Directors' Report

for the year ended 31 December 2011

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiary are as stated in note 5 to the financial statements. There has been no significant change in the nature of these principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to owners of the Company	26,705	22,488

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company declared and paid:

i) a final tax exempt ordinary dividend of 11 sen per ordinary share totalling RM15,270,000 million in respect of the year ended 31 December 2010 on 27 June 2011; and

ii) an interim tax exempt ordinary dividend of 3.50 sen per ordinary share totalling RM4,859,000 million in respect of the year ended 31 December 2011 on 28 October 2011.

The Directors recommend a final ordinary dividend of 14.50 sen per ordinary share less tax at 25% (10.88 sen net per ordinary share) totalling RM15,097,000 million in respect of the year ended 31 December 2011.

DIRECTORS OF THE COMPANY

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

Tan Sri Dato' Dr. Abu Bakar bin Suleiman
Tan Sri Dato' Dr. Jegathesan a/l N M Vasagam @ Manikavasagam
Datuk Alias bin Ali
Haji Ghazali bin Awang
Amirul Feisal bin Wan Zahir (appointed on 13.6.2011)
Dato' Dr. Mohamad Hashim bin Ahmad Tajudin (resigned on 10.6.2011)

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiary) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.50 each			
	At 1.1.2011	**Bought**	**Sold**	**At 31.12.2011**
Tan Sri Dato' Dr. Abu Bakar bin Suleiman				
Interest in the Company:				
– own	286,400	-	-	286,400
– others#	13,000	9,000	-	22,000
Dato' Dr. Mohamad Hashim bin Ahmad Tajudin				
Interest in the Company:				
– own	15,000	-	-	15,000
Tan Sri Dato' Dr. Jegathesan a/l N M Vasagam @ Manikavasagam				
Interest in the Company:				
– own	34,120	-	-	34,120
Haji Ghazali bin Awang				
Interest in the Company:				
– own	72,000	-	-	72,000

\# Zufar Suleiman bin Abu Bakar and Halina Jael binti Abu Bakar are the children of Tan Sri Dato' Dr. Abu Bakar bin Suleiman. In accordance with Section 134(12)(c) of the Companies Act, 1965, the interests and deemed interests of Zufar Suleiman Abu Bakar and Halina Jael binti Abu Bakar in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) shall also be treated as the interests of Tan Sri Dato' Dr. Abu Bakar bin Suleiman.

None of the other Directors holding office as at 31 December 2011 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other corporate body.

HOLDING COMPANIES

The immediate and intermediate holding companies during the financial year were CCM Marketing Sdn. Bhd. and Chemical Company of Malaysia Berhad (a public listed company), respectively. The ultimate holding company during the financial year was Permodalan Nasional Berhad. All the holding companies were incorporated in Malaysia.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year. There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the statements of financial position and statements of comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and the Company misleading, or

OTHER STATUTORY INFORMATION (CONTINUED)

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2011 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Tan Sri Dato' Dr. Abu Bakar bin Suleiman

Haji Ghazali bin Awang

Kuala Lumpur,
16 March 2012

Statement by Directors

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 53 to 96 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 28 to the financial statements has been compiled in accordance with Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Tan Sri Dato' Dr. Abu Bakar bin Suleiman

Haji Ghazali bin Awang

Kuala Lumpur,
16 March 2012

Statutory Declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, Chek Wu Kong, the officer primarily responsible for the financial management of CCM Duopharma Biotech Berhad, do solemnly and sincerely declare that the financial statements set out on pages 53 to 97 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur in the State of Wilayah Persekutuan Kuala Lumpur on 16 March 2012.

Chek Wu Kong

Before me:

16 March 2012

Independent Auditors' Report

to the members of CCM Duopharma Biotech Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of CCM Duopharma Biotech Berhad, which comprise the statement of financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 53 to 96.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2011 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary have been properly kept in accordance with the provisions of the Act.

b) We are satisfied that the accounts of the subsidiary that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

c) Our audit reports on the accounts of the subsidiary did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 28 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

OTHER MATTER

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

Hasman Yusri Yusoff
Approval Number: 2583/08/12(J)
Chartered Accountant

Petaling Jaya,
16 March 2012

Statements of Financial Position

as at 31 December 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Assets					
Property, plant and equipment	3	95,977	100,249	-	-
Investment property	4	5,720	-	-	-
Investment in a subsidiary	5	-	-	40,187	40,187
Trade and other receivables	6	-	-	53,754	47,384
Total non-current assets		101,697	100,249	93,941	87,571
Inventories	7	45,124	34,003	-	-
Current tax assets		2,696	-	212	117
Trade and other receivables	6	37,679	35,755	5,000	5,000
Cash and cash equivalents	8	8,584	24,732	113	4,205
Assets classified as held for sale	9	1,740	1,740	-	-
Total current assets		95,823	96,230	5,325	9,322
Total assets		197,520	196,479	99,266	96,893
Equity					
Share capital		69,739	69,739	69,739	69,739
Reserves		19,537	19,537	12,142	12,142
Retained earnings		75,169	68,593	17,045	14,686
Total equity attributable to owners of the Company	10	164,445	157,869	98,926	96,567
Liabilities					
Loan and borrowing	11	2,082	10,416	-	-
Deferred tax liabilities	12	5,584	3,821	-	-
Total non-current liabilities		7,666	14,237	-	-
Loan and borrowing	11	8,334	8,334	-	-
Current tax liabilities		-	356	-	-
Trade and other payables	13	17,075	15,683	340	326
Total current liabilities		25,409	24,373	340	326
Total liabilities		33,075	38,610	340	326
Total equity and liabilities		197,520	196,479	99,266	96,893

The notes on pages 59 to 97 are an integral part of these financial statements.

Statements of Comprehensive Income

for the year ended 31 December 2011

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue	14	138,132	131,437	23,474	12,580
Cost of sales		(74,847)	(71,940)	-	-
Gross profit		63,285	59,497	23,474	12,580
Other income		248	183	-	-
Distribution and marketing expenses		(13,245)	(12,265)	-	-
Administrative expenses		(12,042)	(9,569)	(450)	(421)
Other expenses		(3,651)	(2,927)	-	-
Results from operating activities	15	34,595	34,919	23,024	12,159
Finance income	16	364	490	2,341	2,742
Finance cost	17	(231)	-	-	-
Profit before tax		34,728	35,409	25,365	14,901
Income tax expense	19	(8,023)	(6,740)	(2,877)	(1,650)
Profit for the year attributable to owners of the Company		26,705	28,669	22,488	13,251
Other comprehensive income, net of tax					
Revaluation of property, plant and equipment		-	6,946	-	-
Total other comprehensive income for the year		-	6,946	-	-
Total comprehensive income for the year attributable to owners of the Company		26,705	35,615	22,488	13,251
Basic and diluted earnings per ordinary share (sen)	20	19.24	20.65		

The notes on pages 59 to 97 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2011

Group	Note	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000
		← Attributable to owners of the Company →					
			← Non-distributable		→	Distributable	
At 1 January 2010							
- as previously stated		69,739	13,720	449	(1,578)	60,408	142,738
- effects of adopting FRS 139		-	-	-	-	(8)	(8)
At 1 January 2010, restated		69,739	13,720	449	(1,578)	60,400	142,730
Revaluation of property, plant and equipment		-	-	6,946	-	-	6,946
Total other comprehensive income for the year		-	-	6,946	-	-	6,946
Profit for the year		-	-	-	-	28,669	28,669
Total comprehensive income for the year		69,739	13,720	7,395	(1,578)	89,069	178,345
Dividends on ordinary shares	21	-	-	-	-	(20,476)	(20,476)
Total distribution to owners		-	-	-	-	(20,476)	(20,476)
At 31 December 2010		69,739	13,720	7,395	(1,578)	68,593	157,869
Profit for the year		-	-	-	-	26,705	26,705
Total comprehensive income for the year		69,739	13,720	7,395	(1,578)	95,298	184,574
Dividends on ordinary shares	21	-	-	-	-	(20,129)	(20,129)
Total distribution to owners		-	-	-	-	(20,129)	(20,129)
At 31 December 2011		69,739	13,720	7,395	(1,578)	75,169	164,445
		Note 10.1		Note 10.2	Note 10.3	Note 10.4	

The notes on pages 59 to 97 are an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2011

Company	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000
		← Attributable to owners of the Company →				
		← Non-distributable		→	Distributable	
At 1 January 2010		69,739	13,720	(1,578)	21,911	103,792
Profit for the year		-	-	-	13,251	13,251
Total comprehensive income for the year		-	-	-	13,251	13,251
Dividends on ordinary shares	21	-	-	-	(20,476)	(20,476)
Total distribution to owners		-	-	-	(20,476)	(20,476)
At 31 December 2010/ 1 January 2011		69,739	13,720	(1,578)	14,686	96,567
Profit for the year		-	-	-	22,488	22,488
Total comprehensive income for the year		-	-	-	22,488	22,488
Dividends on ordinary shares	21	-	-	-	(20,129)	(20,129)
Total distribution to owners		-	-	-	(20,129)	(20,129)
At 31 December 2011		69,739	13,720	(1,578)	17,045	98,926
		Note 10.1		Note 10.3	Note 10.4	

The notes on pages 59 to 97 are an integral part of these financial statements.

Statements of Cash Flows

for the year ended 31 December 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Cash flows from operating activities					
Profit before tax		34,728	35,409	25,365	14,901
Adjustments for:					
Depreciation of property, plant and equipment		5,969	5,301	-	-
Dividends income		-	-	(23,474)	(12,580)
Impairment loss:					
- assets classified as held for sale		-	140	-	-
Finance income		(364)	(490)	(2,341)	(2,742)
Finance cost		231	-	-	-
Operating profit/(loss) before changes in working capital		40,564	40,360	(450)	(421)
Changes in working capital:					
Inventories		(11,121)	2,350	-	-
Trade and other payables		1,393	4,949	14	6
Trade and other receivables		(1,924)	(654)	(6,370)	11,042
Cash generated from/(used in) operations		28,912	47,005	(6,806)	10,627
Tax paid		(9,313)	(6,966)	(656)	(1,700)
Interest paid		(231)	-	-	-
Net cash generated from/(used in) operating activities		19,368	40,039	(7,462)	8,927
Cash flows from investing activities					
Acquisition of property, plant and equipment		(7,417)	(25,901)	-	-
Dividends received		-	-	21,158	12,580
Interest received		364	490	2,341	2,742
Proceeds from disposal of plant and equipment		-	257	-	-
Net cash (used in)/generated from investing activities		(7,053)	(25,154)	23,499	15,322

The notes on pages 59 to 97 are an integral part of these financial statements.

for the year ended 31 December 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Cash flows from financing activities					
Dividends paid to owners of the Company		(20,129)	(20,476)	(20,129)	(20,476)
(Repayment to)/Proceeds from loan and borrowing		(8,334)	3,324	-	-
Net cash used in financing activities		(28,463)	(17,152)	(20,129)	(20,476)
Net (decrease)/increase in cash and cash equivalents		(16,148)	(2,267)	(4,092)	3,773
Cash and cash equivalents at 1 January		24,732	26,999	4,205	432
Cash and cash equivalents at 31 December		8,584	24,732	113	4,205

Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Deposits with licensed banks		8,016	23,289	-	4,100
Cash and bank balances		568	1,443	113	105
	8	8,584	24,732	113	4,205

The notes on pages 59 to 97 are an integral part of these financial statements.

CCM Duopharma Biotech Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The addresses of its registered office and principal place of business are as follows:

Registered office	**Principal place of business**
13th Floor, Menara PNB 201-A, Jalan Tun Razak 50400 Kuala Lumpur Malaysia	Lot 2599, Jalan Seruling 59 Kawasan 3, Taman Klang Jaya 41200 Klang Selangor Darul Ehsan Malaysia

The consolidated financial statements of the Company as at and for the year ended 31 December 2011 comprise the Company and its subsidiary (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the year ended 31 December 2011 do not include other entities.

The Company is principally engaged in investment holding whilst the subsidiary is primarily involved in carrying on business as manufacturer, distributor, importer and exporter of pharmaceutical products and medicines.

The immediate and intermediate holding companies during the financial year were CCM Marketing Sdn. Bhd. and Chemical Company of Malaysia Berhad (a public listed company), respectively. The ultimate holding company during the financial year was Permodalan Nasional Berhad. All the holding companies were incorporated in Malaysia.

These financial statements were authorised for issue by the Board of Directors on 16 March 2012.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS"), generally accepted accounting principles and the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations of the FRS framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and Company:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, *Related Party Disclosures* (revised)
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards –Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Transfers of Financial Assets*
- Amendments to FRS 112, *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2012

- Amendments to FRS 101, *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income.*

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- FRS 10, *Consolidated Financial Statements*
- FRS 11, *Joint Arrangements*
- FRS 12, *Disclosure of Interests in Other Entities*
- FRS 13, *Fair Value Measurement*
- FRS 119, *Employee Benefits* (2011)
- FRS 127, *Separate Financial Statements* (2011)
- FRS 128, *Investments in Associates and Joint Ventures* (2011)
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to FRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

- FRS 9, *Financial Instruments (2009)*
- FRS 9, *Financial Instruments (2010)*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Mandatory Date of FRS 9 and Transition Disclosures*

The Group and Company's financial statements for annual period beginning on 1 January 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs) issued by the MASB and International Financial Reporting Standards (IFRSs). As a result, the Group and Company will not be adopting the above FRSs, Interpretations and amendments.

(b) Basis of measurement

These 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 financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than as disclosed in note 2.

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 unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses. The cost of investments include transaction costs.

(ii) Accounting for 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.

The Group has changed its accounting policy with respect to accounting for business combinations.

From 1 January 2011 the Group has applied FRS 3, *Business Combinations* (revised) in accounting for business combinations. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share.

Acquisitions on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures 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.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, 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.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Accounting for business combinations (continued)

Acquisitions on or after 1 January 2011(continued)

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions between 1 January 2006 and 1 January 2011

For acquisitions between 1 January 2006 and 1 January 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior to 1 January 2006

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

(iii) Loss of control

The Group applied FRS 127, *Consolidated and Separate Financial Statements* (revised) since the beginning of the reporting period in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share. Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous 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.

In the previous financial years, if the Group retained any interest in the previous subsidiary, such interest was measured at the carrying amount at the date that control was lost and this carrying amount would be regarded as cost on initial measurement of the investment.

(iv) 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.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group entities at exchange rates at the dates of the transactions.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency transactions (continued)

Monetary assets and liabilities denominated in foreign currencies at 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 cash flow hedge of currency risk, which are recognised in other comprehensive income.

(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) 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.

All financial assets are subject to review for impairment (see note 2(j)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

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.

Financial guarantee contracts are classified as deferred income and are 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 the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Freehold land and capital work-in-progress are stated at cost/valuation less any accumulated impairment losses. All other items of property, plant and equipment are measured at cost/valuation less any accumulated depreciation and any accumulated impairment losses.

The Group revalues its property comprising land and building every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying amount. Additions subsequent to their revaluation are stated in the financial statements at cost until the next revaluation exercise.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss.

Cost includes expenditure 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.

Gain and 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. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Freehold land is not depreciated. Property, plant and equipment under construction (capital work-in-progress) 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:

• buildings	50 years
• plant and machineries	5 - 10 years
• office equipment, furniture and fittings	5 - 20 years
• motor vehicles	4 - 10 years
• renovations	10 years

Depreciation methods, useful lives and residual values are reviewed and adjusted as appropriate at the end of the reporting period.

(e) Intangible assets

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 an expense 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Intangible assets (continued)

Research and development (continued)

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads that are directly attributable to preparing the asset for its intended. 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 an expense as incurred. Capitalised development expenditure is measured at cost less any accumulated amortisation and any impairment losses.

Capitalised development expenditure is amortised and recognised as an expense on a systematic basis so as to reflect the pattern in which the related economic benefits are recognised over the years.

(f) Investment property

(i) Investment property 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. This includes land held for a currently undetermined future use.

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

7. INVENTORIES

	Group	
	2011 RM'000	2010 RM'000
Raw materials and consumables	15,855	14,364
Work-in-progress	2,246	2,327
Packing materials	7,076	1,997
Finished goods	19,947	15,315
	45,124	34,003

Recognised in profit and loss:

	2011 RM'000	2010 RM'000
Inventories recognised as cost of sales	74,847	71,940

In 2011, inventories amounting to RM2,413,000 (2010: RM2,896,000) were written off. The write-off is included in cost of sales.

8. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Deposits with licensed banks	8,016	23,289	-	4,100
Cash and bank balances	568	1,443	113	105
	8,584	24,732	113	4,205

9. ASSETS CLASSIFIED AS HELD FOR SALE

The Group has committed to dispose of its freehold land and building. Efforts to sell the properties have commenced and accordingly, the properties are presented as held for sale.

Assets held for sale comprise the following:

	2011 RM'000	2010 RM'000
Property, plant and equipment	1,740	1,880
Less: Impairment loss during the year	-	(140)
Carrying value	1,740	1,740

Impairment loss

An impairment loss of RM140,000 was recognised in prior year as other expense in profit or loss of the Group to write down the assets to fair value less cost to sell.

10. SHARE CAPITAL AND RESERVES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Share capital	69,739	69,739	69,739	69,739
Non-distributable reserves				
Share premium	13,720	13,720	13,720	13,720
Revaluation reserve	7,395	7,395	-	-
Treasury shares	(1,578)	(1,578)	(1,578)	(1,578)
	19,537	19,537	12,142	12,142
Retained earnings (distributable)	75,169	68,593	17,045	14,686
	164,445	157,869	98,926	96,567

10. SHARE CAPITAL AND RESERVES (CONTINUED)

10.1 Share capital

	Group and Company			
	Amount 2011 RM'000	Number of shares 2011 RM'000	Amount 2010 RM'000	Number of shares 2010 RM'000
Ordinary shares of RM0.50 each				
Authorised	100,000	200,000	100,000	200,000
Issued and fully paid	69,739	139,479	69,739	139,479

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 and rank equally with regards to the Company's residual assets. In respect of the Company's treasury shares that are held by the Company (see below), all rights are suspended until those shares are reissued.

10.2 Revaluation reserve

The revaluation reserve relates to the revaluation of property.

10.3 Treasury shares

The shareholders of the Company, by a special resolution passed at the extraordinary general meeting held on 25 June 2004, approved the Company's plan to purchase its own shares and the authority was reviewed at the Fourth Annual General Meeting of the Company held on 29 June 2005. The renewal of authority for purchase of its own shares lapsed at the conclusion of the Fifth Annual General Meeting held on 18 May 2006 and no further renewal was sought.

There was no purchase of its issued share capital during the year. The number of outstanding shares as at 31 December 2011 after deducting treasury shares held is 138,821,000 (2010: 138,821,000).

10.4 Retained earnings

Subject to agreement by the Inland Revenue Board, the Company has Section 108 tax credit and tax exempt income to frank and distribute all of its retained earnings at 31 December 2011 if paid out as dividends.

The Finance Act 2007 introduced a single tier company income tax system with effect from 1 January 2008. As such, the remaining Section 108 tax credit as at 31 December 2011 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

11. LOAN AND BORROWING

	Group 2011 RM'000	Group 2010 RM'000
Non-current		
Unsecured non-revolving loan	2,082	10,416
Current		
Unsecured non-revolving loan	8,334	8,334
	10,416	18,750

12. DEFERRED TAX LIABILITIES

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
Group	**2011 RM'000**	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Property, plant and equipment	-	-	(5,863)	(4,132)	(5,863)	(4,132)
Receivables	88	98	-	-	88	98
Other items	191	213	-	-	191	213
Tax assets/(liabilities)	279	311	(5,863)	(4,132)	(5,584)	(3,821)

Movement in temporary differences during the year

Group	At 1.1.2010 RM'000	Recognised in profit or loss RM'000 (Note 19)	At 31.12.2010 RM'000	Recognised in profit or loss RM'000 (Note 19)	At 31.12.2011 RM'000
Property, plant and equipment	4,808	(676)	4,132	1,731	5,863
Receivables	(175)	77	(98)	10	(88)
Other items	(167)	(46)	(213)	22	(191)
Total	4,466	(645)	3,821	1,763	5,584

13. TRADE AND OTHER PAYABLES

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Trade				
Trade payables	3,842	2,363	-	-
Amount due to related corporations	205	367	-	-
	4,047	2,730	-	-
Non-trade				
Amount due to intermediate holding company	1,800	957	-	-
Other payables	4,229	5,349	340	326
Accrued expenses	6,233	5,797	-	-
Others	766	850	-	-
	13,028	12,953	340	326
	17,075	15,683	340	326

The trade payables due to related corporations are subject to normal trade terms.

The non-trade payable due to intermediate holding company is unsecured, interest free and repayable on demand.

14. REVENUE

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Sale of goods	138,132	131,437	-	-
Dividend income from an unquoted subsidiary in Malaysia	-	-	23,474	12,580
	138,132	131,437	23,474	12,580

15. RESULTS FROM OPERATING ACTIVITIES

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Operating profit is arrived at after charging:				
Auditors' remuneration:				
- Audit fees				
KPMG in Malaysia	73	71	18	16
- Non-audit fees				
KPMG in Malaysia	14	14	14	14
Depreciation on property, plant and equipment	5,969	5,301	-	-
Impairment loss:				
- trade receivables	52	78	-	-
- assets classified as held for sale	-	140	-	-
Intermediate holding company management fees	6,010	4,606	-	-
Inventories written off	2,413	2,896	-	-
Net realised foreign exchange loss	689	25	-	-
Personnel expenses:				
- contributions to state plans	2,031	1,809	-	-
- wages, salaries and others	16,642	17,447	-	-
Rental of premises	84	138	-	-
Research and development costs expensed as incurred	1,463	1,905	-	-
and after crediting:				
Dividend income from				
- a subsidiary in Malaysia (unquoted)	-	-	23,474	12,580
Reversal of impairment loss:				
- trade receivables	-	294	-	-

16. FINANCE INCOME

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Interest income of financial assets that are not at fair value through profit or loss:				
- recognised before impairment	364	490	2,341	2,742
Recognised in profit or loss	364	490	2,341	2,742

17. FINANCE COSTS

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- loans	638	782	-	-
Recognised in profit or loss	231	-	-	-
Capitalised on qualifying assets:				
- property, plant and equipment	407	782	-	-
	638	782	-	-

18. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation is as follows:

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Directors				
- Fees	242	224	242	224
Other key management personnel				
- Remuneration	1,451	1,583	-	-
Total short-term employee benefits	1,693	1,807	242	224

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

The Group pays management fee to the intermediate holding company in relation to services of certain key management personnel of the Group as disclosed in Note 25.

19. INCOME TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Income tax expense	8,023	6,740	2,877	1,650

Major components of income tax expense include:

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Current tax expense				
Malaysian - current year	6,082	8,172	2,881	1,650
- prior year	178	(787)	(4)	-
Total current tax recognised in profit or loss	6,260	7,385	2,877	1,650
Deferred tax expense				
Origination and reversal of temporary differences	1,625	(143)	-	-
Under/(Over) provision in prior year	138	(502)	-	-
Total deferred tax recognised in profit or loss	1,763	(645)	-	-
Total income tax expense	8,023	6,740	2,877	1,650

Reconciliation tax expense

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Profit for the year	26,705	28,669	22,488	13,251
Total income tax expense	8,023	6,740	2,877	1,650
Profit excluding tax	34,728	35,409	25,365	14,901
Income tax calculated using Malaysian tax rate of 25%	8,682	8,852	6,341	3,725
Non-deductible expenses	204	108	86	82
Tax exempt income	-	-	(3,552)	(2,125)
Tax incentives	(366)	(477)	-	-
Utilisation of reinvestment allowance	(842)	(562)	-	-
Other items	29	108	6	(32)
Under/(Over) provided in prior years	316	(1,289)	(4)	-
	8,023	6,740	2,877	1,650

20. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2011 was based on the profit attributable to ordinary shareholders of the Company and a weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2011 RM'000	2010 RM'000
Profit for the year attributable to ordinary shareholders	26,705	28,669

Weighted average number of ordinary shares

	Group	
	2011 '000	2010 '000
Issued ordinary shares at 1 January	139,479	139,479
Effect of treasury shares held	(658)	(658)
Weighted average number of ordinary shares at 31 December	138,821	138,821

	Group	
	2011 sen	2010 sen
Basic earnings per ordinary share	19.24	20.65

Diluted earnings per ordinary share

There is no dilution to the earnings per ordinary share as there are no dilutive potential ordinary shares. Therefore, no consideration for adjustment in the form of increase in the number of shares was used in calculating the potential of its earnings per share.

21. DIVIDENDS

Dividends recognised by the Company are:

	Sen per share (Net of tax)	Total amount RM'000	Date of payment
2011			
Final 2010 ordinary	11.00	15,270	27 June 2011
Interim 2011 ordinary	3.50	4,859	28 October 2011
		20,129	
2010			
Final 2009 ordinary	10.25	14,229	25 June 2010
Interim 2010 ordinary	4.50	6,247	28 October 2010
		20,476	

The Directors recommend a final ordinary dividend of 14.50 sen per ordinary share less tax at 25% (10.88 sen net per ordinary share) totalling RM15,097,000 in respect of the year ended 31 December 2011. The dividend will be recognised in subsequent financial period upon approval by the shareholders.

22. FINANCIAL INSTRUMENTS

22.1 Categories of financial instruments

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

(a) Loans and receivables (L&R); and
(b) Financial liabilities measured at amortised cost (OL).

	Carrying amount 2011 RM'000	L&R 2011 RM'000	Carrying amount 2010 RM'000	L&R 2010 RM'000
Financial assets				
Group				
Trade and other receivables	35,123	35,123	35,157	35,157
Cash and cash equivalents	8,584	8,584	24,732	24,732
	43,707	43,707	59,889	59,889

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.1 Categories of financial instruments (continued)

	Carrying amount 2011 RM'000	L&R 2011 RM'000	Carrying amount 2010 RM'000	L&R 2010 RM'000
Financial assets				
Company				
Trade and other receivables	58,754	58,754	52,384	52,384
Cash and cash equivalents	113	113	4,205	4,205
	58,867	58,867	56,589	56,589

	Carrying amount 2011 RM'000	OL 2011 RM'000	Carrying amount 2010 RM'000	OL 2010 RM'000
Financial liabilities				
Group				
Loans and borrowings	10,416	10,416	18,750	18,750
Trade and other payables	16,309	16,309	14,833	14,833
	26,725	26,725	33,583	33,583
Company				
Trade and other payables	340	340	326	326

22.2 Net gains and losses arising from financial instruments

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Net gains/(losses) arising on:				
Loans and receivables	364	490	2,341	2,742
Financial liabilities measured at amortised cost	(1,327)	(823)	-	-
	(963)	(333)	2,341	2,742

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.3 Financial risk management

The Group and the Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

22.4 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 amount due from subsidiary.

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 new customers who require credit facility during the financial year. Depending on the nature of the transactions and the customer's risk profile, the Group may require upfront deposits as collateral.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit 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 stated 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. For receivables from corporate, wholesale and government sectors, impairment loss will be generally provided for amounts aged more than 270 days based on historical payment trends and patterns unless there is objective evidence to show otherwise.

The Group has a lower exposure to international credit risk as most of its receivables are concentrated in Malaysia.

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.4 Credit risk (continued)

Receivables (continued)

Impairment losses

The ageing of receivables as at the end of the reporting period was:

	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
Group				
2011				
Not past due	25,460	-	-	25,460
Past due 0-30 days	7,445	-	-	7,445
Past due 31-120 days	861	-	-	861
Past due more than 120 days	481	-	(351)	130
	34,247	-	(351)	33,896
2010				
Not past due	28,346	-	-	28,346
Past due 0 - 30 days	4,000	-	-	4,000
Past due 31 - 120 days	1,798	-	-	1,798
Past due more than 120 days	452	-	(393)	59
	34,596	-	(393)	34,203

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

	Group	
	2011 RM'000	2010 RM'000
At 1 January	393	708
Impairment loss recognised	52	78
Impairment loss reversed	-	(294)
Impairment loss written off	(94)	(99)
At 31 December	351	393

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.4 Credit risk (continued)

Receivables (continued)

Impairment losses (continued)

The allowance account in respect of 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.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to bank in respect of banking facilities granted to a subsidiary. The Company monitors on an ongoing basis the results of the subsidiary and repayments made by the subsidiary.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM2,927,620 (2010: RM964,160) representing the outstanding banking facilities of the subsidiary as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Deposits with placed licensed banks

Risk management objectives, policies and processes for managing the risk

Investments are only allowed in placing deposits with licensed banks.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group and the Company have only placed deposits in Malaysia. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

In view of that deposits are only placed with licensed banks, management does not expect the bank to fail to meet its obligation.

The deposits with licensed banks of the Group and the Company are unsecured.

Impairment losses

As at the end of the reporting period, there was no indication that the deposits with licensed banks were not recoverable.

Inter company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to a subsidiary. The Company monitors the results of the subsidiary regularly.

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.4 Credit risk (continued)

Inter company balances (continued)

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 its carrying amount in the statement of financial position.

Loans and advances are only provided to subsidiary which is wholly owned by the Company.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiary were not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiary.

22.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance its operations and mitigate the effects of fluctuations in the cash flows.

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 RM'000	Contractual interest rate/coupon	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Group							
2011							
Non-derivative financial liabilities							
Unsecured non-revolving loans	10,416	0.9% per annum over the Kuala Lumpur Inter-bank Offered Rate	10,690	8,600	2,090	-	-
Trade and other payables	16,309	-	16,309	16,309	-	-	-
	26,725	-	26,999	24,909	2,090	-	-

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.5 Liquidity risk (continued)

	Carrying amount RM'000	Contractual interest rate/ coupon	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Group							
2010							
Non-derivative financial liabilities							
Unsecured non-revolving loans	18,750	0.9% per annum over the Kuala Lumpur Inter-bank Offered Rate	19,583	8,918	8,576	2,089	-
Trade and other payables	14,833	-	14,833	14,833	-	-	-
	33,583	-	34,416	23,751	8,576	2,089	-
Company							
2011							
Non-derivative financial liabilities							
Trade and other payables	340	-	340	340	-	-	-
2011							
Non-derivative financial liabilities							
Trade and other payables	326	-	326	326	-	-	-

22.6 Market risk

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

22.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and bank balance 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).

Risk management objectives, policies and processes for managing the risk

Exposures to foreign currency risk are monitored on an ongoing basis. The Group does not hedge its foreign currency risk.

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.6 Market risk (continued)

22.6.1 Currency risk (continued)

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in USD	
Group	**2011 RM'000**	**2010 RM'000**
Trade receivables	195	898
Trade payables	(1,186)	(1,227)
Bank balance	127	837
Net exposure in the statement of financial position	(864)	508

Currency risk sensitivity analysis

The exposure to currency risk is not material and hence, sensitivity analysis is not presented.

22.6.2 Interest rate risk

The Group's and the Company's fixed rate deposits with licensed banks are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in 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 and the Company place cash balances with reputable banks to generate interest income for the Group and the Company. The Group and the Company manage their interest risk by placing such balances on varying maturities and interest rate terms.

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	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Fixed rate instruments				
Financial assets	8,016	23,289	58,754	56,484
Floating rate instruments				
Financial liabilities	(10,416)	(18,750)	-	-

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.6 Market risk (continued)

22.6.2 Interest rate risk

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets at fair value through profit or loss. 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 fifty basis points (50 bp) in interest rates at the end of the reporting period would have increased (decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Equity		Profit or loss	
Group	**50 bp increase RM'000**	**50 bp decrease RM'000**	**50 bp increase RM'000**	**50 bp decrease RM'000**
2011				
Floating rate instruments	-	-	(39)	39
2010				
Floating rate instruments	-	-	(96)	96

22.7 Fair value of financial instruments

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

The carrying amount of unsecured non-revolving loan approximate fair values as they are subject to variable interest rates which in turn approximates the current market interest rates for similar facilities at the end of the reporting period.

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.7 Fair value of financial instruments (continued)

The fair value of other financial assets, together with the carrying amount shown in the statement of financial position, is as follows:

Company	Carrying amount 2011 RM'000	Fair value 2011 RM'000	Carrying amount 2010 RM'000	Fair value 2010 RM'000
Amount due from subsidiary	53,754	53,754	47,384	47,384

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.

Interest rate used to determine fair value

The interest rate used to discount estimated cash flows is 4.4% (2010: 4.3%).

23. CAPITAL MANAGEMENT

The Group's objective 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 safeguard shareholder's interest within the Company.

The Group's strategy for capital management is to avoid unnecessary debts obligation and funding cost.

There were no changes in the Group's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

The Group is also required to maintain a maximum debt-to-equity ratio of 1.75 (2010:1.75) to comply with a debt covenant, failing which, the bank may call an event of default. The Group has complied with this covenant.

24. CAPITAL AND OTHER COMMITMENTS

	Group 2011 RM'000	2010 RM'000
Plant and machineries		
Contracted but not provided for	2,094	3,880

25. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to 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 or common significant influence. Related parties may be individuals or other entities.

Significant related party transactions with key management personnel

Key management personnel compensation is disclosed in Note 18.

Other significant related party transactions (other than disclosed elsewhere in the financial statements)

	Transaction value for year ended 31 December		Balance outstanding as at 31 December	
Group	**2011 RM'000**	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Sale of goods to related corporations	16,603	2,957	782	865
Purchases from related corporations	(4,487)	(2,800)	(12)	(86)
Management fees paid to intermediate holding company	(6,010)	(4,606)	(1,800)	(957)
Research and development expenditure paid to related corporation	(1,274)	(1,875)	(193)	(281)
Company				
Dividend income received from a subsidiary	23,474	12,850	-	-
Interest income received from a subsidiary	2,284	2,696	-	-

There is no impairment loss recognised in respect of these outstanding balances at year end.

All the outstanding balances are unsecured and expected to be settled with cash.

Included in the management fee paid to the intermediate holding company is payment for services of certain key management personnel of the Company amounting to RM1,544,000 (2010: RM1,331,000).

26. OPERATING SEGMENTS

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units target different markets, and are managed separately because they require different marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer (the chief operating decision maker) reviews internal management reports at least on a quarterly basis.

Information about reportable segment and reconciliation of reportable segment revenue, profit and other material items

Group	2011 RM'000	2010 RM'000
Reportable revenue from external		
Local	127,320	119,392
Export	10,812	12,045
	138,132	131,437
Operating expense		
Depreciation of property, plant and equipment	(5,969)	(5,301)
Other operating expense	(97,816)	(91,400)
Other operating income	248	183
Profit from operations	34,595	34,919
Finance income	364	490
Finance cost	(231)	-
Profit before tax	34,728	35,409
Income tax expense	(8,023)	(6,740)
Profit after tax	26,705	28,669

Major customers

Revenues from 2 major customers amount to approximately RM56,974,000 (2010: RM59,685,000) of the Group's total revenue.

27. SUBSEQUENT EVENT

The Group entered into two Sale and Purchase Agreements for the sale of three units of warehouses at a total consideration of RM2.34 million to third party on 4 January 2012 and 12 January 2012. The gain on sale of warehouses amounting to RM600,000.

28. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Total retained earnings of the Company and its subsidiary				
- realised	116,706	108,637	17,045	14,686
- unrealised	(6,814)	(5,321)	-	-
	109,892	103,316	17,045	14,686
Less: Consolidation adjustments	(34,723)	(34,723)	-	-
Total retained earnings	75,169	68,593	17,045	14,686

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

Analysis of Shareholdings

as at 30 March 2012

Authorised Share Capital	:	RM100,000,000.00
Issued and Fully Paid Share Capital	:	RM69,739,750.00
Class of Shares	:	Ordinary Shares of RM0.50 each
Voting Rights	:	One vote per Ordinary Share

ANALYSIS BY SIZE OF HOLDINGS AS AT 30 MARCH 2012

Size of Holdings	No. of holders	%	No. of Shares	%
1 - 99	120	5.794	3,954	0.002
100 - 1,000	425	20.522	356,110	0.256
1,001 - 10,000	1,188	57.363	5,082,044	3.643
10,001 - 100,000	309	14.921	9,264,300	6.644
100,001 - 6,973,974 (*)	28	1.352	22,440,200	16.088
6,973,975 and above (**)	1	0.048	102,332,892	73.367
Total	2,071	100	139,479,500	100

* Less than 5% of issued shares
** 5% and above of issued shares

DIRECTORS' SHAREHOLDINGS

as per register of directors as at 30 March 2012

	No. of Shares Held			
Name	Direct	%	Indirect	%
Tan Sri Dato' Dr. Abu Bakar bin Suleiman	286,400	0.21	22,000	0.01
Tan Sri Dato' Dr. Jegathesan a/l N. M. Vasagam @ Manikavasagam	34,120	0.02	-	-
Datuk Alias bin Ali	-	-	-	-
Haji Ghazali bin Awang	77,000	0.05	-	-
Amirul Feisal bin Wan Zahir *(Appointed w.e.f. 13 June 2011)*	-	-	-	-
Dato' Dr. Mohamad Hashim bin Ahmad Tajudin *(Resigned w.e.f. 10 June 2011)*	15,000	0.01	-	-

SUBSTANTIAL SHAREHOLDERS

as per register of substantial shareholders as at 30 March 2012

	No. of Shares Held			
Name	Direct	%	Indirect	%
CCM Marketing Sdn Bhd	102,332,892	73.37	-	-

TOP 30 SHAREHOLDERS AS AT 30 MARCH 2012

No.	Name	Holdings	Percentage (%)
1.	CCM MARKETING SDN BHD	102,332,892	73.37
2.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD - Employees Provident Fund Board	5,251,500	3.77
3.	AMANAHRAYA TRUSTEES BERHAD - Skim Amanah Saham Bumiputera	4,545,300	3.26
4.	BANK KERJASAMA RAKYAT MALAYSIA BERHAD	3,910,200	2.80
5.	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD - As Beneficial Owner (PF)	1,995,300	1.43
6.	BERJAYA SOMPO INSURANCE BERHAD	1,000,000	0.72
7.	DUOPHARMA BIOTECH BHD - Share Buy Back Account	658,000	0.47
8.	MAYBAN NOMINEES (TEMPATAN) SDN BHD - Etiqa Takaful Berhad (General Fund)	641,600	0.46
9.	EMPLOYEES PROVIDENT FUND BOARD	500,000	0.36
10.	MAYBAN NOMINEES (TEMPATAN) SDN BHD -Etiqa Takaful Berhad (Family PRF EQ)	467,200	0.33
11.	LIM WENG HO	304,600	0.22
12.	GAN TUAN BOON	300,000	0.22
13.	ABU BAKAR BIN SULEIMAN	286,400	0.21
14.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD - Alliance Optimal Income Fund	276,200	0.19
15.	AUN HUAT & BROTHERS SDN BERHAD	251, 800	0.18
16.	MAYBAN NOMINEES (TEMPATAN) SDN BHD - Pledged Securities Account For Su Tiing Uh	247,700	0.17
17.	LIEW WAI KIAT	237,600	0.17
18.	MALAYSIAN ASSURANCE ALLIANCE BERHAD -As Beneficial Owner (Dana Seri Mulia)	200,000	0.14
19.	CIMB ISLAMIC TRUSTEE BERHAD - Amanah Saham Darul Iman	155,300	0.11
20.	CIMB ISLAMIC TRUSTEE BERHAD - Amanah Saham Darul Iman	149,000	0.11

TOP 30 SHAREHOLDERS AS AT 30 MARCH 2012 (CONTINUED)

No.	Name	Holdings	Percentage (%)
21.	OLIVE LIM SWEE LIAN	140,000	0.10
22.	HDM NOMINEES (ASING) SDN BHD UOB Kay Hian Pte Ltd for Ali Asan Mohamed Abdul Kareem	124,400	0.09
23.	LIM PEK HAR	124,000	0.09
24.	MAYBAN NOMINEES (TEMPATAN) SDN BHD - Lem Hon San	120,000	0.09
25.	CITIGROUP NOMINEES (ASING) SDN BHD - Exempt AN for OCBC Securities Private Limited (Client A/C-NR)	114,400	0.08
26.	HOO HOCK WAH	113,500	0.08
27.	PHUA KIM YUEN @ PANG KIM EAN	111,000	0.08
28.	MAYBAN NOMINEES (TEMPATAN) SDN BHD - Etiqa Takaful Berhad (Family PIF EQ)	109,600	0.08
29.	Mrs. Winnie Hamzah Sendut	105,600	0.08
30.	CARTABAN NOMINEES (TEMPATAN) SDN BHD -Exempt AN for Barclays Bank PLC, Singapore (Wth Mgmt My Res)	100,000	0.07

List of Properties

as at 31 December 2011

Postal address/Location of property	Description/Existing use (Built-up area)	Land area (acre/sq m)	Tenure/ Approx. age of building	Open market valuation by independent valuer[1]/as per Sales & Purchase Agreement (RM)	Date of valuation/ Method of valuation	Net Book value as at 31/12/11 (RM)
H.S.M 48648 PT Nos. 129880 Mukim and District of Klang, State of Selangor Darul Ehsan (An amalgamation of two titles known as GM1391 and GM2239)/Lot No. 2599, Jalan Seruling 59, Kawasan 3, Taman Klang Jaya, Selangor Darul Ehsan	a. Industrial land built upon with a double storey factory building, a single storey pump house cum boiler house, parking sheds, a guardhouse, a refilled chamber (gross built up area: approximately 94,000 sq ft)	5.39 acres	Freehold 18 years old	65,100,000	31/12/11 Comparison and Cost Method	65,042,648
	b. Four storey factory and office building (gross built up area: approximately 97,000 sq ft)		Freehold 9 years old			
	c. 2-storey warehouse building with 2 mezzanine office levels of high specifications for specific pharmaceutical use with a single storey canteen building and water tank (gross built up area: approximately 91,000 sq ft)		Freehold 2 years old			
H.S. (D) 52204 and 52205 PT Nos. 9570 and 9571, Mukim and District of Klang, State of Selangor Darul Ehsan/Nos. 29 & 27, Jalan Serunai 16, Taman Klang Jaya, 41200 Klang, Selangor Darul Ehsan	Two units of 1 ½ storey semi-detached factories. (Built up: 5,129 sq ft each)	476.50sq m each	Freehold 26 years old	1,280,000	4/11/10 Comparison Method	1,280,000
H.S. (D) 14330 Lot No. 9575 Mukim and District of Klang, State of Selangor Darul Ehsan/ No. 19 Jalan Serunai 16, Taman Klang Jaya, 41200 Klang Jaya, Selangor Darul Ehsan	1 ½ storey semi-detached factory (built up: 4,644 sq ft)	431.44 sq m	Freehold 26 years old	600,000	4/11/10 Comparison Method	600,000

as at 31 December 2011

Postal address/Location of property	Description/Existing use (Built-up area)	Land area (acre/sq m)	Tenure/ Approx. age of building	Open market valuation by independent valuer[1]/as per Sales & Purchase Agreement (RM)	Date of valuation/ Method of valuation	Net Book value as at 31/12/11 (RM)
H.S. (M) 27455 and 27454 PT Nos. 48576 and 48575, Mukim and District of Klang, State of Selangor Darul Ehsan/ No. 51 & 53, Jalan Rebana 3, off Jalan Seruling 59, Taman Klang Jaya, 41200 Klang Selangor Darul Ehsan	Two units of double storey terrace light industrial buildings (built-up: 4,108 sq ft and 5,588 sq ft respectively)	191 sq m and 260 sq m respectively	Freehold 14 years old	790,000	10/11/10 Comparison Method	788,872
GM 549 Lot No. 2707, Mukim and District of Klang, State of Selangor Darul Ehsan	Vacant industrial land	4.38 acres	Freehold	5,716,000	10/11/10 Comparison Method	5,720,333

Note

1. Duopharma (M) Sdn. Bhd. is the registered and beneficial owner of all the above properties. The valuation was carried out by an independent firm of professional valuer, Mohd Nor & Partners (PJ) Sdn. Bhd. on 10 Nov 2010 and 31 Dec 2011.

Recurrent Related Party Transactions of a Revenue or Trading Nature

At the Annual General Meeting held on 25 May 2011, the Company had obtained a shareholders' mandate to allow the Company to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature.

In accordance to the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, details of the Recurrent Related Party Transactions audited during the financial year ended 31 December 2011, pursuant to the shareholders mandate are as follows:

Transactions	Vendor/ Provider	Purchaser/ Recipient	Aggregate Value (RM'000)	Related Parties
1) Purchase of raw material for pharmaceutical products	CCM Chemicals Sdn. Bhd. ("CCMC")	Duopharma (M) Sdn. Bhd. ("DMSB")	-	***Interested Major Shareholders:*** CCMM[2] CCM[2] ***Interested Director/Person Connected:*** Amirul Feisal bin Wan Zahir[3]
2) Sale of pharmaceutical products	DMSB	CCM Pharmaceuticals (S) Pte Ltd ("CCMPS")	2,519	***Interested Major Shareholders:*** CCMM[2] CCM[2] ***Interested Directors/Persons Connected:*** Amirul Feisal bin Wan Zahir[3] Leonard Ariff bin Abdul Shatar[4]
3) Sale of pharmaceutical/ healthcare products	DMSB	CCM Marketing Sdn. Bhd. ("CCMM")	-	***Interested Major Shareholders:*** CCMM[2] CCM[2] ***Interested Directors/Persons Connected:*** Amirul Feisal bin Wan Zahir[3] Leonard Ariff bin Abdul Shatar[4]
4) Purchase of pharmaceutical products	CCM Pharma Sdn. Bhd. ("CCMPSB")	DMSB	-	***Interested Major Shareholders:*** CCMM[2] CCM[2] ***Interested Directors/Persons Connected:*** Amirul Feisal bin Wan Zahir[3] Leonard Ariff bin Abdul Shatar[4]

Transactions	Vendor/ Provider	Purchaser/ Recipient	Aggregate Value (RM'000)	Related Parties
5) Purchase of pharmaceutical products and raw materials	CCM Pharmaceuticals Sdn. Bhd. ("CCMP")	DMSB	1,887	***Interested Major Shareholders:*** CCMM[2] CCM[2] ***Interested Directors/Persons Connected:*** Amirul Feisal bin Wan Zahir[3] Leonard Ariff bin Abdul Shatar[4]
6) Sales of pharmaceutical products and raw materials	DMSB	CCMP	3,572	***Interested Major Shareholders:*** CCMM[2] CCM[2] ***Interested Directors/Persons Connected:*** Amirul Feisal bin Wan Zahir[3] Leonard Ariff bin Abdul Shatar[4]
7) Sales of pharmaceutical products and raw materials	DMSB	UPHA Pharmaceuticals (M) Sdn. Bhd. ("UPHA")	9,914	***Interested Major Shareholders:*** CCMM[2] CCM[2] ***Interested Directors/Persons Connected:*** Amirul Feisal bin Wan Zahir[3] Leonard Ariff bin Abdul Shatar[4]
8) Purchase of pharmaceutical products and raw materials	DMSB	UPHA	2,451	***Interested Major Shareholders:*** CCMM[2] CCM[2] ***Interested Directors/Persons Connected:*** Amirul Feisal bin Wan Zahir[3] Leonard Ariff bin Abdul Shatar[4]
9) Professional services & construction of water treatment plant, etc.	CCM Water Systems Sdn. Bhd. ("CCMWS")	DMSB	-	***Interested Major Shareholders:*** CCMM[2] CCM[2] ***Interested Director/Person Connected:*** Amirul Feisal bin Wan Zahir[3]

**There was no deviation from the Actual Value exceeding the Estimated Aggregate Value by 10% or more in the Existing Mandate*

Notes:-

1. The values are estimates based on the audited financial statements for the financial year ended 31 December 2011. Due to the nature of the transactions, the actual value of transactions may vary from the estimated value disclosed above. Disclosure will be made in CCMD's 2011 Annual Report of the actual breakdown of the aggregate value of transactions conducted as required under Paragraph 3.1.5 of Practice Note 12 of the Listing Requirements, pursuant to the Proposed Shareholders' Mandate.

2. CCMM, CCMP, UPHA and CCMPSB are wholly-owned subsidiaries of Chemical Company of Malaysia Berhad ("CCM"). CCM has direct interest of 100% of the issued share capital of CCMM. Being the holding company of CCMM, CCM is deemed to have indirect interest of 73.37% of the issued share capital of CCMD. CCM also has direct interest of 80% in the issued share capital of CCMC.

3. Amirul Feisal bin Wan Zahir is the Group Managing Director of CCM. He is also a Non-Independent Non-Executive Director of CCMD and has no direct interest in the Company. He is an interested director and an interested "Person(s) connected" as defined in the Definitions Section of this Circular, and is deemed interested in the Proposed Shareholders Mandate by virtue of him being an interested Director and an interested person connected to CCM.

4. Leonard Ariff bin Abdul Shatar is the Chief Executive Officer of CCMD and is a Director of CCMD as defined under the Definitions Section of this Circular. He is also the Director of CCM's Pharmaceuticals Division. He has no direct interest in CCMD and is an interested Director and an interested "Person(s) connected" as defined in the Definitions Section of this Circular. Therefore, he is deemed interested in the Proposed Shareholders Mandate by virtue of him being an interested Director and an interested "Person(s) connected" to CCM, the interested Major Shareholder.