capital. That is why the development of our human resources has always been, and will continue to be a key priority in our operating philosophy. This is especially important if we are to achieve our longer-term vision of being a global player. We have no illusions that it can be tough out there. It will require world class human capital that is knowledgeable, highly skilled, flexible and above all, creative.

CCM's training programmes are tailored to meet both functional and development needs of staff. Wherever possible, we try to accommodate individual needs and encourage positive attitudes towards lifelong learning. In layman's terms, functional training helps to bridge the skill gap for an employee to perform more effectively in his or her specific area. It would cover the operational and technical knowledge in areas such as quality, engineering, safety or finance. On the other hand, developmental training revolves around the soft skills, and is designed to enhance one's personal effectiveness in dealings with other employees. It addresses aspects of how individuals relate to others, involving interpersonal skills, people management and motivation.

Training is organised at both the Group and subsidiary levels for greater effectiveness. CCMC for example, organises programmes catering to its specific needs such as courses on sales and marketing, ISO Lead Assessor training, internal quality audit, safe handling of chemicals, emergency response planning and water processing technology, among others. Most of the developmental training to enhance technical and scientific knowledge is conducted by external trainers. However, CCM has from time to time sent staff to attend R&D workshops in Europe to sharpen their skills and acquire leading-edge knowledge.

The vast majority of CCM employees have invested their future with the Company. We have therefore established a succession planning programme that will enable management to identify and groom high-flyers to take over the helm as and when there is a vacancy to fill. About 80% of the current key management positions are occupied by internally developed talents with an average service record of more than 10 years. As the Group continues to pursue its expansion plans at home and abroad, we have also put in place a flexible business structure that will allow for employee progression in line with business and market expansion.

Responding to the Government's call to intensify leadership development, the year in review saw CCM developing its own leadership programme to ensure leadership continuity for key positions. Among others, this programme aims to develop the qualities required of a leader – the development of critical thinking and problem solving skills, capability to think innovatively, drive execution of business results and engage the team members effectively and rally them towards achieving organisational goals. These are all pre-requisites in CCM's quest to reach new heights.



Research & Development



As a leading and progressive pharmaceutical company, CCM believes that investment in R&D is imperative in ensuring a successful and sustainable future. CCM has therefore established strategic partnerships with global leaders to tap into their R&D expertise and markets. Following the success of our investment experiences with Impax Laboratories (USA) and Cardiome Pharma Corp (Canada), CCM has decided to acquire a strategic 15% equity in Synergy America, Inc. (SynAm). SynAm is a US-based private R&D company that is undertaking research and development on a new and innovative vaccine that could prove effective against pneumococcal diseases such as pneumonia and meningitis. The company has already completed pre-clinical laboratory studies and hopes to obtain FDA approval for this new vaccine by the end of 2007. The potential global market for this vaccine is about USD10 billion and CCM has been given the exclusive rights to market this vaccine throughout Asia, except Japan.

On 18 May 2006, CCM through its wholly-owned company, Innovax Sdn Bhd, signed a Memorandum of Understanding (MoU) with Golden Hope Research Sdn Bhd (GHR's) to jointly undertake R&D and commercialisation of herbal healthcare and wellbeing products. Like CCM, GHR's parent company, Golden Hope Plantations Berhad, comes under the corporate umbrella of Permodalan Nasional Berhad. The MoU covers four main areas: herbal oil palm phytonutrients healthcare; guava phytonutrients; nutraceuticals, health supplements, cosmeceuticals and therapeutics as secondary dosage forms; and herbal healthcare. Each party contributes their respective expertise in the

pharmaceutical and agro-based industries to nurture R&D activities and commercialise healthcare and wellbeing products. The herbal nutraceuticals and cosmeceuticals sectors are still largely untapped and provide tremendous potential for growth.

CCMD is already producing herbal products to meet the growing demand for such items. Among its latest offerings is Diamelon, derived from bitter gourd or bitter melon, traditionally believed to have the natural curative and preventive elements to help control blood glucose levels. CCMD took two years to develop Diamelon, which was carefully formulated to replicate the function of a whole bitter gourd fruit, complete with all three naturally available chemical constituents.

Safety, Health & Environment



Where issues of Safety, Health and Environment (SHE) are concerned, CCM insists that there is neither room for complacency or compromise. Since its early days, a great deal of emphasis has been placed on SHE issues in the conduct of the Company's business. CCM is a pioneer signatory of the Responsible Care Programme and has played a significant role in striving for continual performance improvement in all aspects of SHE management.

In the course of 2006, CCM has continued to reinforce its commitment to SHE by launching the following initiatives:

- A contractor passport programme, which also involves induction, training and familiarisation of contractors on various aspects of SHE. Upon completion of the programme, contractors are issued a passport identifying them as licensed CCM contract workers for the duration of the validity of the passport.
 - Transporter toolbox meetings to increase level of SHE awareness among drivers to improve transportation safety.
 - Activities such as the Q-SHE Week, Community Awareness Programme and Environmental Awareness Programme organised with the Department of Environment in conjunction with Minggu Alam Sekitar Malaysia 2006. These activities were aimed at promoting, enhancing and reinforcing the safety culture and to drive home the message of environmental care and preservation to the community at large.
 - Increased attention has been focused on minimising and reducing greenhouse gas emissions in line with the United Nation Framework Convention on Climate Change and the tenets of the Kyoto Protocol.
- Benchmarking against the best practiced SHE standards with a view to establishing and continually improve the Group's competitiveness in all areas of engagement. This is particularly relevant to CCMC's chlor-alkali operations that are already certified with the OHSAS 18001 standard for environmental management systems.
 - CCMC has also committed itself to participate actively in the Pasir Gudang Emergency Mutual Aid Committee (PAGEMA) to help organise and coordinate an annual mock drill.
 - CCMC has also contributed significantly towards the development of the PAGEMA Incident Command System (ICS) manual, which was launched in December 2006.

The year under review saw CCM participating in a mock drill organised at the Second Link as part of the Malaysia-Singapore Joint Committee on the Environment (MSJCE) emergency effectiveness and preparedness exercise. The drill involved a chemical spill at the Malaysia-Singapore Second Link (MSSL) that threatened to contaminate the air and marine environment of the two countries. CCM participated in the drill alongside more than 150 officials representing the relevant agencies, namely, Department of Environment, Fire and Rescue Services, Civil Defence, Police, Marine, Health, Customs and the Immigration Department. By participating in such mock drills and exercises, we enhance our capabilities in coping with any emergency situation. CCM has a team of trained and experienced personnel in the southern, central, northern and the east coast regions to deal with emergencies.

Corporate Diary 2006

14TH JANUARY 2006

CCM Group Open House to celebrate our gratitude and appreciation to major customers, suppliers and business associates.



14TH FEBRUARY 2006

CCM signed an agreement with the vendor for acquiring the land for its new fertilizers plant in Bintulu.

1ST MARCH 2006

An Investors Relations Networking Session was held to give an insight into the Company's plans for its growth.





20TH-30TH APRIL 2006

CCM participated in the MSAM 2006 in Kuala Terengganu as a co-sponsor.

18TH MAY 2006

CCMD held its 5th Annual General Meeting at Crystal Crown Hotel, Port Klang.



18TH MAY 2006

CCM's R&D arm, Innovax, signed an MOU with Golden Hope Research to jointly undertake research, development and the commercialization of herbal healthcare and well-being products.

23RD MAY 2006

CCM won the Merit Award of the coveted Malaysia Business Corporate Governance Award 2005.



CorporateDiary 2006

24TH MAY 2006

CCM held its 44th Annual General Meeting at Crowne Plaza Mutiara Hotel, Kuala Lumpur.



31ST MAY 2006

CCMF held the prize presentation for the 8th Educational Excellence Awards at Holiday Inn Glenmarie.

14TH AUGUST 2006

CCMC won 5 awards during the CICM Responsible Care Award Presentation at Hilton Kuala Lumpur.





26TH AUGUST 2006

CCM hosted the CCM Golf Invitational in conjunction with the National Day Celebrations at the Impian Golf & Country Club.

14TH SEPTEMBER 2006

CCM's involvement in a CSR project with the donation of RM100,000 worth of books to 18 rural primary schools in Perak Darul Ridzuan.



15TH SEPTEMBER 2006

CCMC won the Technology Business Award for Excellence in Petrochemicals & Chemicals.

16TH SEPTEMBER 2006

CCM participated in the 'Program Bersama PNB' held in Pekan, Kuantan.



CorporateDiary 2006

12TH OCTOBER 2006

CCM invested 15% stake in Synergy America, Inc., a vaccine R&D company based in USA.



8TH NOVEMBER 2006

CCM's involvement in the Sahabat Korporat Tabung Haji 2006 with its contribution of personal first aid kits to Malaysian pilgrims.

20TH NOVEMBER 2006

CCM awarded 10 students for the Yayasan CCM scholarship at The Legend Hotel.





21ST NOVEMBER 2006

CCMF won the Enterprise 50 Award.

8TH DECEMBER 2006

CCMD launched its new herbal-based product, Diamelon, for maintaining overall wellness.





2006
Awards
 & ACCOLADES

AWARDS AND ACCOLADES

The many accolades and awards CCM received during the year bears testimony to the high standards we have set ourselves. At the CICM Responsible Care Awards 2005 held in September last year, the Group clinched five major awards, including Gold Awards for Community Awareness & Emergency Response and Pollution Prevention Codes.





THE GROUP CLINCHED FIVE MAJOR AWARDS, INCLUDING GOLD AWARDS FOR COMMUNITY AWARENESS & EMERGENCY RESPONSE AND POLLUTION PREVENTION CODES.



Our pharmaceutical products are already well known for their high quality and in FY 2006, three of our products won awards from Watsons' and Guardian Pharmacy, two of the region's most established pharmaceutical retailers. CCMF did the Group proud in winning the National Award for Management Accounting in 2005 and was ranked as the sixth most enterprising company in Malaysia from a total of 140 companies nominated for this year's edition of 'Enterprise 50' Award.

The much-coveted Malaysian Business Corporate Governance Award was organised for the fourth time in 2006 and CCM was one of the three 'Merit Award' winners. We were also the proud recipient of the Technology Business Review Award for Excellence in Petrochemicals and Chemicals.

Finally, CCM is also pleased to be included in the expanded G20 grouping of Government-Linked Companies (GLC). Inclusion into this Roundtable is an acknowledgement of CCM as one of the leading GLCs in Malaysia.

Financial Review

TURNOVER & PROFITABILITY

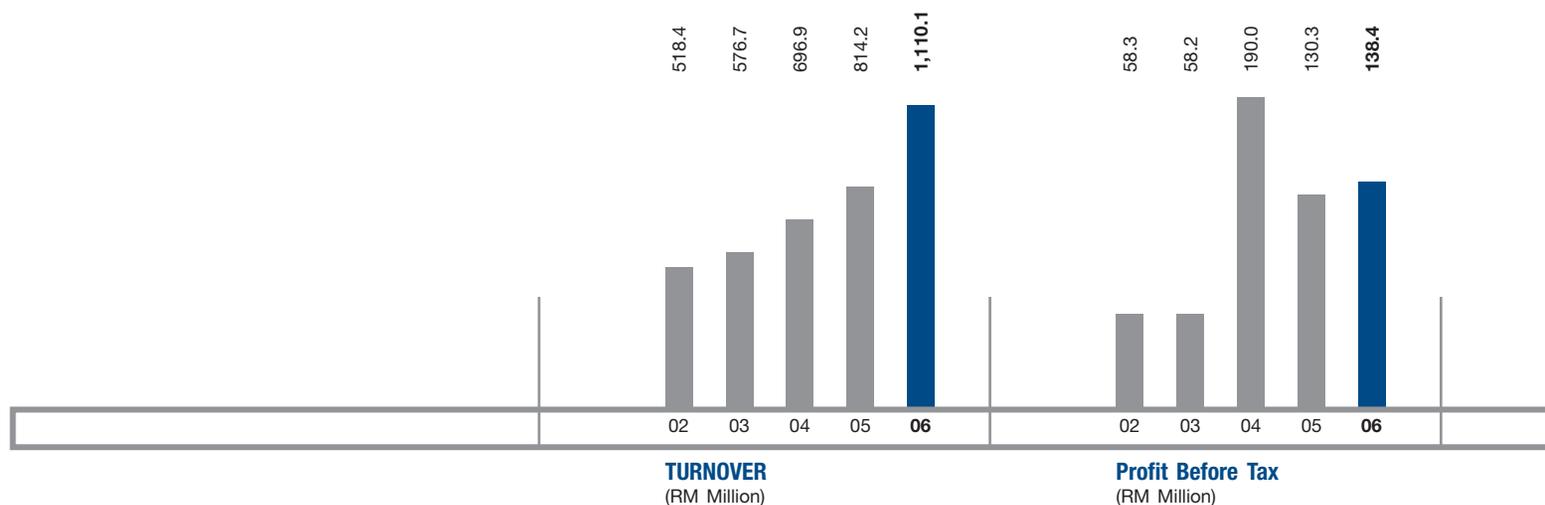
Turnover for the Group increased by more than 36% to RM1,110.1 million, passing the RM1.0 billion mark for the first time ever. All divisions contributed to the increase in turnover, which was achieved, in part, through expansion of regional activities.

Profit Before Tax for the Group increased by 6% to RM138.4 million with contributions from both increase in core business profits as well as from higher gains from sale of investments. Segment-wise, the contribution to

the increase in core business profits came largely from the Pharmaceuticals Division. The Fertilizers and Chemicals Divisions earned lower profits than the previous year due to a combination of weaker product prices and higher raw materials and operating costs.

The Group remains committed to the continued growth of all of its business divisions.

	Turnover (RM'000)		Profit Before Tax (RM'000)	
	2006	2005 (restated)	2006	2005 (restated)
Fertilizers	535.6	396.7	13.0	30.0
Chemicals	369.3	317.8	21.4	25.9
Pharmaceuticals	204.1	99	50.0	16.2
Others	1.1	0.7	54.0	57.1
Group	1,110.1	814.2	138.4	129.2



LIQUIDITY

	2006	2005
	(RM'000)	(RM'000)
Cash from Operating Activities	4,037	61,057
Cash from Investing Activities	45,208	(196,845)
Cash from Financing Activities	(46,352)	72,177
Net increase/(decrease) in Cash and Cash Equivalent	2,893	(63,611)
Opening cash	295,521	359,132
Closing cash	298,414	295,521

Cash From Operating Activities was lower than previous year reflecting higher levels of working capital driven by the increase in turnover.

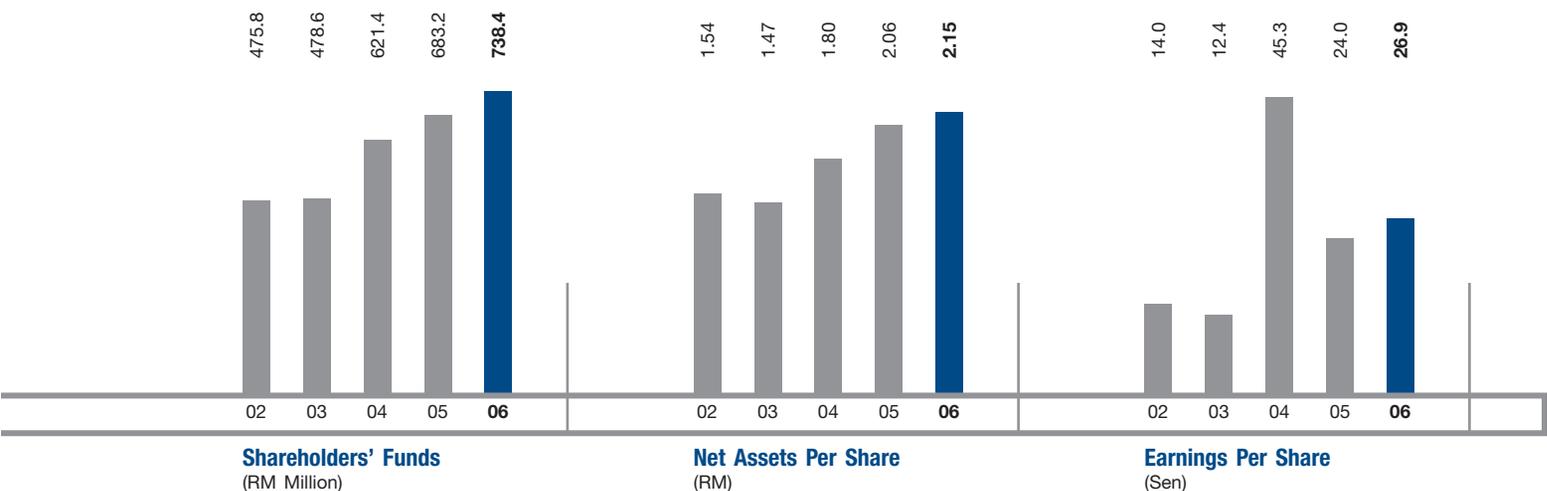
Net Cash From Investing Activities was positive reflecting the surplus of proceeds received from sale of investments over and above disbursements on new purchases and acquisitions of investment and capital assets.

Cash From Financing Activities decreased due to the payment of dividends and the absence of significant new borrowings.

Overall, the Group's cash balance has increased to RM298.4 million.

SHAREHOLDERS VALUE

Net Assets and Earnings per Share continue to show a year-on-year improvement at RM2.15 per share and 26.9 sen per share, respectively. The CCM Group is driven to deliver value growth to its shareholders. It will seek to do this via continued expansion of its core businesses both at home in Malaysia as well as in overseas regional countries.



Financial Highlights

AS AT 31 DECEMBER 2006

	2006	2005 (restated)	2004
	RM'000	RM'000	RM'000
Consolidated Balance Sheets			
Fixed Assets	352,376	412,639	325,601
Other Assets	303,188	274,847	99,881
Current Assets	822,389	673,684	677,162
Total Assets	1,477,953	1,361,170	1,102,644
Current Liabilities	(297,113)	(241,969)	(202,397)
	1,180,840	1,119,201	900,247
Financed by:			
Share Capital	392,977	383,520	377,895
Treasury Shares	(5,836)	(11,443)	(11,443)
Non-Distributable Reserves	62,214	68,153	50,032
Retained Profits	289,106	242,944	204,943
Shareholders' Funds	738,461	683,174	621,427
Minority Interests	99,590	95,484	47,699
Loans	100,000	100,000	–
Bonds	200,000	200,000	200,000
Deferred Tax Liabilities	42,789	40,543	31,121
	1,180,840	1,119,201	900,247
Consolidated Income Statements			
Turnover	1,110,060	814,219	696,941
Profit Before Taxation	138,368	129,167	189,966
Taxation	(17,343)	(23,087)	(13,959)
Profit After Taxation	121,025	106,080	176,007
Minority Interests	(16,753)	(15,859)	(8,341)
Profit Attributable to Shareholders	104,272	90,221	167,666
Dividends	(69,850)	(52,220)	(44,497)
Realisations surplus of Revaluation Reserve	(176)	15,993	150
Transfer (from)/to Retained Profits	34,246	53,994	123,319

Financial Ratios

AS AT 31 DECEMBER 2006

	2006	2005 (restated)	2004
Profitability			
Turnover Growth Rate (%)	36.33	16.83	20.85
Profit Before Taxation as a Percentage of Turnover (%)	12.46	15.86	27.25
Profit Before Taxation as a Percentage of Shareholders' Funds (%)	18.74	18.91	30.57
Liquidity			
Current Ratio	2.77	2.78	3.35
Liquidity Ratio	2.08	2.09	2.72
Market Ratios			
Net Assets Per Share (RM)	2.15	2.06	1.80
Earnings Per Share (Sen)	26.90	24.00	45.30
Net Dividend Per Share (Sen)	19.10	17.48	12.96
Productivity #			
Turnover Per Employee (RM'000)	711	636	737
Assets Per Employee (RM'000)	946	968	1,166
Number of Employees	1,562	1,406	946

Based on Duopharma's full-year results consolidation