

APM

APM Automotive Holdings Berhad
(Company No. 424638-D)

ANNUAL REPORT 2005
laporan tahunan

Contents

Corporate Information	2
Business Divisions	3
Chairman's Statement/Penyata Pengerusi	4
Share Price and Volume Traded	11
Corporate Calendar	12
Profile of the Board of Directors	14
Statement on Corporate Governance	16
Other Statements and Disclosures	20
Statement on Internal Control	21
Audit Committee Report	23
Financial Statements	27
Group Properties	72
Shareholders' Statistics	74
Notice of Annual General Meeting	77
Statement Accompanying Notice of Ninth Annual General Meeting	81
Notice of Dividend Entitlement and Book Closure	82
Form of Proxy	

CORPORATE information

DIRECTORS

Dato' Tan Heng Chew JP, DJMK
Chairman

Azman bin Badrillah
Executive Director

Dr. Fun Woh Peng
Executive Director

Tan Eng Hwa
Executive Director

Dato' N Sadasivan DPMP, JSM, KMN

Dato' Haji Kamaruddin @ Abas bin Nordin
DSSA, KMN

Tan Eng Soon

Ahmad bin Abdullah

Mohd Sharif bin Haji Yusof

AUDIT COMMITTEE MEMBERS

Dato' N. Sadasivan DPMP, JSM, KMN
Chairman
Independent Non-Executive Director

Dato' Haji Kamaruddin @ Abas bin Nordin
DSSA, KMN
Independent Non-Executive Director

Mohd Sharif bin Haji Yusof
Independent Non-Executive Director

Dr. Fun Woh Peng
Executive Director

COMPANY SECRETARIES

Lee Kwee Cheng

Chan Yoke-Lin

REGISTRARS

Tenaga Koperat Sdn. Bhd.
20th Floor Plaza Permata Jalan Kampar
Off Jalan Tun Razak 50400 Kuala Lumpur, Malaysia
Telephone: (603) 4041 6522
Facsimile : (603) 4042 6352

REGISTERED OFFICE

62-68 Jalan Ipoh, 51200 Kuala Lumpur, Malaysia
Telephone: (603) 4047 8888
Facsimile : (603) 4047 8636

AUDITORS

KPMG
Wisma KPMG, Jalan Dungun, Damansara Heights
50490 Kuala Lumpur, Malaysia

CORPORATE OFFICE

Lot 1 Jalan 6/3, Kawasan Perusahaan Seri Kembangan
43300 Seri Kembangan, Selangor Darul Ehsan
Malaysia
Telephone: (603) 8946 3333
Facsimile : (603) 8948 4400
Website : www.apm-automotive.com
E-mail : apmah@apm-automotive.com

business DIVISIONS



APM AUTOMOTIVE HOLDINGS BERHAD (424838-D)

SUSPENSION DIVISION

- Leaf Springs
- Shock Absorbers
- Coil Springs
- Metal Parts
- Gas Springs

ELECTRICAL AND HEAT EXCHANGE DIVISION

- Starter Motors
- Alternators
- Wiper Systems
- Distributors
- Engine Management Systems
- Air-Conditioning Systems
 - Condensers
 - Evaporators
 - Compressors
 - Radiators

INTERIOR/PLASTIC DIVISION

- Automotive Seats
 - Plastic Parts
- Body Side Mouldings
 - Interior Trim

MARKETING DIVISION

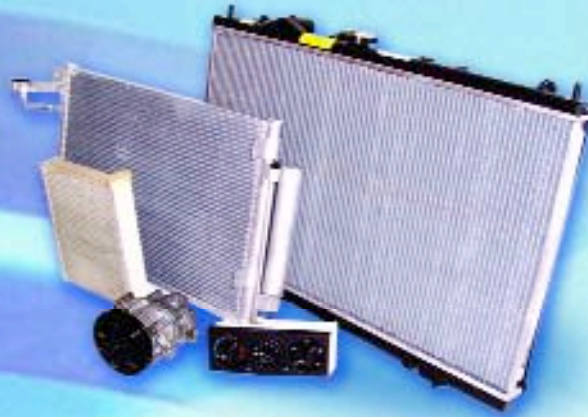
- Local Replacement Market
- Export Market

OVERSEAS OPERATIONS

- Australia
- USA
- Indonesia
- China
- Vietnam

statement

Penyata Pengerusi



On behalf of the Board of Directors, I am happy to report another year of good financial results. Profit before tax rose 17.0% to RM89.9 million from RM76.8 million in 2004, achieved on the back of RM943.0 million revenue, an increase of 19.5% from the RM789.0 million registered in 2004.

HIGHLIGHTS

The Group achieved a milestone in its brief corporate history with the opening of its first wholly-owned overseas leaf spring manufacturing plant in November 2005. Production output from the factory located near Ho Chi Minh City in Vietnam would be for both local and export markets.

Bagi pihak Ahli Lembaga Pengarah, saya berasa bangga melaporkan satu lagi keputusan tahun kewangan yang cemerlang. Keuntungan sebelum cukai melonjak 17.0% kepada RM89.9 juta berbanding RM76.8 juta pada 2004. Prestasi ini dicapai atas hasil jualan sebanyak RM943.0 juta berbanding RM789.0 juta dalam tahun 2004, satu pertambahan sebanyak 19.5%.

PERKARA MENYERLAH

Kumpulan telah mencapai satu tahap penting dalam sejarah korporatnya yang singkat dengan pembukaan rasmi sebuah kilang pembuatan spring dedaun luar negara pertama yang dimiliki sepenuhnya pada November 2005. Hasil pengeluaran daripada kilang ini yang terletak berdekatan dengan bandar Ho Chi Minh di Vietnam adalah untuk pasaran tempatan dan juga eksport.



APM's new factory in Vietnam
Kilang baru APM di Vietnam

In line with our Group's commitment to provide better and more efficient supply to our customers, we constructed the central logistics warehouse at Tanjong Malim which was completed during the year, whilst another, constructed currently at Bukit Beruntung, would be operational in mid-2006. The locations of these logistics warehouses would reduce lead time to meet the parts delivery requirements of our two important OE customers.

Amongst the major capital investments of the Group in 2005 included the purchase of a range of injection machines installed in the newly constructed factory at Bukit Beruntung to produce large plastic parts including automotive door panels, dashboards and bumpers, thus extending the product range produced by the Group.

We are pleased that several of the Group's subsidiaries were granted ISO/TS16949 certification in 2005. TS16949 is the latest international quality management standard in the automotive industry and comes from the harmonization of the automotive standards used in Germany, France, Italy and the USA. Other subsidiaries are expected to obtain their certifications in 2006.

Bertepatan dengan komitmen Kumpulan untuk menyediakan bekalan yang lebih baik dan lebih efisien kepada para pelanggan, kami telah membina satu gudang pusat logistik di Tanjong Malim yang telah pun siap tahun lepas, dan satu lagi, yang kini dalam pembinaan di Bukit Beruntung, dijangka akan memulakan operasi pada pertengahan 2006. Lokasi kedua-dua gudang logistik ini akan mengurangkan jangkamasa penghantaran barangan komponen untuk memenuhi kehendak dua pelanggan utama OE kami.

Antara pelaburan modal utama Kumpulan pada tahun 2005 ialah pembelian rangkaian mesin suntikan plastik yang ditempatkan disebuah kilang baru di Bukit Beruntung. Mesin-mesin ini berkemampuan mengeluarkan bahagian-bahagian komponen plastik yang besar termasuklah panel pintu automotif, papan pemuka dan bampar, oleh yang demikian meluaskan variasi barangan yang dikeluarkan oleh Kumpulan.

Penyata Pengerusi

ORIGINAL EQUIPMENT (OE) MARKET

Sales of OE parts increased 22.4% in 2005 in tandem with the 13% growth in new vehicle sales to 551,045 units from 487,605 units in 2004 (Source: Malaysian Automotive Association or MAA). The introduction of new vehicle models, attractive interest rates and longer repayment periods on hire purchase financing helped pushed sales.

The commencement of supply of aluminum radiator assemblies for installation in two popular national car models and air-conditioning system for a national car model introduced in 2005 also contributed to the increased OE sales.

REPLACEMENT EQUIPMENT (RE) MARKET

RE sales in 2005 was about the same as achieved in 2004. Leaf springs, seats and electrical products sales registered sizeable growth to compensate for the decline in sales of shock absorbers and air-conditioning parts which faced intense competition from China and ASEAN made imports. Nevertheless, the Group managed to maintain its overall sales level through sales campaigns and promotions despite the competition.

Kami amat gembira dengan pencapaian beberapa subsidiari Kumpulan yang telah dianugerahkan sijil perakuan ISO/TS16949 pada tahun 2005. TS16949 adalah piawai pengurusan kualiti antarabangsa yang terkini dalam industri automotif dan ia wujud hasil dari pengharmonian piawai-piawai otomotif yang digunakan di Jerman, Perancis, Itali dan Amerika Syarikat. Subsidiari-subsidiari yang lain dijangka akan memperolehi sijil perakuan mereka dalam tahun 2006.

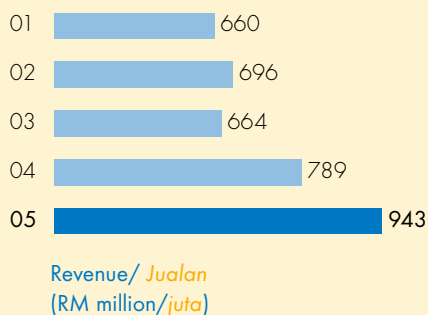
PA SARAN PERALATAN TULIN (OE)

Jualan komponen OE meningkat 22.4% pada 2005 selaras dengan pertumbuhan jualan kenderaan baru sebanyak 13% dari 487,605 unit dalam tahun 2004 kepada 551,045 unit dalam tahun 2005 (Sumber: Persatuan Automotif Malaysia atau MAA). Pengenalan model-model baru kenderaan, kadar faedah pinjaman yang menarik dan jangkamas bayaran balik yang lebih panjang keatas pinjaman sewa-beli telah membantu meningkatkan jualan.

Permulaan bekalan radiator aluminium untuk pemasangan pada dua model kereta nasional yang popular, dan sistem penghawa dingin untuk model kereta nasional yang diperkenalkan pada tahun 2005, telah menyumbang kepada peningkatan jualan OE.

PA SARAN GANTIAN (RE)

Jualan RE pada tahun 2005 adalah setara dengan pencapaian pada tahun 2004. Jualan spring dedaun, tempat duduk dan barangan elektrik yang mencapai pertumbuhan yang agak ketara telah mengimbangi penurunan jualan komponen penyerap hentaman dan peralatan penghawa dingin yang menghadapi saingan sengit dari barangan impot China dan ASEAN. Walaupun menghadapi saingan, Kumpulan berjaya mengekalkan tahap jualan keseluruhan melalui kempen dan promosi jualan.





ISO/TS 16949 and ISO 14001 certification for APM Auto Electric Sdn Bhd
Pensijilan ISO/TS 16949 and ISO 14001 untuk APM Auto Electric Sdn Bhd

EXPORT MARKET

The Group recorded its highest ever export sales in 2005 with a very encouraging 18.6% increase over 2004. Strong sales growth were registered for leaf springs, coil springs and air-conditioning parts. New customers for coil springs were established in the United Arab Emirates and the Netherlands whereas new leaf springs customers were secured in Korea and the United Kingdom.

DIVIDENDS

An interim dividend of 5% less 28% tax (2004: 5% less 28% tax) amounting to RM7.25 million was paid to shareholders on 7 October 2005.

The Directors recommend the payment of a final dividend of 8% less 28% tax (2004: 7% less 28% tax) amounting to RM11.60 million. The payment is subject to shareholders approval at the forthcoming Annual General Meeting. If approved, total dividend payment for financial year ended 31 December 2005 will be RM18.85 million (2004: RM17.4 million).

PASARAN EKSPOT

Kumpulan telah mencatatkan jualan ekspot yang tertinggi dalam sejarahnya pada tahun 2005 dengan peningkatan yang amat menggalakkan sebanyak 18.6% berbanding 2004. Pertumbuhan teguh jualan telah dicapai untuk komponen spring dedaun, spring gegelung dan peralatan penghawa dingin. Pelanggan-pelanggan baru untuk spring gegelung telah dijalin di Emiriah Arab Bersatu dan Belanda manakala pelanggan-pelanggan baru spring dedaun di Korea dan United Kingdom.

DIVIDEN

Pada 7 Oktober 2005, satu dividen interim sebanyak 5% tolak 28% cukai (2004: 5% tolak 28% cukai) berjumlah RM7.25 juta telah dibayar kepada para pemegang saham.

Lembaga Pengarah mencadangkan bayaran dividen akhir sebanyak 8% tolak 28% cukai (2004: 7% tolak 28% cukai) berjumlah RM11.60 juta. Bayaran ini tertakluk kepada kelulusan pemegang-pemegang saham pada Mesyuarat Agung Tahunan yang akan datang. Jika diluluskan, jumlah pembayaran dividen untuk tahun keewangan berakhir 31 Disember 2005 akan berjumlah RM18.85 juta (2004: RM17.4 juta).

statement

Penyata Pengerusi

APM's advertising along the highway
Papan iklan APM disepanjang lebuhraya

FUTURE PROSPECTS

The Government's announcement of the National Automotive Policy (NAP) recently augers well for the local automotive industry. The NAP aims to promote a competitive and viable domestic automotive sector, promote Malaysia as a regional automotive hub as well as increase the exports of vehicles and component parts via a comprehensive package of grants and incentives.

Whilst MAA had earlier forecasted a lower growth of 3% in total industry volume for new vehicle sales of 565,000 units in 2006. Following the NAP announcement, adjustments were made to import and excise duties on motor vehicles, resulting in reduction in selling prices for most new vehicles. Consequently, Group OE sales should grow in tandem with the anticipated increase in car sales. Additionally, the Group expects to benefit from the incentives offered under the NAP.

PROSPEK MASA HADAPAN

Pengumuman Kerajaan mengenai Polisi Automotif Nasional (NAP) baru-baru ini dijangka membawa kesan positif kepada industri automotif tempatan. NAP bertujuan meningkatkan taraf kompetitif and daya saingan sektor automotif tempatan, menjadikan Malaysia pusat pengeluaran automotif serantau sambil meningkatkan eksport kenderaan dan bahagian komponen melalui pakej geran dan insentif yang menyeluruh.

Walaupun MAA pada awalnya telah menjangka kadar peningkatan jumlah jualan kenderaan yang lebih rendah sebanyak 3%, untuk mencapai 565,000 unit dalam 2006. Menjelang pengumuman NAP, harga jualan kebanyakan kenderaan baru telah menyaksikan penurunan hasil dari penyelarasan duti impot dan eksais. Akibatnya, jualan OE Kumpulan sepatutnya meningkat selaras dengan jualan kenderaan yang dijangka meningkat. Tambahan lagi, Kumpulan dijangka akan mendapat manfaat dari insentif yang diperolehi dibawah NAP.

The RE market will continue to face intense competition. Plans are implemented to improve domestic RE sales. Our marketing department will persist with its aggressive campaigns and promotional activities to increase sales. With APM's renowned product quality, strong distribution network and established brand name, we are confident of recapturing market share.

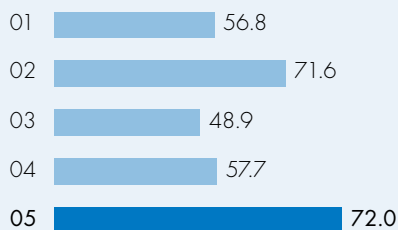
The export market continues to be the biggest growth potential for the Group. Export sales of suspension and air-conditioning products to Europe, the USA and ASEAN countries are expected to expand further with our intensified marketing push. With production expected to reach 300 tonnes a month in 2006, leaf springs produced in our Vietnam plant will be sold both to domestic and overseas markets. Negotiations are currently underway to supply OE parts to certain domestic vehicles manufactured in Vietnam.

The subsidiaries awarded the TS16949 certification - APM Coil Springs Sdn Bhd, APM Auto Electrics Sdn Bhd and Auto Parts Manufacturers Co. Sdn Bhd - could expect additional OE sales especially in the overseas markets.

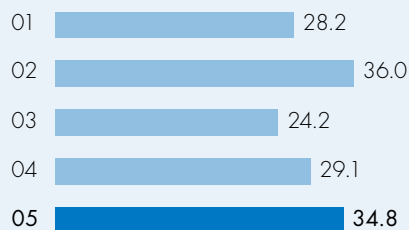
Pasaran RE pula akan terus menghadapi persaingan yang sengit. Pelbagai rancangan untuk meningkatkan jualan RE tempatan telah dilaksanakan. Bahagian pemasaran kami tetap meneruskan kempen-kempen agresif dan aktiviti-aktiviti promosinya untuk meningkatkan jualan. Dengan kualiti produk APM yang terkenal, jaringan penjualan yang kukuh dan jenama yang mantap, kami yakin akan dapat menguasai semula bahagian pasaran.

Pasaran eksport terus menjadi potensi pertumbuhan terbesar bagi Kumpulan. Eksport barangan suspensi dan peralatan hawa dingin ke Eropah, Amerika Syarikat dan negara-negara ASEAN dijangka akan berkembang dengan pesat hasil usaha pemasaran yang intensif. Dengan pengeluaran yang dijangka menjangkai 300 tan sebulan pada tahun 2006, pengeluaran spring dedaun dari kilang kami di Vietnam akan dijual kepada pasaran domestik dan luar negara. Kumpulan juga dalam proses rundingan untuk membekal komponen OE kepada beberapa kenderaan domestik buatan Vietnam.

Subsidiari yang dianugerahkan pensijilan TS16949 - APM Coil Springs Sdn Bhd, APM Auto Electrics Sdn Bhd dan Auto Parts Manufacturers Co. Sdn Bhd - dijangka dapat meningkatkan jualan OE, terutamanya di pasaran luar negara.



Profit After Tax/
Keuntungan Selepas Cukai
(RM million/ juta)



Earnings Per Share/
Pendapatan Sesaham
(sen)

Penyata Pengerusi

Our new logistic warehouse in Tanjung Malim

*Gudang logistic baru di Tanjung Malim***ACKNOWLEDGEMENTS**

On behalf of the Board of Directors, I would like to extend the Board's appreciation to the Management and staff for their continued dedication and contribution. I am confident that staff at all levels will continue to work hard to increase productivity and reduce costs to ensure the continued success of the Group.

I would also like to thank all our valued customers, suppliers, bankers, business associates as well as shareholders for their continuing support and confidence in the Group.

DATO' TAN HENG CHEW JP, DJMK

Chairman/Pengerusi

26 April 2006

PENGHARGAAN

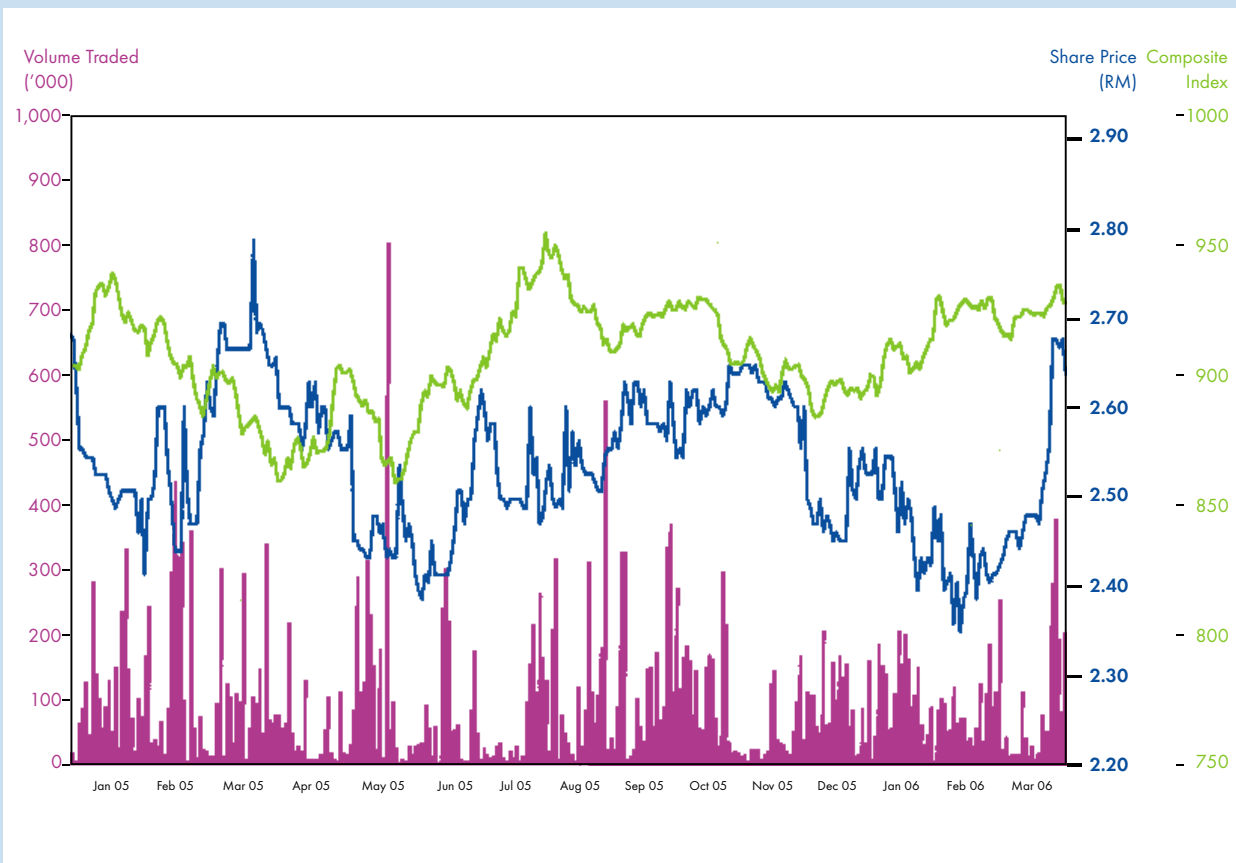
Bagi pihak Lembaga Pengarah, saya ingin menghulurkan penghargaan Lembaga kepada pihak Pengurusan dan juga kakitangan-kakitangan kerana sumbangan dan dedikasi mereka yang berterusan. Saya yakin kakitangan dari semua peringkat akan terus bekerja keras untuk meningkatkan produktiviti disamping mengurangkan kos supaya memastikan kejayaan berterusan Kumpulan.

Saya juga ingin mengambil kesempatan ini untuk mengucapkan terima kasih kepada semua pelanggan-pelanggan kami, pembekal-pembekal, institusi-institusi perbankan, rakan-rakan perniagaan dan para pemegang saham atas sokongan dan keyakinan mereka yang berterusan kepada Kumpulan.

01	319
02	377
03	408
04	450
05	503

Capital and Reserves/
Modal dan Rizab
(RM million/ juta)

volume traded
and
SHARE PRICE



■ Daily Volume Traded

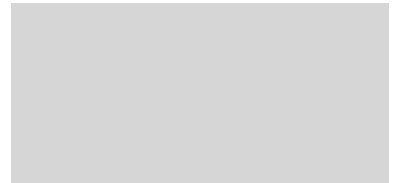
■ Daily Closing Share Price

■ Bursa Malaysia Composite Index

CORPORATE

calendar

2005



1 > April 2005

Ground breaking ceremony for logistics building in Tanjung Mail

2 > July 2005

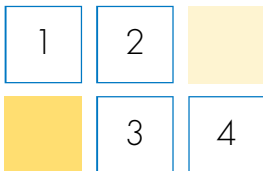
Celebration dinner for completion of JDE ERP project

3 > August 2005

Installation of 1,600 and 2,700 ton plastic injection machines in Bukit Beruntung

4 > October 2005

First export shipment of leaf springs from APM Springs (Vietnam) Co. Ltd.





5 > November 2005

Official opening ceremony of new leaf spring factory in Vietnam

6 > December 2005

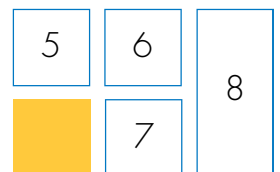
Completion of office and warehouse building in Tanjung Malim

7 > December 2005

Fire drill in Seri Kembangan factory with Bomba personnel

8 > December 2005

Ground breaking ceremony for new logistics building in Bukit Beruntung



PROFILE OF

the board of directors

Dato' Tan Heng Chew, JP, DJMK, 59, a Malaysian, is a Non-Executive Non-Independent Director. He was the first director of the Company when it was incorporated on 26 March 1997 and was appointed the Chairman of the Board on 1 November 1999.

Dato' Tan graduated from the University of New South Wales, Australia with a Bachelor of Engineering (Honours) degree and a Masters degree in Engineering from the University of Newcastle, Australia. He joined the Tan Chong Motor Holdings Berhad (TCMH) group of companies in 1970 and was instrumental in the establishment of its Autoparts Division in the 1970s and early 1980s.

Dato' Tan sits on the Board of TCMH as Executive Deputy Chairman and is the Chairman of Warisan TC Holdings Berhad. He is also a director and shareholder of Tan Chong Consolidated Sdn Bhd, a major shareholder of the Company. Dato' Tan has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

Dr. Fun Woh Peng, 46, a Malaysian, was appointed to the Board on 15 January 2003 as an Executive Director. He is also a member of the Audit Committee.

Dr. Fun holds a PhD. in Electrical Engineering from the University of Texas in Austin, USA. He joined Auto Parts Holdings Sdn Bhd in 1997 as General Manager for business development of the APM Group of companies. His prior experience includes several years with the Ford Motor Company, Ford International Business Development Inc. and FMS Audio, a joint venture of Ford Motor Company, USA.

Encik Azman Badrillah, 58, a Malaysian, is an Executive Director. He was appointed to the Board on 1 November 1999.

Encik Azman graduated with a degree in Economics from the University of Malaya in 1971. He joined Bank of America and had risen to the position of Assistant Vice-President when he left 11 years later. His service with Bank of America included a period spent with the international operations of the bank. Encik Azman joined Tan Chong Motor Holdings Berhad (TCMH) group in 1983 as an Executive Director of its manufacturing

division and was responsible for the overall performance of one of its key product groups. With the re-structuring of the TCMH group resulting in the emergence of the Company in 1999, Encik Azman was appointed an Executive Director of the Company.

Encik Azman sits on the board of TCMH and Eco Resources Berhad. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

Mr. Tan Eng Hwa, 51, a Malaysian, is an Executive Director. He was first appointed to the Board on 1 November 1999 as a Non-Independent Non-Executive Director.

Mr. Tan graduated from the University of Birmingham with a Bachelor of Commerce degree. He was with the Tan Chong Motor Holdings Berhad group as Treasurer and was also involved in various departmental functions within the group.

Mr. Tan is a director and shareholder of Tan Chong Consolidated Sdn Bhd, a major shareholder of the Company. He has abstained from deliberation and voting in respect of transactions between the Group and related parties involving himself.

Mr. Tan Eng Soon, 57, a Singaporean and a Malaysian permanent resident, is a Non-Executive Non-Independent Director. He was appointed to the Board on 1 November 1999.

Mr. Tan has a degree in Civil Engineering from the University of New South Wales, Australia. He has been involved in the Tan Chong Motor Holdings Berhad (TCMH) group's operations since 1971.

Mr. Tan is the Group Managing Director of TCMH. He is also a director and shareholder of Tan Chong Consolidated Sdn Bhd, a major shareholder of the Company.

He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

Encik Ahmad bin Abdullah, 71, a Malaysian, is a Non-Independent Non-Executive Director. He was appointed to the Board on 1 November 1999.

Encik Ahmad received his law degree with Honours from the University of Hull in the United Kingdom in 1959. He was appointed by the Yang Di-Pertuan Agong to the constitutional post of Secretary of the Malaysian Parliament where he served from 1959 until 1972 during which period he also represented Malaysia on various international bodies. He joined the Tan Chong Motor Holdings Berhad (TCMH) group in 1975 as an executive director of a subsidiary involved in marketing.

Encik Ahmad is the Vice-Chairman of TCMH. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

Dato' N. Sadasivan s/o N.N. Pillay, DPMP, JSM, KMN, 66, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 1 November 1999 and is the Chairman of the Audit Committee.

Dato' Sadasivan graduated from the University of Malaya with a Bachelor of Arts (Honours) degree majoring in Economics in 1963. In the same year, Dato' Sadasivan commenced working for the Singapore Economic Development Board and was head of the Industrial Facilities Division when he left to join MIDA in 1968. He was with MIDA for a total of 27 years and became its Director-General in 1984. Dato' Sadasivan sits on the boards of Bank Negara Malaysia and Pengurusan Danaharta Nasional Berhad.

Dato' Sadasivan is also a director of Chemical Company of Malaysia Berhad, Petronas Gas Berhad, Leader Universal Holdings Berhad, Malaysian Airline System Berhad, Malaysian Industrial Development Finance Berhad and Yeo Hiap Seng (Malaysia) Berhad.

Dato' Haji Kamaruddin @ Abas Nordin, DSSA, KMN, 67, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 1 November 1999 and is a member of the Audit Committee.

Dato' Haji Kamaruddin graduated from the University of Canterbury, New Zealand with a Master of Arts degree majoring in Economics in 1966. He joined the civil service upon his graduation and served the Government until he retired in 1993. During his tenure with the civil service he held various senior positions, among them as Director, Industries Divisions in MITI, Deputy Secretary-General, Ministry of Works and Director-General of the Registration Department, Ministry of Home Affairs.

Dato' Kamaruddin is a director of Tan Chong Motor Holdings Berhad and Lion Industries Corporation Berhad. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

Encik Mohd. Sharif Haji Yusof, 66, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 1 September 2001 and is a member of the Audit Committee.

Encik Mohd. Sharif is a Fellow Member of the Institute of Chartered Accountants, England and Wales, an Associate Member of the Malaysian Institute of Accountants and a Member of the Malaysian Institute of Certified Public Accountants. He has had more than 20 years experience in government and financial sectors, serving the Selangor State Government, Bumiputra Merchant Bankers Berhad and thereafter British American Life & General Insurance Co. Bhd where he held the position of Senior Vice President, Finance/Company Secretary at the time he retired.

Encik Mohd Sharif is a director of Amanah Capital Malaysia Berhad, Amanah Capital Partners Berhad, Amanah Short Deposit Berhad, Amanah General Asset Berhad, Asia Unit Trust Berhad, Ireka Corporation Berhad, Malayawata Steel Berhad, Kemayan Corporation Berhad, Commerce Life Assurance (formerly known as Amal Assurance Berhad) and Commerce Takaful Berhad.

Except for Dato' Tan Heng Chew, Messrs. Tan Eng Soon and Tan Eng Hwa, who are brothers, none of the other Directors have any family relationship with any other Director and/or major shareholders of the Company.

None of the Directors have any conflict of interest in any business arrangement involving the Company, nor have any convictions for offences within the past 10 years.

A summary of the Directors attendance at board meetings held in 2005 is set out on page 16.

STATEMENT ON CORPORATE GOVERNANCE

It is the policy of the Company to manage the affairs of the Group in accordance with the appropriate standards of good corporate governance set out in the Malaysian Code on Corporate Governance (the "Code"). The Directors wish to report on the application of such principles.

APPLICATION OF PRINCIPLES

A. Directors

I. The Board

The business of the Company and the Group is managed by the Board of Directors, which is responsible for ensuring that the Group is properly managed to achieve expected long-term improvement in shareholders value.

The Board has a formal schedule of matters for discussion. It includes issues relating to broad policy decisions, quarterly and annual financial results, annual business plans and budgets, significant acquisitions and disposals, material agreements, major capital expenditures and senior executive appointments. Other matters are delegated to Board Committees, officers and line management.

There were 5 board meetings held in 2005 and the attendance of the Directors at these meetings was as follows:

Dato' Tan Heng Chew	5
Dr. Fun Woh Peng	5
Azman bin Badrillah	5
Tan Eng Hwa	5
Tan Eng Soon	5
Ahmad bin Abdullah	4
Dato' N. Sadasivan	4
Dato' Kamaruddin @ Abas bin Nordin	5
Mohd. Sharif bin Hj. Yusof	5

All Directors held office throughout 2005.

II. Board Composition

Presently, the Board comprises 9 members: a Non-Executive Chairman, 3 Executive Directors and 5 Non-Executive Directors, 3 of whom are independent Directors. The composition of the Board has complied with the requirement that one-third of the Directors must be independent directors.

No individual or group of individuals dominates the Board's decision making. The roles of the Chairman and the Executive Directors are separate and clearly defined. The Non-Executive Chairman is responsible for the proper conduct of meetings and ensuring an effective Board whilst the Executive Directors are responsible for the operations of the business units and implementation of Board decisions and policies.

The Directors have wide-ranging experiences, having previously occupied or are currently occupying senior positions in the corporate and government sectors. The profiles of the Board members are set out on pages 14 to 15.

All the Non-Executive Directors are independent of management and have no relationships which could materially interfere with the exercise of their independent judgment.

III. Supply of information

Board members are provided with appropriate documentation in advance of each Board and Committee meeting. For Board meetings, these documents may include reports on current trading and business issues from the Executive Directors, Heads of Operations and/or the Group Financial Officer, financial reports, proposals for capital expenditures, proposals for acquisitions and disposals as well as proposals for senior executive appointments.

Statement on corporate governance

In addition to formal Board meetings, the Chairman and Executive Directors also maintain regular contacts with all other Directors and hold informal meetings with the Non-Executive Directors to discuss issues affecting the Group.

There is an agreed procedure for Directors to seek independent professional advice at the Company's expense; Directors also have direct access to the advice and services of the Company Secretaries who are responsible for ensuring that Board procedures are followed.

IV. Appointments to the Board

The Board is of the view that proposals for appointment of new Directors and the assessment of the contribution of the existing Directors are more effective by drawing on the experience and wisdom of all Directors. As such, both functions are performed by the Board as a whole when necessary and appropriate. Hence, there is no nomination committee required.

V. Re-election

The Company's Articles of Association provide that at every Annual General Meeting of the Company, one-third of the Directors shall retire from office and that all Directors shall retire from office once at least in each three years, but shall be eligible for re-election. The Directors to retire in each year are the Directors who have been longest in office since their appointment or re-appointment. Any Director appointed by the Board shall hold office only until the following Annual General Meeting but shall not be taken into account in determining the

Directors or the numbers of Directors who are to retire by rotation at that meeting. The Board may from time to time appoint one or more of its number to any executive office for such period and on such terms as it thinks fit. Non-Executive Directors are not appointed for a specific term and are subject to re-election by shareholders at the next Annual General Meeting following their appointment, or to re-election in accordance with the Company's Articles of Association.

Directors who are due for re-election at the forthcoming Ninth Annual General Meeting are Mr. Tan Eng Soon, Dr. Fun Woh Peng and Dato' Haji Kamaruddin @ Abas bin Nordin. Encik Ahmad bin Abdullah seeks re-appointment under Section 129 (6) of the Companies Act, 1965. The profiles of these Directors are set out on pages 14 to 15.

VI. Training

All Directors have fulfilled the Mandatory Accreditation Programme requirement as prescribed by the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and also attended and completed their Continuing Education Programme as required. In keeping themselves abreast with the constant changes in regulatory requirements and development in the business environment, the Directors attended and will continue to participate in seminars and education programmes in order to discharge their duties as directors.

Statement on corporate governance

B. Directors' Remuneration

The Board views that the present Directors' remuneration, based on guidelines formulated by drawing on the wealth of experience of all Directors, is more effective than that of a committee of the Board. Hence, a remuneration committee is not required as the role is performed by the Board as a whole as and when necessary or appropriate.

The remuneration policy of the Group which sets out the manner in remunerating executive employees below Board level seeks to attract and retain as well as to motivate employees to contribute positively to the Group's performance. Such key principles and procedures in rewarding employees are also applicable to the Executive Directors.

The guidelines on the quantum of bonus payments in 2005 and annual salary increment for 2006 for executive employees of the Group, recommended to the Board for its approval by committees, whose members included senior Heads of Operations below board level, were based on performance and depended on the operating results of the Group after taking into consideration the prevailing business environment. The same guidelines were applied to Executive Directors.

The remuneration of each of the Non-Executive Directors is determined by the Board as a whole within the limits set by the Articles of Association. The Non-Executive Directors do not participate in the discussions relating to their remuneration.

The Directors' aggregate remuneration in 2005, with categorisation into appropriate components distinguishing between Executive and Non-Executive Directors, is set out below:

	EXECUTIVE DIRECTORS RM'000	NON-EXECUTIVE DIRECTORS RM'000
Directors' fees	-	144
Salaries and allowances	1,199	16
Bonuses	596	-
Benefits-in-kind	72	-
Total	1,867	160

The number of Directors whose remuneration falls in the following successive bands of RM50,000 is as follows :

	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS
Up to RM50,000	-	3
RM50,001 - RM100,000	-	3
RM100,001 to RM150,000	2	-
RM150,001 to RM200,000	1	-
Total	3	6

Statement on corporate governance

C. Relations with Shareholders

I. Dialogue between Company and Investors

During the year the Company held several group and individual meetings with institutional shareholders and investment communities with the view of fostering greater understanding of the Group's business.

The Group's announcements of its quarterly financial results and corporate exercises in the website of Bursa Malaysia serve to keep shareholders informed of its financial performance and activities on a timely basis.

II. The AGM

The Eighth Annual General Meeting ("AGM") of the Company was held on Friday, 20 May 2005 at the Grand Ballroom, Grand Seasons Hotel, Kuala Lumpur. It was attended by shareholders comprising registered individuals, proxies and corporate representatives with a total shareholding representing 60.6% of the issued share capital.

A forum was made available during the AGM for shareholders present to raise questions or issues regarding the Group's performance and financial position, which the Directors appropriately addressed.

D. Accountability and Audit

I. Financial Reporting

The Board has presented a balanced and understandable assessment of the Group's financial position and prospects in the various reports and statements made in the Annual Report despatched to shareholders as well as in the quarterly financial results disseminated via the website of Bursa Malaysia.

The quarterly announcements of the financial results of the Group and statements contained in the Annual Report are reviewed by the Audit Committee prior to Board's approval and release to Bursa Malaysia and shareholders.

II. Internal Control

The Statement of Internal Control set out on page 21 of the Annual Report provides an overview of the state of internal controls within the Group.

III. Audit Committee and Auditors

The Board of Directors established the Audit Committee on 1 November 1999. The present membership of the Committee, a summary of its terms of reference and its activities' are set out in the Audit Committee Report on pages 23 to 26.

The Board maintains a formal and transparent relationship with the Group's internal and external auditors.

OTHER STATEMENTS AND DISCLOSURES

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES IN CORPORATE GOVERNANCE

The Board considers that the Company had substantially complied with the Best Practices in Corporate Governance set out in Part 2 of the Code in 2005, except for the formation of remuneration and nomination committees, for which reasons have been given under the section "Application of Principles" in the Statement on Corporate Governance.

STATEMENT ON DIRECTORS' RESPONSIBILITY FOR PREPARING THE ANNUAL AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 (the "Act") to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and the Group, and their results for the financial year.

In preparing the financial statements for the year ended 31 December 2005, the Directors have:

1. adopted the appropriate accounting policies, which are consistently applied;
2. made judgments and estimates that are reasonable and prudent; and
3. ensured that the applicable approved accounting standards in Malaysia and provisions of the Act are complied with.

The Directors are responsible for ensuring that the Company and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Act. The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

STATEMENT ON MATERIAL CONTRACTS

There were no material contracts of the Company and subsidiaries involving Directors and substantial shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

STATEMENT ON REVALUATION POLICY

The Group's policy on revaluation of landed properties is stated in Note [1(c)] on page 42 of the financial statements.

NON-AUDIT FEES

The amount of non-audit fees paid to external auditors for the financial year-ended 31 December 2005 was RM141,000.

SHARE BUYBACK

There were no share buy-backs during the financial year-ended 31 December 2005. The Company retained all the 250,000 shares bought back in 2003 as treasury shares; there were no re-sale nor cancellation of treasury shares in 2005.

The Company further purchased 15,400 of its own shares in February 2006 at RM2.39 per share; total consideration paid was RM37,079. The shares are retained as treasury shares.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

No options, warrants or convertible securities were issued or exercised during the year.

AMERICAN DEPOSITORY RECEIPTS (ADR) OR GLOBAL DEPOSITORY RECEIPTS (GDR) PROGRAMME

The Company did not sponsor any ADR or GDR programme.

STATEMENT ON INTERNAL CONTROL

The Board of Directors confirms the requirements of the Malaysian Code on Corporate Governance by maintaining a sound system of internal controls to safeguard the Group's assets and shareholders' investments. The Board is pleased to provide the following statement which outlines the nature and scope of internal control of the Group.

RESPONSIBILITY

The Board of Directors is ultimately responsible for maintaining a sound system of internal control of the Group and reviewing its adequacy and integrity. However, due to the limitations inherent in any system of internal control, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Audit Committee assists the Board in reviewing the adequacy and integrity of the system of internal control in the Group. The Audit Committee is assisted by the Internal Audit department, which carries out regular and systematic reviews of the system of internal control of the Group and also the extent of compliance with the Group's operating policies and procedures. The findings are reported directly to the Audit Committee.

The members of the Audit Committee, a summary of its terms of reference and activities are set out on pages 23 to 26.

RISK MANAGEMENT

The Audit Committee and management are committed to formalising a comprehensive Risk Management Framework in accordance with the guidance contained in the publication "Statement of Internal Control: Guidance for Directors of Public Listed Companies."

During the year the Group's Risk Management Committee met half-yearly to assess and discuss additional significant risks identified by the Group and its subsidiaries, to ensure that appropriate actions were put in place to mitigate the risks. In addition, the Internal Audit department reviewed the progress of the implementation of the subsidiaries' risks response plans and the effectiveness of the existing controls in managing the relevant risks. The results of the reviews were presented in the Risk Management Committee meetings. Internal Audit department also provided training support to subsidiaries upon request or where necessary to ensure that the established risk management process were carried out appropriately.

Continuous efforts will be made to monitor and re-assess the existing risk management framework so as to maintain a proper system of managing risks as well as the related control activities.

Statement on internal control

OTHER KEY ELEMENTS OF INTERNAL CONTROL

The other key elements of the internal control system of the Group are as follows:

- The Executive Directors actively participate in the day to day running of the businesses and hold regular dialogues with senior management of the various business units;
- There are clearly defined delegation of responsibilities and appropriate limits of authority for different processes, decisions and commitments;
- The Executive Management Committee (EMC) was established to manage and control the Group's businesses. The EMC monitors the performance of the business units and identify areas requiring follow-up actions. The EMC is further supported by various sub-committees. Matters beyond its limits of authority are referred to the main Board for approval;
- The Board meets at least quarterly to discuss the performance of the Group and other major issues. The Annual Report and the announcements of quarterly results are reviewed by the Audit Committee before Board's approval and release to Bursa Malaysia/public; and
- The Board also reviews and approves the annual budget and business plans of the business units. These plans set out the key business objectives of the respective business units, the major risks and opportunities as well as the action plans.

The Board with the assistance of the Audit Committee, constantly reviews the adequacy and integrity of the system of internal control. It is confident that no material losses were incurred during the current financial year as a result of weaknesses in internal controls.

AUDIT COMMITTEE REPORT

AUDIT COMMITTEE

The Audit Committee ("Committee") was formed on 1 November 1999.

The present terms of reference of the Committee were adopted by the Board of Directors at a meeting held on 4 July 2001.

COMPOSITION AND MEETINGS

The composition of the Committee and the attendance of its members at the four meetings held during the year were as follows :

Name	Attendance
Dato' N. Sadasivan <i>Chairman</i> <i>Independent Non-Executive Director</i>	4/4
Dato' Haji Kamaruddin @ Abas bin Nordin <i>Independent Non-Executive Director</i>	4/4
Mohd. Sharif bin Haji Yusof <i>Independent Non-Executive Director</i>	4/4
Dr. Fun Woh Peng <i>Executive Director</i>	4/4

TERMS OF REFERENCE

Membership

The Committee shall be appointed by the Board from amongst the Directors and shall be composed of no fewer than three members, a majority of whom must be Independent Directors.

The Committee shall include at least one Director who is a member of the Malaysian Institute of Accountants or alternatively, a person who must have at least 3 years working experience and have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967 or is a member of one of the associations specified in Part II of the said Schedule.

No alternate Director shall be appointed a member of the Committee.

The members of the Committee shall elect a Chairman from amongst their number who shall be an independent Director.

In the event of any vacancy in the Committee, which result in a breach in the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), the vacancy must be filled within three months.

The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every three years.

Audit committee report

Authority

The Committee is authorised by the Board, and at the cost of the Company, to:

1. investigate any matter within its terms of reference;
2. have the resources which are required to perform its duties;
3. have full and unrestricted access to any information pertaining to the Company or the Group;
4. have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
5. be able to obtain independent professional or other advice; and
6. convene meetings with external auditors, excluding the attendance of the executive members.

Functions

The functions of the Committee shall be, amongst others :

1. Review the following and report the same to the Board:
 - a) the audit plan, the evaluation of the system of internal control and the audit report with the external auditor; the assistance given by the employees of the Company / Group to the external auditor;
 - b) the adequacy of the scope and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - c) the results of the internal audit review or investigations undertaken and whether appropriate action is taken on the internal audit recommendations;
 - d) the quarterly results and year-end financial statements, prior to approval by the Board of Directors, focusing on-
 - i) changes in or implementation of major accounting policy changes, significant and unusual events; and
 - ii) compliance with accounting standards and other legal requirements;
 - e) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - f) any letter of resignation from external auditor; and
 - g) whether there is reason to believe that the external auditor is not suitable for re-appointment.

Audit committee report

2. recommend the nomination of person or persons as external auditor;
3. approve any appointment or termination of senior staff members of the internal audit function and review any appraisal or assessment of the performance of its members; and
4. any other function as may be required by the Board from time to time.

CONDUCT OF MEETINGS

The Chairman shall call for meetings to be held not less than four times a year. Any member of the Committee may at any time, and the Company Secretaries shall on requisition of the member, summon a meeting.

Except in the case of an emergency, seven days notice of meeting shall be given in writing to all members.

The quorum of meetings shall be a majority of independent Directors. Meetings shall be chaired by the Chairman, and in his absence, by an Independent Director.

Decisions shall be made by a majority of votes.

The Head of Finance, Head of Internal Audit and the Company Secretaries shall normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the Committee. A representative of the external auditor shall attend the meeting to consider the final audited financial statements and such other meetings determined by the Committee.

The Chairman shall exercise the right to require those who are in attendance to leave the room when matters to be discussed are likely to be hampered by their presence or confidentiality of matters needed to be preserved.

REPORTING PROCEDURES

The Company Secretaries shall record the proceedings of meetings. Minutes shall be circulated to all members of the Board.

The Committee shall prepare, for the Board and for inclusion in the Company's annual report, a summary of its activities in the discharge of its functions and duties for the financial year.

The Committee may report to Bursa Malaysia a matter reported by it to the Board which has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

Audit committee report

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the year, the Audit Committee reviewed the Group's audit strategy plan with the external auditors before commencement of the audit for the financial year end and thereafter the annual audited financial statements, as well as the quarterly financial results before recommending to the Board for release to Bursa Malaysia.

The Audit Committee also reviewed related party transactions on a half-yearly basis, the internal audit plan for the year, all internal audit reports as well as the Group's Risk Management Framework.

SUMMARY OF ACTIVITIES OF INTERNAL AUDIT FUNCTION

The principal role of the internal audit function is to undertake regular independent review and appraisal on the effectiveness of the Group's system of internal control. The annual audit plan is reviewed and approved by the Audit Committee.

During the year ended 31 December 2005, the department undertook audit visits to major subsidiaries of the Group aimed at providing reasonable assurance that the relevant control activities were operating satisfactorily. The internal audit also reviewed the extent of the compliance of the individual subsidiary with the Group's established policies and procedures as well as the applicable laws and regulations. The audit findings were reported to the Audit Committee and forwarded to management for its attention. Audit reports also encompassed recommendations for improvement which were deemed practical and necessary. Follow-up reviews were carried out to ascertain that management action plans had been duly implemented.

In addition, the internal audit department also assisted the Group Risk Management Committee in discharging its responsibilities by ensuring that the on-going risk management process had been duly accomplished.

Financial Statements

Directors' Report	28
Statement by Directors	31
Statutory Declaration	31
Report of the Auditors	32
Balance Sheets	33
Income Statements	34
Balance Sheets (In US\$ equivalent)	35
Income Statements (In US\$ equivalent)	36
Consolidated Statement of Changes in Equity	37
Statement of Changes in Equity	38
Cash Flow Statements	39
Notes to the Financial Statements	41

DIRECTORS' REPORT

For the year ended 31 December 2005

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 2005.

Principal activities

The Company is principally an investment holding company and also provides shared services to companies in the Group for which it charges management fees. The principal activities of the subsidiaries are as stated in Note 26 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Net profit for the year	70,074	30,436

Reserves and provisions

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

Dividends

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

- a) a final dividend of 7% less 28% tax totalling RM10,148,040 in respect of the year ended 31 December 2004 on 6 July 2005;
- b) an interim dividend of 5% less 28% tax totalling RM7,249,600 in respect of the year ended 31 December 2005 on 7 October 2005.

The final dividend recommended by the Directors in respect of the year ended 31 December 2005 is 8% less 28% tax totalling RM11,597,760

Directors of the Company

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

Dato' Tan Heng Chew
 Azman bin Badrillah
 Ahmad bin Abdullah
 Tan Eng Soon
 Dato' N. Sadasivan s/o N.N. Pillay
 Dato' Haji Kamaruddin @ Abas bin Nordin
 Tan Eng Hwa
 Mohd Sharif bin Haji Yusof
 Dr Fun Woh Peng

Directors' report

For the year ended 31 December 2005

The shareholdings and deemed holdings in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

Name	Ordinary shares of RM1.00 each			At 31.12.2005
	At 1.1.2005	Bought	Sold	
Shareholdings in which Directors have direct interests				
Interests in the Company:				
Dato' Tan Heng Chew	1,316,449	2,049,900	-	3,366,349
Azman bin Badrillah	1,537,000	-	-	1,537,000
Tan Eng Soon	210,000	-	-	210,000
Dato' Haji Kamaruddin @ Abas bin Nordin	448	-	-	448
Tan Eng Hwa	669,908	-	-	669,908

Shareholdings in which Directors have indirect interests

Interests in the Company:				
Dato' Tan Heng Chew	85,959,999	654,700	-	86,614,699
Tan Eng Soon	85,959,999	654,700	-	86,614,699
Tan Eng Hwa	1,650	654,700	-	656,350

Dato' Tan Heng Chew and Tan Eng Soon by virtue of their shareholdings in the Company are deemed interested in the shares of the subsidiaries during the financial year to the extent that APM Automotive Holdings Berhad has an interest. Details of their deemed shareholdings in non-wholly owned subsidiary are shown in Note 26 to the financial statements.

None of the other Directors holding office at 31 December 2005 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 or 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 of the Company and related corporations) 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 other than certain Directors who have significant financial interest in companies which traded with certain companies in the Group in the ordinary course of business.

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 in or debentures of the Company or any other body corporate.

Issue of shares and debentures

There were no changes in the issued and paid-up capital of the Company 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.

Directors' report

For the year ended 31 December 2005

Other statutory information

Before the financial statements 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) all current assets have been stated at the lower of cost and net realisable value.

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 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 Group and in the Company financial statements misleading, or
- 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 results of the operations of the Group and of the Company for the financial year ended 31 December 2005 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 in accordance with a resolution of the Directors:

Dr Fun Woh Peng

Azman bin Badrillah

Kuala Lumpur,
6 April 2006

STATEMENTS 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 33 to 71, except for pages 35 to 36 which are expressed in US\$ equivalent, are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2005 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:

Dr Fun Woh Peng

Azman bin Badrillah

Kuala Lumpur,
6 April 2006

STATUTORY DECLARATION

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

I, **Lee Kwee Cheng**, the officer primarily responsible for the financial management of APM Automotive Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 33 to 71, except for pages 35 to 36 which are expressed in US\$ equivalent, 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 abovenamed **Lee Kwee Cheng** (MIA 9160) in Kuala Lumpur on 6 April 2006.

Before me:
Mohd Radzi bin Yasin
No. W327
Commissioner for Oaths
Kuala Lumpur

REPORT OF THE AUDITORS

to the members of APM Automotive Holdings Berhad

We have audited the financial statements set out on pages 33 to 71 except for pages 35 to 36 which are expressed in US\$ equivalent. The preparation of the financial statements is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - i) the state of affairs of the Group and of the Company at 31 December 2005 and the results of their operations and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

The subsidiaries in respect of which we have not acted as auditors are identified in Note 26 to the financial statements and we have considered their financial statements and the auditors' reports thereon, where applicable.

We are satisfied that the financial statements of the subsidiaries 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 consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

KPMG
Firm Number: AF 0758
Chartered Accountants

Hew Lee Lam Sang
Partner
Approval Number: 1862/10/07(J)

Kuala Lumpur,
6 April 2006

BALANCE SHEETS

at 31 December 2005

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Property, plant and equipment	2	204,096	163,843	673	553
Investments in subsidiaries	3	-	-	224,289	221,970
Investments in jointly controlled entities	4	5,771	12,710	-	-
Deferred development expenditure	5	1,434	1,572	-	-
Deferred tax assets	6	7,767	9,284	663	528
		219,068	187,409	225,625	223,051
Current assets					
Inventories	7	164,534	162,390	-	-
Trade and other receivables	8	200,722	194,476	37,314	31,621
Tax recoverable		8,927	4,967	1,142	749
Cash and deposits	9	116,599	68,848	13,942	7,606
		490,782	430,681	52,398	39,976
Current liabilities					
Trade and other payables	10	133,781	117,635	5,082	3,123
Borrowings	11	33,753	23,237	-	-
Taxation		2,107	3,274	-	-
Provisions	12	7,739	8,396	-	-
		177,380	152,542	5,082	3,123
Net current assets		313,402	278,139	47,316	36,853
		532,470	465,548	272,941	259,904
Financed by:					
Capital and reserves					
Share capital	13	201,600	201,600	201,600	201,600
Reserves		301,919	249,445	70,851	57,812
Treasury shares		(552)	(552)	(552)	(552)
		502,967	450,493	271,899	258,860
Minority shareholders' interests	15	8,492	1,712	-	-
Long term and deferred liabilities					
Borrowings	11	6,951	-	-	-
Deferred grant income	16	415	717	-	-
Deferred tax liabilities	6	2,197	2,428	-	-
Employee benefits	17	11,448	10,198	1,042	1,044
		21,011	13,343	1,042	1,044
		532,470	465,548	272,941	259,904

The financial statements were approved and authorised for issue by the Board of Directors on 6 April 2006.

The notes set out on pages 41 to 71 form an integral part of, and should be read in conjunction with, these financial statements.

INCOME STATEMENTS

For the year ended 31 December 2005

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Revenue	18	943,002	789,049	49,122	31,851
Cost of sales - sale of goods		(773,505)	(635,522)	-	-
Gross profit		169,497	153,527	49,122	31,851
Distribution costs		(39,988)	(40,461)	-	-
Administration expenses		(37,871)	(36,765)	(6,478)	(5,007)
Other operating expenses		(8,637)	(4,727)	(341)	-
Other operating income		4,000	3,257	-	10,773
Operating profit	18	87,001	74,831	42,303	37,617
Financing costs		(1,123)	(1,172)	(18)	(7)
Interest income		1,631	2,159	305	429
Share of profit of jointly controlled entities	4	2,412	1,013	-	-
Profit before taxation		89,921	76,831	42,590	38,039
Tax expense	20	(17,959)	(19,131)	(12,154)	(7,392)
Profit after taxation		71,962	57,700	30,436	30,647
Minority interests		(1,888)	968	-	-
Net profit for the year		70,074	58,668	30,436	30,647
Basic earnings per ordinary share (sen)	21	34.8	29.1		
Dividends per ordinary share (sen)	22	13	12		

The notes set out on pages 41 to 71 form an integral part of, and should be read in conjunction with, these financial statements.

BALANCE SHEETS

(in US\$ equivalent)
at 31 December 2005

	Group	
	2005 US\$'000	2004 US\$'000
Property, plant and equipment	53,993	43,345
Investments in jointly controlled entities	1,527	3,362
Deferred development expenditure	379	416
Deferred tax assets	2,055	2,456
	57,954	49,579
Current assets		
Inventories	43,528	42,960
Trade and other receivables	53,101	51,449
Tax recoverable	2,362	1,314
Cash and deposit	30,846	18,214
	129,837	113,937
Current liabilities		
Trade and other payables	35,392	31,121
Borrowings	8,929	6,147
Taxation	557	866
Provisions	2,047	2,221
	46,925	40,355
Net current assets	82,912	73,582
	140,866	123,161
Financed by:		
Capital and reserves		
Share capital	53,333	53,333
Reserves	79,873	65,991
Treasury shares	(146)	(146)
	133,060	119,178
Minority shareholders' interests	2,247	453
Long term and deferred liabilities		
Borrowings	1,839	-
Deferred grant income	110	190
Deferred tax liabilities	581	642
Employee benefits	3,029	2,698
	5,559	3,530
	140,866	123,161

The information contained on this page does not form part of the audited financial statements of the Group.

The figures were converted from RM into US\$ equivalent using the exchange rate of RM3.78 = US\$1.00 which approximates that prevailing on 31 December 2005.

INCOME STATEMENTS

(in US\$ equivalent)

at 31 December 2005

	Group	
	2005 US\$'000	2004 US\$'000
Revenue	249,471	208,743
Cost of sales - sale of goods	(204,631)	(168,128)
Gross profit	44,840	40,615
Distribution costs	(10,579)	(10,704)
Administration expenses	(10,019)	(9,726)
Other operating expenses	(2,285)	(1,251)
Other operating income	1,058	862
Operating profit	23,015	19,796
Financing costs	(297)	(310)
Interest income	431	571
Share of profit of jointly controlled entities	638	268
Profit before taxation	23,787	20,325
Tax expense	(4,751)	(5,061)
Profit after taxation	19,036	15,264
Minority interests	(499)	256
Net profit for the year	18,537	15,520
Basic earnings per ordinary share (cents)	9.2	7.7
Dividends per ordinary share (cents)	3.4	3.2

The information contained on this page does not form part of the audited financial statements of the Group.

The figures were converted from RM into US\$ equivalent using the exchange rate of RM3.78 = US\$1.00 which approximates that prevailing on 31 December 2005.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2005

Group	Note	← Non distributable →				→ Distributable			Total
		Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Revaluation reserve RM'000	Exchange adjustment RM'000	Merger deficit RM'000	Retained profits RM'000	
At 1 January 2004		201,600	(552)	17,898	401	420	(42,339)	230,355	407,783
Foreign exchange differences arising from translation		-	-	-	-	(11)	-	-	(11)
Realisation of revaluation reserve		-	-	-	(161)	-	-	161	-
Net gains and losses not recognised in the income statement		-	-	-	(161)	(11)	-	161	(11)
Net profit for the year		-	-	-	-	-	-	58,668	58,668
Dividends paid		-	-	-	-	-	-	(8,698)	(8,698)
- 2003 final	22	-	-	-	-	-	-	(8,698)	(8,698)
- 2004 interim	22	-	-	-	-	-	-	(7,249)	(7,249)
At 31 December 2004/1 January 2005		201,600	(552)	17,898	240	409	(42,339)	273,237	450,493
Foreign exchange differences arising from translation		-	-	-	-	(203)	-	-	(203)
Realisation of revaluation reserve		-	-	-	(161)	-	-	161	-
Net gains and losses not recognised in the income statement		-	-	-	(161)	(203)	-	161	(203)
Net profit for the year		-	-	-	-	-	-	70,074	70,074
Dividends paid		-	-	-	-	-	-	(10,148)	(10,148)
- 2004 final	22	-	-	-	-	-	-	(10,148)	(10,148)
- 2005 interim	22	-	-	-	-	-	-	(7,249)	(7,249)
At 31 December 2005		201,600	(552)	17,898	79	206	(42,339)	326,075	502,967

The notes set out on pages 41 to 71 form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2005

Company	Note	Non distributable			Distributable	Total RM'000
		Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Retained profits RM'000	
At 1 January 2004		201,600	(552)	17,898	25,214	244,160
Net profit for the year		-	-	-	30,647	30,647
Dividends paid						
- 2003 final	22	-	-	-	(8,698)	(8,698)
- 2004 interim	22	-	-	-	(7,249)	(7,249)
At 31 December 2004/1 January 2005		201,600	(552)	17,898	39,914	258,860
Net profit for the year		-	-	-	30,436	30,436
Dividends paid						
- 2004 final	22	-	-	-	(10,148)	(10,148)
- 2005 interim	22	-	-	-	(7,249)	(7,249)
At 31 December 2005		201,600	(552)	17,898	52,953	271,899
		Note 13			Note 14	

CASH FLOW STATEMENTS

For the year ended 31 December 2005

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cash flows from operating activities				
Profit before taxation	89,921	76,831	42,590	38,039
Adjustments for				
Depreciation	33,586	26,258	190	135
Loss/(Gain) on disposal of property, plant and equipment	41	(321)	1	(1)
Property, plant and equipment write off	14	611	-	-
Interest expense	1,123	1,172	18	7
Interest income	(1,631)	(2,159)	(305)	(429)
Retirement benefits charged	1,929	1,596	-	290
Allowance for diminution in value of investment	-	-	341	-
Share of profits in jointly controlled entities	(2,412)	(1,013)	-	-
Amortisation of grant income	(302)	(295)	-	-
Amortisation of deferred development expenditure	61	141	-	-
Deferred development expenditure expensed off	204	3,954	-	-
Negative goodwill	(57)	-	-	-
Provisions made	4,154	3,836	-	-
Provisions reversed	-	(248)	-	-
Operating profit before working capital changes	126,631	110,363	42,835	38,041
Decrease/(Increase) in working capital:				
Inventories	484	(37,725)	-	-
Trade and other receivables	7,635	(50,692)	(5,693)	(9,078)
Trade and other payables	5,121	28,733	1,959	(850)
Cash generated from operations	139,871	50,679	39,101	28,113
Income tax paid	(21,658)	(16,057)	(12,682)	(7,174)
Interest paid	(1,123)	(1,172)	(18)	(7)
Interest received	1,631	2,159	305	429
Retirement benefits paid	(664)	(455)	(2)	(15)
Provisions paid	(4,811)	(2,373)	-	-
Deferred development expenditure paid	(127)	(1,276)	-	-
Net cash generated from operating activities	113,119	31,505	26,704	21,346

The notes set out on pages 41 to 71 form an integral part of, and should be read in conjunction with, these financial statements.

Cash flow statements

For the year ended 31 December 2005

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cash flows from investing activities				
Purchase of property, plant and equipment	(70,196)	(39,620)	(311)	(223)
Proceeds from disposal of property, plant and equipment	725	912	-	6
Investment in a jointly controlled entity	-	(1,140)	-	-
Acquisition of subsidiaries (note 27)	4,021	-	(2,660)	(1,900)
Dividends from jointly controlled entities	-	1,620	-	-
Net cash used in investing activities	(65,450)	(38,228)	(2,971)	(2,117)
Cash flows from financing activities				
Dividends paid to shareholders	(17,397)	(15,947)	(17,397)	(15,947)
Repayment of revolving credit	-	(1,400)	-	-
(Repayment)/Drawdown of foreign currency trade loan	(8,039)	17,141	-	-
Drawdown/(Repayment) of term loan	7,805	(5,000)	-	-
Investment by minority shareholders	-	971	-	-
Net cash used in financing activities	(17,631)	(4,235)	(17,397)	(15,947)
Net increase/(decrease) in cash and cash equivalents	30,038	(10,958)	6,336	3,282
Exchange difference	12	99	-	-
Cash and cash equivalents at beginning of year	64,002	74,861	7,606	4,324
Cash and cash equivalents at end of year	94,052	64,002	13,942	7,606
Cash and cash equivalents comprise:				
Cash and bank balances	116,599	68,848	13,942	7,606
Bills payable	(22,434)	(2,907)	-	-
Overdrafts	(113)	(1,939)	-	-
	94,052	64,002	13,942	7,606

The notes set out on pages 41 to 71 form an integral part of, and should be read in conjunction with, these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

1. Summary of significant accounting policies

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in previous years.

(a) Basis of accounting

The financial statements of the Group and of the Company are prepared on the historical cost basis, except as disclosed in the notes to the financial statements, and in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

(b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

A subsidiary is excluded from consolidation when either control is intended to be temporary if the subsidiary is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company. Subsidiaries excluded on these grounds are accounted for as investments.

The Group came into existence resulting from an internal reorganization in 1999. Subsidiaries acquired pursuant to the reorganisation are consolidated using the merger method of accounting, whilst all subsequently acquired subsidiaries are consolidated using the acquisition method of accounting.

Under the merger method of accounting, the results of the subsidiaries are presented as if the companies had been combined throughout the current and previous financial years. The difference between the cost of acquisition and nominal value of the share capital and reserves of the merged subsidiaries is taken to merger reserve (or adjusted against any suitable reserve in the case of debit differences).

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Group financial statements. The difference between the acquisition cost and the fair values of the subsidiaries' net assets is reflected as goodwill or reserve on consolidation as appropriate.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless such cost cannot be recovered.

Notes to the financial statements

For the year ended 31 December 2005

1. Summary of significant accounting policies (cont'd)

(c) Property, plant and equipment

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

It is the Group's policy to state property, plant and equipment at cost. Revaluation of certain properties in 1984 was carried out primarily for the purpose of issuing bonus shares then in the Company and was not intended to effect a change in the accounting policy to one of revaluation of properties.

In accordance with the transitional provisions issued by the Malaysian Accounting Standards Board ("MASB") on the adoption of International Accounting Standards ("IAS") No.16 (Revised) on "Property, Plant and Equipment", the valuations of these assets have not been updated and they continue to be stated at their existing carrying amounts less accumulated depreciation.

The Directors are of the opinion that the current market values of the revalued properties are not less than their net book values as at 31 December 2005.

Property, plant and equipment that are retired from active use and held for disposal are stated at the carrying amount at the date when such assets are retired from active use, less impairment losses, if any.

Depreciation

Freehold land and capital work-in-progress are not amortised. Leasehold land is amortised in equal instalments over the period of the respective leases which range from seventy-seven to ninety-nine years.

The straight-line method is used to write off the cost of the other assets over the term of their estimated useful lives at the following principal annual rates:

Buildings	2%	-	4%
Plant, machinery and equipment	10%	-	50%
Furniture, fixtures, fittings and office equipment	10%	-	33.3%
Motor vehicles	10%	-	20%

(d) Investments

Long term investments are stated at cost. An allowance is made when the Directors are of the view that there is a diminution in their value which is other than temporary.

(e) Jointly controlled entities

A joint venture is a contractual arrangement whereby the Group and other parties have joint control over an economic activity.

In respect of its interest in jointly controlled entities, the Group uses the equity method to account for its interest.

The results of the joint venture are normally accounted for based on the audited financial statements of the respective joint ventures. In the event that audited financial statements are not available, the financial statements prepared by management are used instead.

Unrealised profits or losses arising from transactions between the Group and its joint venturers are recognised only to the extent of that portion of the gain or loss which is attributable to the interests of the other venturers. Unrealised losses are recognised in full when the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

Notes to the financial statements

For the year ended 31 December 2005

1. Summary of significant accounting policies (cont'd)

(f) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred.

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 3 to 5 years. Capitalised development expenditure which is impaired is written down to its recoverable amount.

(g) Inventories

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

Costs of manufactured inventories, work-in-progress and raw materials are determined primarily at standard cost adjusted for variances, and approximate actual cost on a first-in-first-out basis.

Manufactured inventories and work-in-progress include direct materials, labour and an appropriate proportion of fixed and variable production overheads.

Costs of trading inventories and spare parts are determined on a weighted average basis.

(h) Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and bills payable.

Notes to the financial statements

For the year ended 31 December 2005

1. Summary of significant accounting policies (cont'd)

(j) Impairment

The carrying amount of assets, other than inventories, deferred tax assets and financial assets (other than investments in subsidiaries and jointly controlled entities), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to equity.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have determined, net of depreciation or amortisation, if no impairment loss has been recognised. The reversal is recognised in the income statement, unless it reverses an impairment loss on a revalued asset, in which case it is taken to equity.

(k) Liabilities

Borrowings and trade and other payables are stated at cost.

(l) Income tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Notes to the financial statements

For the year ended 31 December 2005

1. Summary of significant accounting policies (cont'd)

(m) Provisions

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation (legal or constructive) as a result of a past event and a reliable estimate can be made of the amount.

(i) Provision for product warranty/rectification

Provision for product warranty and rectification are recognised when the underlying products or services are sold. It is based on historical warranty data and a weighting of all possible outcomes against the associated probabilities.

(ii) Provision for prompt payment discount

A provision for prompt payment discount is recognised based on sales and past payment pattern of customers.

(n) Share capital

Repurchase of shares

When shares are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are reclassified as treasury shares and presented as a deduction from total equity.

(o) Deferred grant income

Grant income from the World Bank arise from the installation of machinery for environmental control purposes. This is amortised on a straight line basis over a period of 10 years in line with the depreciation of the related machinery.

(p) Employee benefits

i) Short term benefits

Wages, salaries and bonuses are recognised as expenses in the year in which the associated services are rendered by employees of the Group and the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii) Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

iii) Retirement benefits

The Group and Company's net obligation under its employees' terms of employment is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value. The discount rate is the market yield at the balance sheet date on high quality corporate bonds or government bonds. The calculation was performed by an actuary using the projected unit credit method.

Any increase in benefits to employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

Notes to the financial statements

For the year ended 31 December 2005

1. Summary of significant accounting policies (cont'd)

(p) Employee benefits (cont'd)

iii) Retirement benefits (cont'd)

In calculating the Group and Company's obligation to its employees, to the extent that any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the benefit obligation, that portion is recognised in the income statement over the expected average remaining working lives of the employees. Otherwise, the actuarial gain or loss is not recognised.

Where the calculation results in a benefit to the Group and Company, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

(q) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to Ringgit Malaysia at the foreign exchange rates ruling at the date of the transactions.

(ii) Financial statements of foreign operations

The Group's foreign operations are not considered an integral part of the Group's operations. Accordingly, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Ringgit Malaysia at exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Ringgit Malaysia at the average exchange rates applicable throughout the year. Foreign exchange differences arising on translation are recognised directly in equity.

The closing rates used in the translation of foreign currency monetary assets and liabilities and the financial statements of foreign operations are as follows:

1 AUD	-	RM2.77	(2004	:	1 AUD	-	RM2.98)
1 USD	-	RM3.78	(2004	:	1 USD	-	RM3.80)
100 JPY	-	RM3.21	(2004	:	100 JPY	-	RM3.74)
1 CAD	-	RM3.24	(2004	:	1 CAD	-	RM3.19)
1 RMB	-	RM0.47	(2004	:	1 RMB	-	RM0.46)
10,000 IDR	-	RM3.85	(2004	:	10,000 IDR	-	RM4.32)
100 THB	-	RM9.29	(2004	:	100 THB	-	RM9.96)
1 EUR	-	RM4.48	(2004	:	1 EUR	-	RM5.17)
10,000 VND	-	RM2.38	(2004	:	Not applicable)		

Notes to the financial statements

For the year ended 31 December 2005

1. Summary of significant accounting policies (cont'd)

(r) Revenue

i) *Goods sold and services rendered*

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from services rendered is recognised in the income statement as and when the services are performed.

ii) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

(s) Interest income

Interest income is recognised in the income statements as it accrues, taking into account the effective yield on the asset.

(t) Financing costs

Financing costs comprise interest payable on borrowings.

All interest and other costs incurred in connection with borrowings are expensed as incurred.

Notes to the financial statements

For the year ended 31 December 2005

2. Property, plant and equipment

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
<i>Cost/valuation</i>								
Opening balance	8,571	43,395	57,718	231,179	20,828	8,209	8,217	378,117
Additions	13	3,942	9,488	38,071	1,462	1,941	15,279	70,196
Transfers	5,128	-	-	3,563	929	-	(9,620)	-
Acquisition of subsidiaries	-	-	1,791	2,116	164	337	-	4,408
Disposals	-	-	-	(672)	(387)	(1,666)	-	(2,725)
Written off	-	-	-	(808)	(207)	(23)	-	(1,038)
Foreign exchange adjustment	-	-	-	(1)	(2)	(34)	-	(37)
Closing balance	13,712	47,337	68,997	273,448	22,787	8,764	13,876	448,921
<i>Representing items at:</i>								
Cost	13,712	30,245	62,347	273,448	22,787	8,764	13,876	425,179
1984 valuation	-	17,092	6,650	-	-	-	-	23,742
	13,712	47,337	68,997	273,448	22,787	8,764	13,876	448,921
<i>Accumulated depreciation</i>								
Opening balance	-	5,995	13,201	175,652	14,650	4,776	-	214,274
Charge for the year	-	741	5,252	23,825	2,433	1,335	-	33,586
Disposals	-	-	-	(205)	(339)	(1,415)	-	(1,959)
Written off	-	-	-	(802)	(205)	(17)	-	(1,024)
Foreign exchange adjustment	-	-	-	(29)	(5)	(18)	-	(52)
Closing balance	-	6,736	18,453	198,441	16,534	4,661	-	244,825
<i>Net book value</i>								
At 31 December 2005	13,712	40,601	50,544	75,007	6,253	4,103	13,876	204,096
At 31 December 2004	8,571	37,400	44,517	55,527	6,178	3,433	8,217	163,843
Depreciation charge for the year ended 31 December 2004	-	720	1,583	20,585	2,106	1,264	-	26,258

Notes to the financial statements

For the year ended 31 December 2005

2. Property, plant and equipment (cont'd)

Revaluation

The long term leasehold land and buildings are stated at Directors' valuation based on professional valuations on the existing use basis conducted in 1984.

The net book value of the revalued properties had they been stated at cost less accumulated depreciation calculated on original cost as required by the Malaysian Accounting Standards Board ("MASB") Standard No 15 on "Property, Plant and Equipment" is not shown as the records are not available since the revaluation was done in 1984.

Company	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost			
Opening balance	302	576	878
Additions	36	275	311
Disposals	(3)	-	(3)
Closing balance	335	851	1,186
Accumulated depreciation			
Opening balance	157	168	325
Charge for the year	49	141	190
Disposals	(2)	-	(2)
Closing balance	204	309	513
Net book value			
At 31 December 2005	131	542	673
At 31 December 2004	145	408	553
Depreciation charge for the year ended 31 December 2004	50	85	135

Notes to the financial statements

For the year ended 31 December 2005

3. Investments in subsidiaries

	Company	
	2005 RM'000	2004 RM'000
Unquoted shares, at cost	227,665	225,005
Less: Allowance for diminution in value	(3,376)	(3,035)
	<u>224,289</u>	<u>221,970</u>

Details of the subsidiaries are shown in Note 26.

4. Investments in jointly controlled entities

The Group's interest in the assets and liabilities, revenue and expenses of jointly controlled entities are as follows:

	2005 RM'000	2004 RM'000
Long-term assets	1,394	4,179
Current assets	11,954	21,270
Long-term liabilities	(127)	(114)
Current liabilities	(7,450)	(12,625)
Net assets	<u>5,771</u>	<u>12,710</u>
Income	29,460	26,872
Expenses	(27,048)	(25,859)
Share of profits of jointly controlled entities	<u>2,412</u>	<u>1,013</u>

Details of jointly controlled entities are as follows:

Name of company	Principal activities	Proportion of ownership interest	
		2005 %	2004 %
APM-Coachair Sdn. Bhd.*	Distribution of coach air-conditioners.	50	50
APM Seatings Sdn. Bhd.* (formerly known as APM Irwin Seating Sdn Bhd)	Manufacture and sale of auditorium seats. Ceased operations in 2005.	**	50

Notes to the financial statements

For the year ended 31 December 2005

4. Investments in jointly controlled entities (cont'd)

Name of company	Principal activities	Proportion of ownership interest	
		2005 %	2004 %
Auto Culture Supplies Sdn. Bhd.*	Manufacture and sale of seat covers and related products.	50	50
Diversified Furniture Systems Sdn. Bhd.*	Dormant	50	50
PT APM Armada Autoparts*	Manufacture and sale of automotive, bus and train seating products in Indonesia	50	50
Anhui Winking Auto Parts Co. Ltd.*	Manufacture and sale of automotive seats, interior parts and seating components in China	***	60

PT APM Armada Autoparts and Anhui Winking Auto Parts Co. Ltd. are incorporated in the Republic of Indonesia and People's Republic of China respectively. The other jointly controlled entities are incorporated in Malaysia.

* Owned via Auto Parts Holdings Sdn. Bhd, a wholly owned subsidiary

** During the year, the Company's wholly-owned subsidiary Auto Parts Holdings Sdn. Bhd. ("APH") purchased the remaining 50% shareholdings in APM Seatings Sdn Bhd (formerly known as APM Irwin Seating Sdn. Bhd. - "APMS"). With this purchase, APMS became a wholly-owned subsidiary of the Group effective 1 February 2005. Previously, the Group's interest in APMS was accounted for as a jointly controlled entity using the equity method.

*** With effect from 1 July 2005, as a result of a change in the Board's composition in Anhui Winking Auto Parts Co. Ltd. ("AWAP"), the Directors consider that the Group has effective control over AWAP, a company incorporated in the People's Republic of China and 60% owned by APH. Consequently, AWAP was consolidated as a subsidiary effective from that date. Previously, the Group's interest in AWAP was accounted for as a jointly controlled entity using the equity method.

Notes to the financial statements

For the year ended 31 December 2005

5. Deferred development expenditure

	Group RM'000
Cost	
Opening balance	1,713
Additions	127
Write off	(204)
Closing balance	<u>1,636</u>
Amortisation and impairment losses	
Opening balance	141
Amortisation charge for the year	61
Closing balance	<u>202</u>
Net book value	
At 31 December 2005	<u>1,434</u>
At 31 December 2004	<u>1,572</u>

6. Deferred tax

The amounts, determined after appropriate offsetting, are as follows:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Deferred tax assets	(7,767)	(9,284)	(663)	(528)
Deferred tax liabilities	<u>2,197</u>	<u>2,428</u>	-	-

Deferred tax liabilities and assets are offset above where there is a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority.

The recognised deferred tax assets and liabilities (before offsetting) are as follows:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Property, plant and equipment				
- capital allowances	5,943	5,102	47	38
- revaluation	2,396	1,935	-	-
Unrealised foreign exchange (loss)/gain	(419)	153	-	-
Provisions	(13,353)	(13,941)	(573)	(461)
Unabsorbed capital allowances	(136)	(104)	(136)	(104)
Unutilised tax losses	(1)	(1)	(1)	(1)
	<u>(5,570)</u>	<u>(6,856)</u>	<u>(663)</u>	<u>(528)</u>

Notes to the financial statements

For the year ended 31 December 2005

6. Deferred tax (cont'd)

No deferred tax has been recognised for the following items:

	Group	
	2005 RM'000	2004 RM'000
Unutilised tax losses	4,612	790
Unabsorbed capital allowances	113	393
(Taxable)/Deductible temporary differences	(280)	1,821
	<u>4,445</u>	<u>3,004</u>

Except for unutilised tax losses of RM1,475,000 (VND 6,207,708) which will expire in year 2010, the unutilised tax losses, unabsorbed capital allowances and deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

The Group has tax losses carried forward of RM4,616,000 (2004 - RM794,000) which give rise to the recognised and unrecognised deferred tax assets in respect of unutilised tax losses above.

7. Inventories

	Group	
	2005 RM'000	2004 RM'000
Raw materials	74,095	81,463
Work-in-progress	17,200	12,762
Manufactured inventories and trading inventories	68,547	60,979
Spare parts and others	4,692	7,186
	<u>164,534</u>	<u>162,390</u>

The following inventories are carried at net realisable value:

Raw materials	9,460	6,711
Work-in-progress	99	30
Manufactured inventories and trading inventories	6,897	5,172
Spare parts and others	669	883
	<u>17,125</u>	<u>12,796</u>

Notes to the financial statements

For the year ended 31 December 2005

8. Trade and other receivables

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Trade receivables				
- third parties	166,124	162,797	-	-
- jointly controlled entities	2,244	2,505	-	-
- related parties	20,350	19,577	-	-
	188,718	184,879	-	-
Less: Allowance for doubtful debts	(3,875)	(3,464)	-	-
	184,843	181,415	-	-
Non-trade:				
Subsidiaries	-	-	36,797	31,480
Jointly controlled entities	22	212	18	21
Related parties	27	250	-	-
	16,830	13,599	499	120
Less: Allowance for doubtful debts	(1,000)	(1,000)	-	-
	15,830	12,599	499	120
	200,722	194,476	37,314	31,621

Group

Included in other receivables is an amount of RM3.6 million (2004 - RM3.9 million) incurred on product development which is recoverable from the Group's customer.

Group and Company

Except for RM1,475,940 (2004 - RM2,500,000) included in the amount due from subsidiaries, the amount due from subsidiaries, jointly controlled entities and related parties are unsecured, interest free and have no fixed terms of repayments.

The amount due from subsidiaries of RM1,475,940 (2004 - RM2,500,000) is unsecured, has no fixed term of repayment and subject to interest at 3% (2004-3%) per annum.

Notes to the financial statements

For the year ended 31 December 2005

9. Cash and deposits

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cash and bank balances	24,786	19,548	957	324
Deposits placed with financial institutions	91,813	49,300	12,985	7,282
	116,599	68,848	13,942	7,606
Deposits are placed with:				
Licensed banks	50,179	14,500	-	2,000
Finance companies	407	2,000	407	-
Other financial institutions	41,227	32,800	12,578	5,282
	91,813	49,300	12,985	7,282

10. Trade and other payables

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Trade payables				
- third parties	79,101	63,310	-	-
- related parties	38	47	-	-
- jointly controlled entities	25	-	-	-
	79,164	63,357	-	-
Non-trade:				
Subsidiaries	-	-	2,708	1,257
Jointly controlled entities	34	56	-	-
Related parties	1,084	1,337	5	-
Other payables and accruals	53,499	52,885	2,369	1,866
	133,781	117,635	5,082	3,123

Group and Company

The non-trade amounts due to subsidiaries, jointly controlled entities and related parties are unsecured, interest free and have no fixed terms of repayment

Notes to the financial statements

For the year ended 31 December 2005

11. Borrowings

		Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Current					
Bills payable	- unsecured	22,434	2,907	-	-
Overdrafts	- unsecured	113	1,939	-	-
Foreign currency trade loan	- unsecured	9,102	17,141	-	-
Term loan	- secured	-	1,250	-	-
	- unsecured	2,104	-	-	-
		33,753	23,237	-	-
Non-current					
Term loan	- unsecured	6,951	-	-	-

The borrowings of the Group are subject to interest at 2.90 % to 7.00% (2004 - 2.98% to 7.80%) per annum.

The previous year's secured term loan was secured by the assignment of rental proceeds from the tenants of the property.

Term and debt repayment schedule

	Total RM'000	Under 1 year RM'000	1 - 2 years RM'000	2-5 years RM'000
2005				
Term loan-unsecured	9,055	2,104	2,075	4,876
2004				
Term loan-secured	1,250	1,250	-	-

12. Provisions

	Group	
	2005 RM'000	2004 RM'000
Balance at 1 January	8,396	7,181
Provision made during the year	4,154	3,836
Provision paid during the year	(4,811)	(2,373)
Provision reversed during the year	-	(248)
Balance at 31 December	7,739	8,396

Provisions are made for product warranty/rectification and prompt payment discount.

Notes to the financial statements

For the year ended 31 December 2005

13. Share capital

	Group and Company	
	2005	2004
	RM'000	RM'000
Authorised:		
Ordinary shares of RM1.00 each	300,000	300,000
Issued and fully paid:		
Ordinary shares of RM1.00 each	201,600	201,600

14. Distributable retained profits

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all its retained profits at 31 December 2005 if paid out as dividends.

15. Minority shareholders' interests

This consists of the minority shareholders' proportion of share capital and reserves of subsidiaries which are not wholly owned by the Group.

16. Deferred grant income

	Group	
	2005	2004
	RM'000	RM'000
At cost	3,563	3,563
Accumulated amortisation	(3,148)	(2,846)
	415	717

17. Employee benefits

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Recognised liability for retirement benefits	11,448	10,198	1,042	1,044

Under the terms of employment with its employees, the Group and Company have to pay retirement benefits to eligible employees who have completed a qualifying period of service. Eligible employees are entitled to retirement benefits based on a certain percentage of total basic salary earned for the period of service less the employers' EPF contribution.

Notes to the financial statements

For the year ended 31 December 2005

17. Employee benefits (cont'd)

Movements in the net liability recognised in the balance sheets

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Net liability at 1 January	10,198	9,033	1,044	769
Benefits paid	(664)	(455)	(2)	(15)
Expense recognised in the income statement	1,929	1,596	-	165
Transfer from subsidiaries	-	-	-	125
Foreign exchange adjustment	(15)	24	-	-
Net liability at 31 December	11,448	10,198	1,042	1,044

Expense recognised in the income statement:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Current service cost	1,212	1,017	-	118
Interest on obligation	717	579	-	47
	1,929	1,596	-	165

The expense is recognised in the following line items in the income statements:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cost of sales	815	611	-	-
Distribution cost	31	71	-	-
Administration expenses	1,083	914	-	165
	1,929	1,596	-	165

Liability for retirement benefits

Principal actuarial assumptions used at the balance sheet date (expressed as weighted averages):

	2005 %	2004 %
Discount rate	7.0	7.0
Future salary increases	6.5	6.5
Price inflation	3.5	3.5

Notes to the financial statements

For the year ended 31 December 2005

18. Operating profit

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Revenue				
- Sale of goods	943,002	789,049	-	-
- Services rendered	-	-	4,110	3,571
- Dividend income	-	-	45,012	28,280
	943,002	789,049	49,122	31,851
Operating profit is arrived at after crediting:				
Allowance for doubtful debts written back	321	1,163	-	10,772
Amortisation of grant income	302	295	-	-
Foreign exchange gain				
- realised	99	443	-	-
- unrealised	303	793	-	-
Gain on disposal of property, plant and equipment	-	321	-	1
Provisions reversed	-	248	-	-
Taxable dividends received from				
- unquoted subsidiaries	-	-	45,012	27,280
Tax exempt dividends received from				
- unquoted subsidiaries	-	-	-	1,000
and after charging:				
Allowance for doubtful debts	801	423	-	-
Allowance for diminution in value of investment	-	-	341	-
Amortisation of deferred development expenditure	61	141	-	-
Audit fee - current year	241	197	30	24
- prior year	-	(4)	-	-
Deferred development expenditure written off	204	3,954	-	-
Depreciation	33,586	26,258	190	135
Directors of the Company:				
- fees	144	152	144	152
- emoluments	1,811	1,260	1,427	1,260
- benefit in kind	72	45	52	45
Foreign exchange loss				
- realised	1,733	-	-	-
- unrealised	891	245	-	-
Inventories written down	5,934	4,162	-	-
Loss on disposal of property, plant and equipment	41	-	1	-

Notes to the financial statements

For the year ended 31 December 2005

18. Operating profit (cont'd)

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<i>and after charging: (cont'd)</i>				
Operating lease rental	310	322	-	-
Product development cost charged off	4,825	5,845	-	-
Property, plant and equipment written off	14	611	-	-
Provisions made	4,154	3,836	-	-
Rental of premises	2,060	1,137	-	-
Retirement benefits charged	1,929	1,596	-	165
Royalties	2,877	2,510	-	-

19. Employee information

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Staff costs	106,350	99,647	5,061	3,887

The number of employees of the Group (including Directors) and of the Company (including Directors) at the end of the year was 3,888 (2004 - 3,638) and 39 (2004 - 38) respectively.

The defined contributions paid to the Employee Provident Fund of the Group and of the Company during the financial year are RM7,918,000 (2004-RM7,369,000) and RM453,000 (2004-RM346,000), respectively.

20. Tax expense

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Current tax expense				
Malaysia - current	19,280	19,839	12,305	7,586
- prior year	(2,650)	(71)	(16)	(25)
Overseas - current	260	218	-	-
- prior year	27	-	-	-
Overseas withholding tax - current	-	376	-	-
- prior year	(318)	-	-	-
	16,599	20,362	12,289	7,561
Deferred tax expense				
- Origination and reversal of temporary differences	1,306	(1,123)	(112)	(158)
- Overprovision in prior years	(55)	(251)	(23)	(11)
	1,251	(1,374)	(135)	(169)
Tax expense on share of profits of jointly controlled entities				
- current year	201	143	-	-
- prior year	(92)	-	-	-
	17,959	19,131	12,154	7,392

Notes to the financial statements

For the year ended 31 December 2005

20. Tax expense (cont'd)

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Reconciliation of tax expense				
Profit before taxation	89,921	76,831	42,590	38,039
Income tax using Malaysian tax rates	25,178	21,513	11,925	10,651
Effect of different tax rates in foreign jurisdictions	351	12	-	-
Non-deductible expenses	1,327	1,393	268	109
Allowance for doubtful debts written back not subject to tax	-	-	-	(3,016)
Tax exempt income	(523)	(402)	-	(280)
Tax incentives	(4,129)	(3,968)	-	-
Effect of deferred tax benefit not recognised	(1,029)	684	-	-
Other items	(128)	(155)	-	(36)
	21,047	19,077	12,193	7,428
Overprovision in prior years				
- income tax	(2,715)	(71)	(16)	(25)
- deferred tax	(55)	(251)	(23)	(11)
Overseas withholding tax - current	-	376	-	-
- prior year	(318)	-	-	-
Tax expense	17,959	19,131	12,154	7,392

21. Earnings per share - Group

The calculation of earnings per share is based on the net profit attributable to shareholders of RM70,074,000 (2004 - RM58,668,000) and the weighted average number of outstanding ordinary shares in issue during the year of 201,350,000 (2004 - 201,350,000).

22. Dividends paid

	Group	
	2005 RM'000	2004 RM'000
Final in respect of previous year 7% less tax (2004 - 6% less tax)	10,148	8,698
Interim in respect of current year 5% less tax (2004 - 5% less tax)	7,249	7,249
	17,397	15,947

Notes to the financial statements

For the year ended 31 December 2005

22. Dividends paid (cont'd)

Proposed final dividend for the financial year ended 31 December 2005

The Directors have recommended the payment of a final dividend of 8% less 28% tax amounting to RM11,597,760 in respect of the year ended 31 December 2005, subject to approval by the shareholders at the forthcoming Annual General Meeting.

The proposed final dividend has not been accounted for in the financial statements of the Group and of the Company as at 31 December 2005.

Dividend per share

Ordinary dividend

The calculation of dividend per share is based on the ordinary dividend declared and proposed for the financial year ended 31 December 2005 and the number of outstanding ordinary shares in issue during the year of 201,350,000 (2004 - 201,350,000).

	2005 RM'000	2004 RM'000	2005 Sen per share (Gross)	2004 Sen per share (Gross)
Ordinary dividend paid	7,249	7,249	5	5
Proposed final dividend	11,598	10,148	8	7
Ordinary dividend including proposed final dividend	18,847	17,397	13	12

23. Segmental information

Segmental information has not been presented as the Group predominantly manufactures and sells automotive components and spare parts, and operates principally in Malaysia.

24. Commitments

	Group	
	2005 RM'000	2004 RM'000
Capital commitments:		
Property, plant and equipment		
Authorised but not contracted for	37,051	8,077
Contracted but not provided for in the financial statements	12,657	11,663
	49,708	19,740
Investments		
Authorised but not contracted for	756	12,540

Notes to the financial statements

For the year ended 31 December 2005

25. Related parties

Controlling related party relationships are as follows:

- i) The subsidiaries as disclosed in Note 26.
- ii) The substantial shareholders of the Company are Tan Chong Consolidated Sdn. Bhd. ("TCC") and Parasand Limited ("PL"). TCC and PL are also substantial shareholders of Warisan TC Holdings Berhad Group ("WTCH") whereas TCC is also a substantial shareholder of Tan Chong Motor Holdings Berhad Group ("TCMH Group") and Tan Chong International Limited Group ("TCIL Group").

The Directors of the Company, Dato' Tan Heng Chew and Tan Eng Soon, are deemed interested in the shares held by TCC and PL by virtue of Section 6A of the Companies Act, 1965.

Transactions with related parties

- i) Significant transactions with TCMH, TCIL and WTCH Groups are as follows:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
With TCMH Group				
Sales	130,416	111,597	-	-
Purchases	1,890	1,497	21	197
Rental expenses	922	915	-	-
Management fees	20	41	20	41
Rental income	515	-	-	-
<hr/>				
With TCIL Group				
Sales	2,952	3,039	-	-
<hr/>				
With WTCH Group				
Sales	171	160	-	-
Purchases	2,049	1,634	-	-
<hr/>				

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

Notes to the financial statements

For the year ended 31 December 2005

25. Related parties (cont'd)

Transactions with related parties (cont'd)

ii) Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:

	Company	
	2005 RM'000	2004 RM'000
Subsidiaries		
Management fees receivable	4,110	3,571
Dividends received	45,012	28,280
Interest expense	18	7
Interest income	75	33

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

26. Subsidiaries

The principal activities of the companies in the Group and the Group's effective interest are as follows

Name of Company	Principal activities	Group effective interest	
		2005	2004
		RM'000 %	RM'000 %
APM Air-Conditioners Sdn. Bhd.	Manufacture and sale of automotive air-conditioners	100	100
APM Auto Electrics Sdn. Bhd.	Manufacture and sale of automotive electrical components	100	100
APM Coil Springs Sdn. Bhd.	Manufacture and sale of automotive coil springs	100	100
APM Plastics Sdn. Bhd.	Manufacture and sale of plastic injection and extrusion moulded parts and components	100	100
APM Shock Absorbers Sdn. Bhd.	Manufacture and sale of shock absorbers and related component parts	100	100
APM Springs Sdn. Bhd.	Manufacture and sale of automotive leaf springs	100	100
Auto Parts Manufacturers Co. Sdn. Bhd.	Manufacture and sale of automotive seats and radiators	100	100

Notes to the financial statements

For the year ended 31 December 2005

26. Subsidiaries (cont'd)

Name of Company	Principal activities	Group effective interest	
		2005	2004
		RM'000 %	RM'000 %
Fuji Seats (Malaysia) Sdn. Bhd.	Manufacture and sale of automotive seats and components	60	60
Auto Parts Marketing Sdn. Bhd.	Marketing and sale of automotive parts and accessories	100	100
APM Motorsport Sdn. Bhd.	Marketing and sale of automotive parts and accessories	100	100
KAB Otomotif Sdn. Bhd.	Property investment	100	100
Perusahaan Tilam Kereta Sdn. Bhd.	Property investment	100	100
APM Auto Mechanisms Sdn. Bhd.	Property investment	100	100
Auto Parts Holdings Sdn. Bhd.	Investment holding	100	100
APM Automotive International Ltd., Labuan*	Investment holding	100	100
APM Holdings Inc.* (owned via 100% subsidiary Auto Parts Holdings Sdn. Bhd.)	Investment holding	100	100
APM Components America Inc.* (owned via 100% subsidiary, APM Holdings Inc.)	Dormant	100	100
APM Chalmers Suspensions Sdn. Bhd.	Dormant	100	100
APM Interiors Sdn. Bhd.	Dormant	100	100
APM Metal Industries Sdn. Bhd.	Dormant	100	100

Notes to the financial statements

For the year ended 31 December 2005

26. Subsidiaries (cont'd)

Name of Company	Principal activities	Group effective interest	
		2005 RM'000 %	2004 RM'000 %
APM Radiators Sdn. Bhd.	Dormant	100	100
APM Tooling Centre Sdn. Bhd.	Dormant	100	100
Atsugi Parts Manufacturing Sdn. Bhd.	Dormant	100	100
Pandamaran Special Steel Sdn. Bhd.	Dormant	100	100
TC-Kinugawa Rubber Sdn. Bhd.	Dormant	100	100
APM Components (USA) Inc.* (owned via 100% subsidiary Auto Parts Holdings Sdn. Bhd.)	Dormant	100	100
Radiators Australia (2000) Pty. Ltd. ** (owned via 100% subsidiary Auto Parts Holdings Sdn. Bhd.)	Distribution and assembly of automotive radiators and other automotive components.	100	100
APM Springs (Vietnam) Co., Ltd.*** (owned via 100% subsidiary, APM Automotive International Ltd.)	Manufacture and sale of automotive suspension parts	100	100
APM Seatings Sdn. Bhd. (formerly known as APM Irwin Seating Sdn Bhd)	Manufacture and sale of auditorium seats. Ceased operations in 2005	100	#
Anhui Winking Auto Parts Co. Ltd.**	Manufacture and sale of automotive seats, interior parts and seating components.	60	#

Notes to the financial statements

For the year ended 31 December 2005

26. Subsidiaries (cont'd)

APM Components America Inc. and APM Holdings Inc. are companies incorporated in Canada. Radiators Australia (2000) Pty. Ltd., APM Components (USA) Inc., APM Spring (Vietnam) Co., Ltd. and Anhui Winking Auto Parts Co. Ltd. are incorporated in Australia, United States of America, Vietnam and the People's Republic of China respectively. The other subsidiary companies are incorporated in Malaysia.

* Companies not required to be audited and consolidated using management financial statements

** Audited by another firm of Public Accountants

*** Audited by member firm of KPMG International

Previously classified as jointly controlled entities (see below)

27. Acquisition of subsidiaries

As explained in Note 4, APM Seatings Sdn. Bhd. and Anhui Winking Auto Parts Co. Ltd., which were previously classified as jointly controlled entities, were consolidated as subsidiaries in 2005. These changes resulted from the acquisition of shares and a change in effective control by the Group respectively.

The fair values of assets and liabilities assumed in the acquisition of subsidiaries at the effective dates of the companies becoming subsidiaries and the effects on the Group's cash flow are as follows:

	2005 RM'000
Non-current assets	4,408
Current assets	26,179
Current liabilities	(14,711)
	<hr/>
Net assets	15,876
Minority Interest	(4,779)
	<hr/>
Negative goodwill on acquisition	11,097 (57)
	<hr/>
Consideration paid	11,040
Cash and bank balances acquired	(5,929)
Less: Share of net assets previously held as jointly controlled entities	(9,132)
	<hr/>
Net cash inflow	(4,021)

Notes to the financial statements

For the year ended 31 December 2005

27. Acquisition of subsidiaries (cont'd)

Effect of acquisition

The acquisition had the following effects on the Group's assets and liabilities as at 31 December 2005:

	2005 RM'000
Income statement:	
Revenue	16,657
Operating expenses	(15,489)
	<hr/>
Operating profit	1,168
Interest expenses	(1)
Interest income	75
	<hr/>
Profit before taxation	1,242
Tax expenses	-
	<hr/>
Profit after taxation	1,242
Less: Minority interest	(593)
	<hr/>
Increase in the Group's net profit at the end of the financial period	<u>649</u>
Balance sheet:	
Plant and equipment	5,198
Current asset	26,641
Current liabilities	(16,417)
	<hr/>
Net assets acquired	15,422
Minority interest	(5,485)
Exchange reserve	(156)
	<hr/>
	9,781
Less: Share of net assets previously held as jointly controlled entities	(9,132)
	<hr/>
Increase in Group's net asset	<u>649</u>

28. Financial instruments

Financial risk management objectives and policies

Exposure to credit, interest rate and currency risk arises in the normal course of the Group and the Company's business. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Notes to the financial statements

For the year ended 31 December 2005

28. Financial instruments (cont'd)

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Certain customers requiring credit over a predetermined amount are subject to credit evaluation and approval.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk for the Group and for the Company are represented by the carrying amount of each financial asset.

The Group and Company's customers' performance are dependent on the outlook of the local automotive industry.

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to the interest-bearing bank loans and deposits placed with financial institutions. The management considers interest rate risks on borrowings to be low as the level of borrowings are relatively insignificant.

Effective interest rates and repricing analysis

	2005				2004			
	Effective interest rate %	Total RM'000	Within 1 year RM'000	1-5 years RM'000	Effective interest rate %	Total RM'000	Within 1 year RM'000	1-5 years RM'000
Group								
Financial assets								
Short term deposits	2.60	91,183	91,183	-	2.77	49,300	49,300	-
Financial liabilities								
Unsecured bills payable	2.21	22,434	22,434	-	2.85	2,907	2,097	-
Unsecured overdrafts	6.30	113	113	-	7.01	1,939	1,939	-
Unsecured foreign currency trade loan	4.70	9,102	9,102	-	2.87	17,141	17,141	-
Secured term loans	-	-	-	-	7.38	1,250	1,250	-
Unsecured term loans	5.26	9,055	2,104	6,951	-	-	-	-
Company								
Financial assets								
Short term deposits	2.88	12,985	12,985	-	2.94	7,282	7,282	-
Amount due from subsidiary	3.00	1,476	1,476	-	3.00	2,500	2,500	-

Company

Financial assets

Short term deposits	2.88	12,985	12,985	-	2.94	7,282	7,282	-
Amount due from subsidiary	3.00	1,476	1,476	-	3.00	2,500	2,500	-

Foreign currency risk

The Group and Company incur foreign currency risk on sales, purchases and investments that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily US Dollars, Australian Dollars, Japanese Yen, Chinese Renminbi, Indonesian Rupiah, Euro, Thai Baht and Vietnamese Dong.

Management practices selective hedging on purchases that are denominated in currencies other than Ringgit Malaysia as the management considers necessary and appropriate.

Notes to the financial statements

For the year ended 31 December 2005

28. Financial instruments (cont'd)

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Fair value

Recognised financial instruments

In respect of cash and cash equivalents, trade and other receivables, trade and other payables and short term borrowings, the carrying amount approximate fair value due to the relatively short term nature of these financial instruments.

The fair value of other financial liabilities carried on the balance sheet date are shown below

	Group 2005		Group 2004	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Unsecured term loan	9,056	8,333	-	-
Secured term loan	-	-	1,250	1,250
	9,056	8,333	1,250	1,250

Unrecognised financial instruments

The valuation of financial instruments not recognised in the balance sheet reflects their current market rates at the balance sheet date.

The contracted amount and fair value of financial instruments not recognised in the balance sheet as at 31 December are:

	2005 Carrying amount RM'000	2005 Fair value RM'000	2004 Carrying amount RM'000	2004 Fair value RM'000
Forward foreign exchange purchase contracts	71,670	67,931	15,326	15,858
Forward foreign exchange sales contracts	21,899	22,107	570	570

The fair value of the above forward exchange contracts is based on foreign currency contracts translated at year end forward rates. These foreign exchange contracts would all expire within a year from balance sheet date.

Notes to the financial statements

For the year ended 31 December 2005

29. Comparative figures

The presentation and classification of certain items in the financial statements have been amended. Accordingly, comparative amounts for those items have been reclassified to ensure comparability with the current financial year.

	Company As restated RM'000	As previously stated RM'000
Balance Sheet		
Current assets		
Cash and deposits	7,606	30,973
Current liabilities		
Trade and other payables	3,123	26,490
Notes to financial statements		
Note 9 Cash and deposits		
Deposits placed with financial institutions	7,282	30,649
Deposits are placed with:		
Licensed banks	2,000	3,349
Finance companies	-	2,000
Other financial institutions	5,282	25,300
Note 10 Trade and other payables		
Subsidiaries	1,257	24,624

30. Event subsequent to the balance sheet date

On 27 February 2006, the Company purchased 15,400 of its issued shares from the open market at a total consideration of RM37,079. The purchase transaction was financed by internally generated funds. The repurchased shares are held as treasury shares.

Cumulatively, the Company now holds 265,400 shares as treasury shares. Treasury shares have no rights to voting, dividends and participation in other distribution.

The shareholders of the Company granted the authority to the Directors to repurchase up to 10% of its issued and paid-up capital at the Annual General Meeting held on 20 May 2005.

GROUP PROPERTIES

31 December 2005

Location	Description	Land Area (sq m)	Tenure/ Expiry Date	Net Book Value (RM'000)	Age of Building (years)	Date of Last Revaluation	Date of Acquisition
Lot 1 Jalan 6/3 Seri Kembangan Industrial Estate 43300 Serdang, Selangor	Factory, office & warehouse	40,545	Leasehold/ 21.06.2092	9,936	8	1984	1984
Lot 3 Jalan 6/3 Seri Kembangan Industrial Estate 43300 Serdang, Selangor	Factory, office & warehouse	42,046	Leasehold/ 21.06.2092	10,312	11	1984	1984
Lot 600 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory, office & warehouse	40,354	Leasehold/ 19.10.2076	26,717	19	-	1999
Lot 601 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory, office & warehouse	20,234	Leasehold/ 19.10.2076	5,547	27	1984	1974
Lot 1622 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Vacant industrial land	16,186	Leasehold/ 19.10.2076	3,920	-	-	2005
Lot 1621 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory, office & warehouse	22,573	Leasehold/ 06.04.2079	12,484	9	-	1996
Lot 13 Lorong Durian 3 Kian Yap Industrial Estate Off Km 9 Jalan Tuaran 88300 Kota Kinabalu, Sabah	Light industrial building	195	Leasehold/ 16.11.2922	278	9	-	1995
Lot 14 Lorong Durian 3 Kian Yap Industrial Estate Off Km 9 Jalan Tuaran 88300 Kota Kinabalu, Sabah	Light industrial building	195	Leasehold/ 16.11.2922	336	9	-	2001
No. 2 (Lot 40) Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor	Vacant industrial land	8,094	Freehold	1,054	-	-	2002

Group Properties

31 December 2005

Location	Description	Land Area (sq m)	Tenure/ Expiry Date	Net Book Value (RM'000)	Age of Building (years)	Date of Last Revaluation	Date of Acquisition
No. 4 (Lot 41) Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor	Factory, office & warehouse	8,094	Freehold	4,374	1	-	2002
No. 6 (Lot 42) Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor	Factory, office & warehouse	8,094	Freehold	4,928	3	-	2002
No. 8 (Lot 43) Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor	Factory, office & warehouse	8,094	Freehold	5,570	3	-	2002
No. 7 (Lot 34) Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor	Factory, office & warehouse	8,094	Freehold	5,863	1	-	2002
No. 9 (Lot 35) Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor	Vacant industrial land	8,094	Freehold	1,076	-	-	2002
No. 8 & 10 (Lots 26 & 27) Jalan Jasmine 4 Bandar Bukit Beruntung 48300 Rawang, Selangor	Vacant industrial land	16,188	Freehold	2,152	-	-	2003
Lots 20A, 20B Proton City Vendors Park Tanjung Malim, Perak	Vacant industrial land	26,871	Freehold	3,124	-	-	2004
Lot 20C Proton City Vendors Park Tanjung Malim, Perak	Factory, office & warehouse	12,828	Freehold	7,004	1	-	2004
No. 23 & 25 Jalan Selat Selatan 21 Sobena Jaya, Pandamaran 42000 Port Klang, Selangor	Factory, office & warehouse	2,358	Freehold	1,911	6	-	2000

SHAREHOLDERS' STATISTICS

As at 31 March 2006

SHARE CAPITAL

Authorised	:	RM300,000,000
Issued & fully paid up	:	RM201,600,000
Class of shares	:	Ordinary shares of RM1.00 each
Voting rights	:	1 vote per ordinary share

THIRTY LARGEST SHAREHOLDERS

	No. of shares held	%
1. Parasand Limited	40,320,000	20.0264
2. Tan Chong Consolidated Sdn Bhd	34,539,999	17.1555
3. Employees Provident Fund Board	17,569,400	8.7265
4. Lembaga Tabung Haji	12,019,550	5.9699
5. Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera	8,253,000	4.0991
6. Mayban Nominees (Tempatan) Sdn Bhd Tan Chong Consolidated Sdn Bhd (N14011984860)	6,750,000	3.3526
7. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	6,000,000	2.9801
8. Pertubuhan Keselamatan Sosial	3,477,000	1.7270
9. CIMSEC Nominees (Tempatan) Sdn Bhd Allied Investments Limited For Tan Chong Consolidated Sdn Bhd	3,000,000	1.4901
10. HSBC Nominees (Asing) Sdn Bhd Dz Bank Intl For Uni Em Fernost Treuhandkonto, Luxembourg	2,235,600	1.1104
11. Hong Leong Assurance Berhad As Beneficial Owner (Life Par)	2,150,000	1.0679
12. Valuecap Sdn Bhd	2,119,700	1.0528
13. AMMB Nominees (Tempatan) Sdn Bhd AmTrustee Berhad For Pacific Pearl Fund (5/1-9)	1,929,400	0.9583
14. TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Koon Yew Yin	1,799,300	0.8937
15. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Khor Swee Wah @ Koh Bee Leng (Margin-Mm1208)	1,721,308	0.8549

Shareholders' Statistics

As at 31 March 2006

THIRTY LARGEST SHAREHOLDERS (cont'd)

	No. of shares held	%
16. RHB Nominees (Tempatan) Sdn Bhd RHB Asset Management Sdn Bhd For Kumpulan Wang Simpanan Pekerja	1,527,100	0.7585
17. Azman bin Badrillah	1,500,000	0.7450
18. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Tan Heng Chew (Margin-MM1063)	1,489,900	0.7400
19. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Heng Chew (E-Klc)	1,484,100	0.7371
20. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Par 2)	1,483,000	0.7366
21. Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Chong Consolidated Sdn Bhd (014011528927)	1,350,000	0.6705
22. AMMB Nominees (Tempatan) Sdn Bhd AmTrustee Berhad For Pacific Dividend Fund (5/27-2)	1,295,400	0.6434
23. Amanah Raya Nominees (Tempatan) Sdn Bhd Sekim Amanah Saham Nasional	1,146,000	0.5692
24. Permodalan Nasional Berhad	1,121,800	0.5572
25. Wealthmark Holdings Sdn Bhd	1,084,500	0.5387
26. Tan Boon Hooi	930,000	0.4619
27. Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Malaysia	913,300	0.4536
28. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB-Principal Asset Management Berhad for Employees Provident Fund Board	897,200	0.4456
29. BHLB Trustee Berhad Pacific Recovery Fund	893,100	0.4436
30. Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Fund	893,100	0.4436
	161,892,757	80.4098

Shareholders' Statistics

As at 31 March 2006

ANALYSIS BY SIZE OF HOLDINGS

Size of Holdings	No of Holders	%	No of Shares Held	%
1-99	295	2.9765	14,443	0.0072
100-1,000	6,530	65.8864	2,696,091	1.3373
1,001-10,000	2,707	27.3131	8,376,251	4.1549
10,001-100,000	284	2.8655	7,988,451	3.9625
100,001-10,079,999	91	0.9182	77,810,415	38.5965
10,080,000 and above	4	0.0404	104,448,949	51.810
	9,910	100.0000	201,334,600	99.8684
Treasury Shares	-	-	265,400	0.1316
Total	9,910	100.0000	201,600,000	100.0000

SUBSTANTIAL SHAREHOLDERS (PER REGISTER OF SUBSTANTIAL SHAREHOLDERS)

	No. of Shares Held	%
1. Parasand Limited	40,320,000*	20.0264
2. Tan Chong Consolidated Sdn Bhd	45,639,999*	22.6687
3. Employees Provident Fund Board	19,993,700	9.9306
4. Lembaga Tabung Haji	12,019,550	5.9699

* Dato' Tan Heng Chew, Tan Eng Soon, Dato' Tan Kim Hor, Dato' Tan Boon Pun, Dr. Tan Ban Leong, Messrs. Tan Beng Keong, Tan Hoe Pin, Dr. Tan Kang Leong, Messrs Tan Kheng Leong and Tan Chee Keong are deemed interested in the shares held by Tan Chong Consolidated Sdn Bhd and Parasand Limited by virtue of Section 6A of the Companies Act, 1965 and consequently, are substantial shareholders of APM Automotive Holdings Berhad.

DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2006:

	Direct	%	Indirect	%
Dato' Tan Heng Chew	3,379,249	1.68	87,549,899	43.48 ⁽¹⁾
Azman bin Badrillah	1,537,000	0.76	-	-
Tan Eng Soon	210,000	0.10	87,549,899	43.48 ⁽¹⁾
Tan Eng Hwa	699,908	0.33	1,591,550	0.79 ⁽²⁾
Dato' Haji Kamaruddin @ Abas bin Nordin	448	- ⁽³⁾	-	-
Dr Fun Woh Peng	-	-	-	-
Ahmad bin Abdullah	-	-	-	-
Dato' N Sadasivan	-	-	-	-
Mohd Sharif bin Haji Yusof	-	-	-	-

Notes :

⁽¹⁾ Deemed interest by virtue of interest in Tan Chong Consolidated Sdn Bhd, Parasand Limited and Wealthmark Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

⁽²⁾ Deemed interest by virtue of interest in Solomon House Sdn Bhd and Wealthmark Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

⁽³⁾ Less than 0.01%

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Ninth Annual General Meeting of APM Automotive Holdings Berhad will be held at the Grand Ballroom, Grand Seasons Hotel, 72 Jalan Pahang, 53000 Kuala Lumpur, Malaysia on Thursday, 18 May 2006 at 11:00 a.m. to transact the following businesses:

Ordinary Business:

1. To receive and consider the Financial Statements for the financial year-ended 31 December 2005 together with the Reports of the Directors and Auditors thereto. *Resolution 1*

2. To declare a final dividend of 8% less income tax for the financial year-ended 31 December 2005. *Resolution 2*

3. To re-elect the following Directors, who are eligible and have offered themselves for re-election, in accordance with Article 100 of the Company's Articles of Association:
 - i. Tan Eng Soon *Resolution 3*
 - ii. Dr. Fun Woh Peng *Resolution 4*
 - iii. Dato' Haji Kamaruddin @ Abas bin Nordin *Resolution 5*

4. To re-appoint Ahmad bin Abdullah as Director pursuant to Section 129 (6) of the Companies Act, 1965. *Resolution 6*

5. To re-appoint the Auditors and authorise the Directors to fix their remuneration. *Resolution 7*

Special Business:

6. To consider and if thought fit, pass the following resolution as an ordinary resolution:

PROPOSED GRANT OF AUTHORITY PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

"THAT, subject always to the Companies Act, 1965 ("Act"), the Articles of Association of the Company and approvals and requirements of the relevant governmental/regulatory authorities (where applicable), the Directors be and are hereby empowered pursuant to Section 132D of the Act, to allot and issue new ordinary shares of RM1.00 each in the Company, from time to time and upon such terms and conditions and for such purposes and to such persons whomsoever the Directors may, in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10 per centum of the issued and paid-up share capital for the time being of the Company AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

Resolution 8

7. To consider and if thought fit, pass the following resolution as an ordinary resolution:

PROPOSED GRANT OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to purchase such amount of ordinary shares of RM1.00 each in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through Bursa Malaysia upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed 10 per centum of the issued and paid-up share capital of the Company.

THAT an amount not exceeding the Company's share premium and retained profits be allocated by the Company for the Proposed Share Buy-Back.

Notice of Annual General Meeting

THAT authority be and is hereby given to the Directors of the Company to do all acts and things to give effect to the Proposed Share Buy-Back and to decide at their discretion to retain the shares so purchased as treasury shares (as defined in Section 67A of the Act) and/or to cancel the shares so purchased and/or to resell them and/or to deal with the shares so purchased in such other manner as may be permitted and prescribed by the Act, rules, regulations, guidelines, requirements and/or orders pursuant to the Act and/or the rules, regulations, guidelines, requirements and/or orders of Bursa Malaysia and any other relevant authorities for the time being in force.

THAT the authority conferred by this resolution will be effective immediately upon the passing of this ordinary resolution and will expire at:

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority shall lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the AGM of the Company is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Malaysia and/or any other relevant governmental and/or regulatory authorities (if any).

THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Share Buy-Back as may be agreed or allowed by any relevant governmental and/or regulatory authority."

Resolution 9

8. To consider and if thought fit, pass the following resolution as an ordinary resolution:

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH TAN CHONG MOTOR HOLDINGS BERHAD GROUP

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("APM Group") to enter into all arrangements and/or transactions with Tan Chong Motor Holdings Berhad Group involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the APM Group including those set out under section 3.2.1 of the circular to shareholders dated 26 April 2006 ("Related Parties") provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not to the detriment of the minority shareholders (the "Shareholders' Mandate").

THAT such approval shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at a general meeting, the authority of the Shareholders' Mandate is renewed or the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act) or revoked or varied by a resolution passed by the shareholders in a general meeting, whichever is earlier.

THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

Resolution 10

Notice of Annual General Meeting

9. To consider and if thought fit, pass the following resolution as an ordinary resolution:

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH TAN CHONG INTERNATIONAL LIMITED GROUP

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("APM Group") to enter into all arrangements and/or transactions with Tan Chong International Limited Group involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the APM Group including those set out under section 3.2.2 of the circular to shareholders dated 26 April 2006 ("Related Parties") provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not to the detriment of the minority shareholders (the "Shareholders' Mandate").

THAT such approval shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at a general meeting, the authority of the Shareholders' Mandate is renewed or the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act) or revoked or varied by a resolution passed by the shareholders in a general meeting, whichever is earlier.

THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

Resolution 11

10. To consider and if thought fit, pass the following resolution as an ordinary resolution:

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH WARISAN TC HOLDINGS BERHAD GROUP

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("APM Group") to enter into all arrangements and/or transactions with Warisan TC Holdings Berhad Group involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the APM Group including those set out under section 3.2.3 of the circular to shareholders dated 26 April 2006 ("Related Parties") provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not to the detriment of the minority shareholders (the "Shareholders' Mandate").

AND THAT such approval shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at a general meeting, the authority of the Shareholders' Mandate is renewed or the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act) or revoked or varied by a resolution passed by the shareholders in a general meeting, whichever is earlier.

THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

Resolution 12

11. To transact any other business of the Company of which due notice shall have been received.

By order of the Board

LEE KWEE CHENG
CHAN YOKE-LIN
Company Secretaries

Kuala Lumpur
26 April 2006

Notice of Annual General Meeting

Notes:

1. A member entitled to vote is entitled to appoint a proxy or proxies (but not more than two) to attend and vote for him. A proxy need not be a member of the Company, and, where there are two proxies, the number of shares to be represented by each proxy must be stated.
2. In the case of a corporation, the form of proxy appointing a corporate representative must be executed under seal or under the hand of an officer or attorney duly authorised.
3. An authorised nominee may appoint one proxy in respect of each securities account the authorised nominee holds in the Company standing to the credit of such securities account. Each appointment of proxy shall be by a separate instrument of proxy which shall specify the securities account number and the name of the beneficial owner for whom the authorised nominee is acting.
4. The form of proxy must be deposited at the Registered Office of the Company, 62 - 68 Jalan Ipoh, 51200 Kuala Lumpur, Malaysia, not less than forty-eight hours before the time appointed for the meeting.
5. Explanatory Statement on Special Businesses in relation to:

Resolution 8

The Company continues to consider opportunities to broaden the operating base and earnings potential of the Company. If any of the expansion or diversification proposals involve the issue of new shares, the Directors of the Company, under present circumstances, would have to convene a general meeting to approve the issue of new shares even though the number involved may be less than 10% of the issued share capital of the Company.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors of the Company be empowered to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the time being, for such purpose. This authority, unless revoked or varied at a general meeting, shall continue to be in force until the conclusion of the next annual general meeting of the Company.

Resolution 9

The proposed resolution, if passed, will empower the Directors to purchase the Company's shares of up to 10% of the issued and paid-up share capital of the Company by utilising the funds allocated out of the retained profits and share premium of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Resolutions 10, 11 and 12

Proposed resolutions 10, 11 and 12, if passed, will enable the Company and/or its subsidiaries to enter into recurrent transactions involving the interest of related parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

Further information on resolutions 9, 10, 11 and 12 are set out in the circular to shareholders dated 26 April 2006, despatched together with the Company's 2005 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF NINTH ANNUAL GENERAL

DIRECTORS STANDING FOR RE-ELECTION AND RE-APPOINTMENT

The Director standing for re-appointment pursuant to Section 129 (6) of the Companies Act, 1965 is Ahmad bin Abdullah. Directors standing for re-election pursuant to Article 100 of the Articless of Association of the Company are Tan Eng Soon, Dr. Fun Woh Peng and Dato' Haji Kamaruddin @ Abas bin Nordin. The profiles of these Directors are set out on pages 14 to 15 of the Annual Report.

The Directors' shareholdings in the Company as at 31 March 2006 were as follows:

	Direct interest	Indirect interest
Tan Eng Soon	210,000	87,549,899
Dato' Haji Kamaruddin @ Abas bin Nordin	448	-

Ahmad bin Abdullah and Dr. Fun Woh Peng did not hold any shares in the Company as at 31 March 2006.

DETAILS OF ATTENDANCE OF THE DIRECTORS AT BOARD MEETINGS HELD IN 2005

There were five (5) board meetings held during the financial year-ended 31 December 2005. The attendance of the Directors who are standing for re-election and re-appointment are set out in the Statement on Corporate Governance on page 16 of the Annual Report.

DATE, TIME AND PLACE OF MEETING

Date : Thursday, 18 May 2006
 Time : 11:00 a.m.
 Place : Grand Ballroom, Grand Seasons Hotel, 72, Jalan Pahang
 53000 Kuala Lumpur, Malaysia

NOTICE OF DIVIDEND ENTITLEMENT AND BOOK CLOSURE

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the Ninth Annual General Meeting of APM Automotive Holdings Berhad, a final dividend of 8% less income tax for the financial year-ended 31 December 2005 will be paid on 4 July 2006 to shareholders whose names appear in the Register of Members on book closure date on 7 June 2006. The entitlement date shall be 6 June 2006.

A depositor shall qualify for the entitlement to the dividend only in respect of:

- (1) shares transferred into the depositor's securities account before 4:00 p.m. on 6 June 2006 in respect of ordinary transfers;
- (2) shares deposited into the depositor's securities account before 12:30 p.m. on 2 June 2006 in respect of shares exempted from mandatory deposit; and
- (3) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis in accordance with the rules of Bursa Malaysia Securities Berhad.

By order of the Board

LEE KWEE CHENG
CHAN YOKE-LIN
Company Secretaries

Kuala Lumpur
26 April 2006



APM Automotive Holdings Berhad
(Company No. 424838-D)

Form of Proxy

CDS account no. of authorised nominees

I/We _____
⁽¹⁾(Name of shareholder according to NRIC, in capital letters)

IC No./ID No./Company No. _____ (new) _____ (old)

being a member(s) of APM AUTOMOTIVE HOLDINGS BERHAD, hereby appoint _____
⁽²⁾(Name of proxy according to NRIC, in capital letters)

NRIC No. _____ (new) _____ (old) or failing him/her

_____ (Name of proxy according to NRIC, in capital letters)

NRIC No. _____ (new) _____ (old) or failing him/her

the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Ninth Annual General Meeting of the company to be held at the Grand Ballroom, Grand season Hotel, 72, Jalan Pahang, 53000 Kuala Lumpur, Malaysia on Thursday, 18 May 2006 at 11:00 a.m., and at any adjournment thereof as indicated below

		For	Against
Resolution 1	Financial Statements and Reports of the Directors and Auditors		
Resolution 2	Final dividend		
Resolution 3	Re-election of Tan Eng Soon		
Resolution 4	Re-election of Dr. Fun Woh Peng		
Resolution 5	Re-election of Dato' Haji Kamaruddin @ Abas bin Nordin		
Resolution 6	Re-appointment of Ahmad bin Abdullah		
Resolution 7	Re-appointment of the Auditors		
Resolution 8	Proposed grant of authority pursuant to Section 132D of the Companies Act, 1965		
Resolution 9	Proposed grant of authority for the Company to purchase its own ordinary shares		
Resolution 10	Proposed renewal of shareholders' mandate for recurrent related party transactions with Tan Chong Motor Holdings Berhad Group		
Resolution 11	Proposed renewal of shareholders' mandate for recurrent related party transactions with Tan Chong International Limited Group		
Resolution 12	Proposed renewal of shareholders' mandate for recurrent related party transactions with Warisan TC Holdings Berhad Group		

(If you wish to instruct your proxy how to vote, insert a "✓" or a "X" in the appropriate box. Subject to any voting instructions so given, the proxy will vote, or may abstain from voting on any resolution as he may think fit.)

Signature/Common Seal

Number of shares held : _____

Date : _____

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	NO. OF SHARES	PERCENTAGE
PROXY 1		%
PROXY 2		%
TOTAL		100%

Notes:

(1) An authorised nominee may appoint one proxy in respect of each securities account the authorised nominee holds in the Company standing to the credit of such securities account. Each appointment of proxy shall be by a separate instrument of proxy which shall specify the securities account number and the name of the beneficial owner for whom the authorised nominee is acting.

(2) A member entitled to vote is entitled to appoint a proxy or proxies (but not more than two) to attend and vote for him. A proxy need not be a member of the Company, and, where there are two proxies, the number of shares to be represented by each proxy must be stated.

In the case of a corporation, the form of proxy appointing a corporate representative must be executed under seal or under the hand of an officer or attorney duly authorised.

The Form of Proxy must be deposited at the Registered Office of the Company, 62 - 68 Jalan Ipoh, 51200 Kuala Lumpur, Malaysia, not less than forty-eight hours before the time appointed for the meeting.

Affix stamp here

Company Secretaries

APM AUTOMOTIVE HOLDINGS BERHAD

62-68 Jalan Ipoh
51200 Kuala Lumpur
MALAYSIA

APM Automotive Holdings Berhad
(424896-D)

Correspondence address:
Lot 1, Jalan 6/S, Kawasan Perusahaan Seri Kembangan,
43300 Seri Kembangan, Selangor, Malaysia.

Tel : 603-89463333
Fax : 603-89494400
www.apm-automotive.com