APM AUTOMOTIVE HOLDINGS BERHAD
(Company No. 424838-D)

ANNUAL REPORT 2009

A FIRM FOOTING ON TECHNOLOGY D²IR:
Design, Development, Innovation & Research

Contents

Corporate Information

DIRECTORS

Dato' Tan Heng Chew JP, DJMK
Chairman

Dr. Fun Woh Peng

Tan Eng Hwa

Oei Kok Eong

Tan Eng Soon

Azman Badrillah

Sow Soon Hock

Dato' N. Sadasivan DPMP, JSM, KMN

Dato' Haji Kamaruddin @ Abas Nordin DSSA, KMN

Mohd. Sharif Haji Yusof

AUDIT COMMITTEE MEMBERS

Dato' N. Sadasivan DPMP, JSM, KMN
Chairman

Dato' Haji Kamaruddin @ Abas Nordin DSSA, KMN

Mohd. Sharif Haji Yusof

COMPANY SECRETARIES

Lee Kwee Cheng
Chan Yoke-Lin

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AUDITORS

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Business Divisions

OVERSEAS OPERATIONS

Australia
Indonesia
Vietnam

MARKETING DIVISION

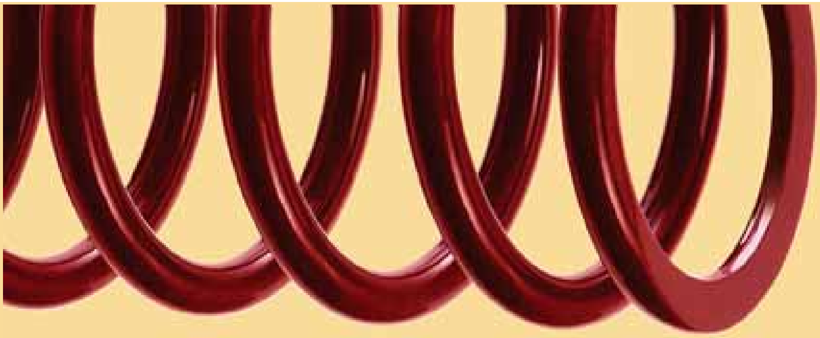
Local Replacement Market
Export Market

INTERIOR & PLASTICS DIVISION

Automotive Seats
Plastic Parts
Body Side Mouldings
Interior Trims
Door Panels

SUSPENSION DIVISION

Leaf Springs
Shock Absorbers
Coil Springs
Metal Parts
Gas Springs



ELECTRICAL & HEAT EXCHANGE DIVISION

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

Chairman's Statement

2009 proved to be an unprecedented year for the global automotive industry with auto sales severely affected by the worst global financial crisis that has devastated a majority of the world's economies and saw vehicle production dropped to the lowest level in decades.

The automotive industry in Malaysia was not spared. However, the decline in total industry production (TIP) was fortunately not as severe compared to Japan, the US, Europe and other countries. Only China and India bucked the trend. Production in Malaysia for the first six months was low but swiftly recovered in the third quarter with further improvement in the last quarter of the year. As a whole, TIP volume only dropped by 7.8% from 530,810 units to 489,269 units compared with the previous year. (Source: Malaysian Automotive Association).

As for the Group, I am proud to report a year of extremely good results for the financial year ended 31 December 2009. Despite the challenges, the Group's revenue dropped by a mere 2.6% from RM 943.5 million recorded last year to RM 918.5 million. I am as proud to report the Group's best ever pretax profit of RM 100.6 million, surpassing RM 100 million for the first time!

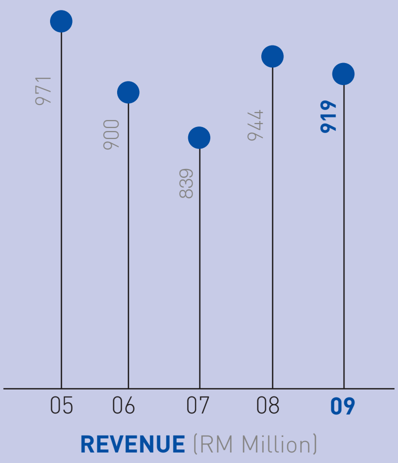
Among our two business segments, *operations in Malaysia* which accounted for 88% of the total sales, recorded a higher revenue than the previous year. *Operations outside Malaysia* - mainly Indonesia, Vietnam and Australia, which accounted for the remaining sales, recorded a decline of 24.8%. Despite this drop, both business segments were more profitable than in the previous year. For operations in Malaysia, pretax profit improved by 5.7% from RM 86.3 million to RM 91.2 million while operations outside Malaysia turned around from a loss of RM 5.4 million to a pretax profit of RM 10.1 million.

OPERATIONS IN MALAYSIA

Our operations in Malaysia supply a wide range of automotive components for use in the manufacture of new vehicles (OEM), as well as for use as replacement parts (REM). Additionally, our products are also exported to more than 40 countries and we expect this number to grow in the years to come.

The Group's OEM sales, which accounted for 67% of its revenue in 2009, were dependent on the number of vehicles produced in the country. When TIP volume dropped in the first quarter of the year, the Group's operations and sales were significantly affected, resulting in weak OEM sales at the beginning of the year. However, OEM sales started to pick up from the third quarter when vehicle production increased and rose further into the fourth quarter.

Sales for the aftermarket (REM) which accounted for 13% of the total revenue dropped marginally by 0.2% during the year. In our effort to further improve our aftermarket sales, the Group held several technical training courses for workshop technicians in the various parts of the country aiming to enhance the value of APM brand and at the same time expanding the Group's distribution network. We will continue our efforts in this area to further consolidate our presence locally.



The Export market sector, accounting for 8% of the Group's revenue, recorded a drop of 16.4% compared with the previous year. Although progressive marketing efforts were taken to capture and improve sales, the weak and sluggish demand caused by the financial crisis had inevitably caused our export sales to decline. The Group is currently exporting to more than 40 countries, including countries in Europe, the United States, Central/South America, Australia, the Middle East, Africa and ASEAN countries. Though market conditions in these major exporting countries are not expected to improve in the near term, the Group will, nevertheless, continue with its marketing efforts to boost its export sales by setting up more distribution channels and expanding its overseas distribution network. A new company, APM Auto Components (USA), Inc., was recently set up in the US for this purpose. Although not expected to immediately contribute to the Group's revenue growth, it would in the longer term provide an avenue of growth in the North American market.

Pretax profit for operations in Malaysia recorded a 5.7% improvement, from RM 86.3 million to RM 91.2 million, despite a very low first quarter and a one-off provision for relocation expenses of RM 6.0 million during the year. The Group had reacted appropriately to the adverse conditions and its ability to maintain its profitability was the result of its cost reduction efforts through restructuring, production efficiencies and intensive supply chain management.

As part of the Group's consolidation and improvement plan, the Group will complete its final phase of relocating and centralizing its seating and interior businesses to Bukit Beruntung during the year. The next rationalization plan would involve the consolidation and centralization of its Sri Kembangan facilities to the existing Port Klang site. For this, the Group has already provided for the relocation expenses for the financial year ended 2009.

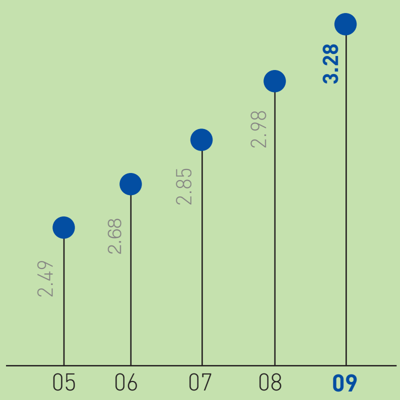
OPERATIONS OUTSIDE MALAYSIA

This business segment refers to our operations in Indonesia, Vietnam and Australia, which together generated a total revenue of RM 109.4 million or 12% of the total revenue in 2009. The Group's facilities outside Malaysia are beginning to gain recognition and are supplying parts to some of the major OEM customers not only in its domestic country but also for export. Efforts are underway by the country teams to secure more business through strong cooperation with Malaysia, as part of the ASEAN cooperative scheme.

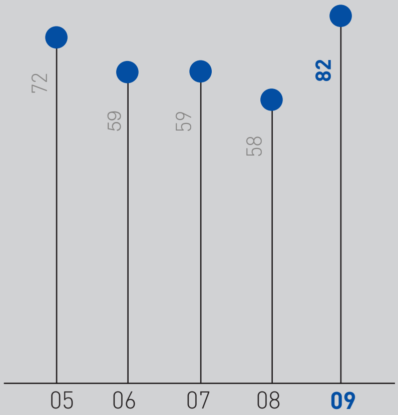
In 2009, sales from this segment were affected due to the decline in vehicle production arising from the financial downturn. Sales of our Indonesia joint ventures plunged 32.6% during the year, the decline was more drastic in the first quarter but gradually picked up from the second quarter onwards. Our Vietnam and Australia operations were also affected but the declines were less severe, recording declines of 4.9% and 5.4% respectively.

Despite the decline in sales, operations outside Malaysia managed to turn around from a loss of RM 5.4 million in the previous year to a pretax profit of RM 10.1 million. The positive results came in after the first quarter when market conditions improved. The improved profitability was mainly a result of the positive price adjustments from customers and the strengthening of the functional currencies resulting in gains in foreign exchange, lower material prices and operational improvements. All operating units in this segment were profitable except for the coil spring business in Indonesia which, being in the second year of operation was operating below production capacity. We expect the operation of this operating unit to improve with efforts now being put into securing export contracts.

Overall, business conditions in this segment had improved since the second quarter of 2009 and continued well into this year - a good sign of sustainable recovery. With the improved economy and as part of its growth plans, the Group will be expanding into more products that will lead to additional revenue for this segment.



NTA PER SHARE (RM)



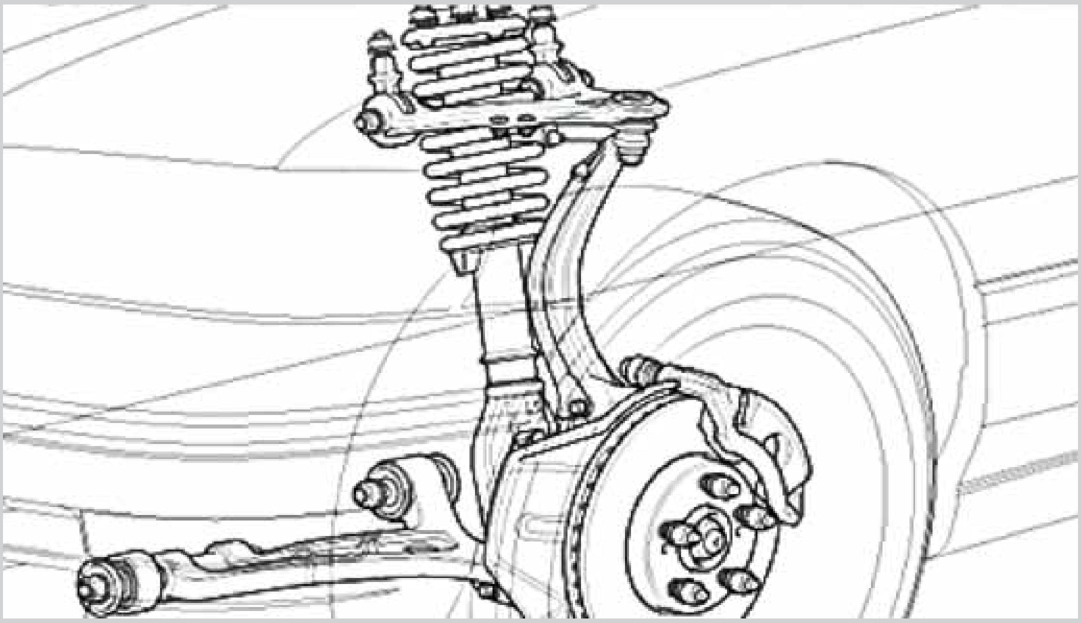
PROFIT AFTER TAX (RM Million)

PROSPECTS

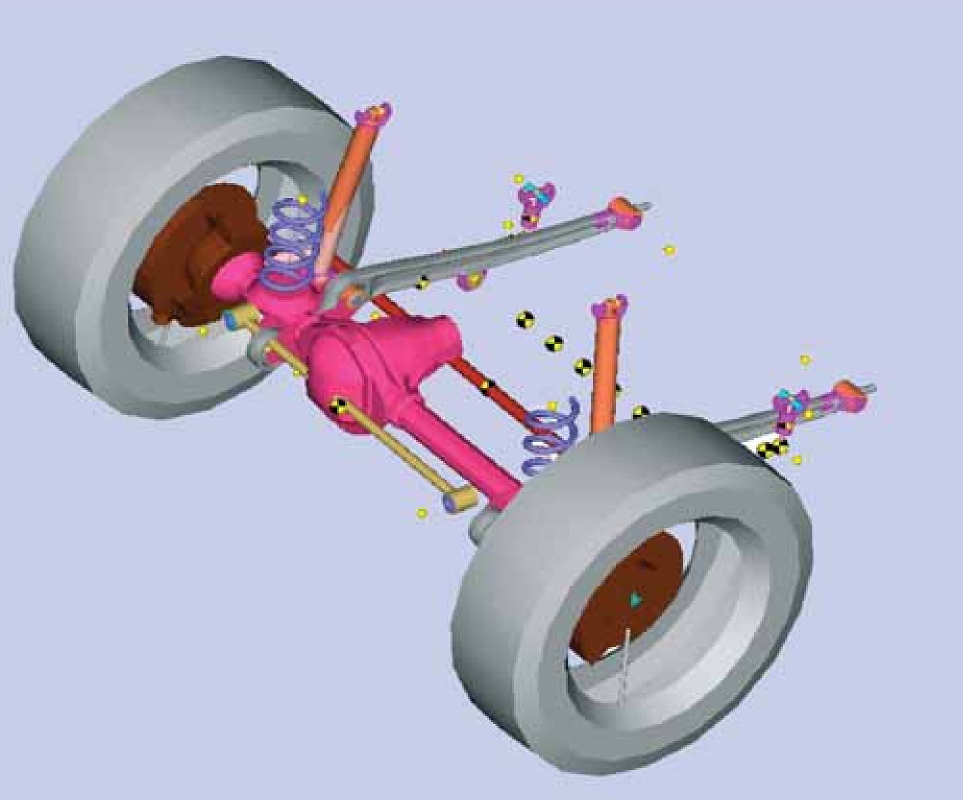
The upturn in global automotive production which began in the second half of 2009 is set to continue into 2010. In the domestic market, Malaysian Automotive Association has projected an increase of 2.4% growth in total industry volume (TIV) from 536,905 units to 550,000 units. The Group's domestic OEM sales will benefit directly from the higher vehicle production and is expected to grow in tandem with this increase.

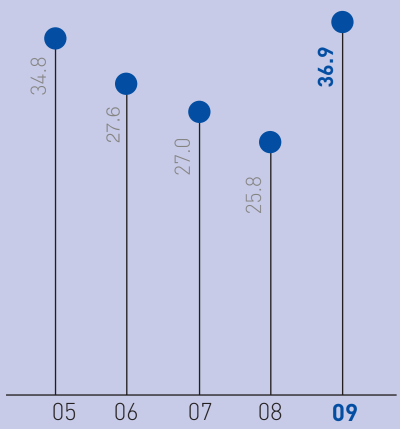
In general, the Malaysian economy has shown signs of recovery since the third quarter of 2009. The business environment is expected to experience a more sustained growth in 2010. Against this back drop and with the increasing number of aging vehicles on the road, the Group's aftermarket sales is expected to perform better than the previous year.

It is the Group's goal to become a full service tier-one automotive modules supplier: interior & seatings, suspensions and heat exchange & auto electric. A multi-year technical development plan is being put together to bring our knowledge and skill to the level expected by the OEMs. The Group expects to see a transformation from a traditionally strong manufacturing company to one which is also known for design, development, innovation and research. Having gone through a series of restructuring and rationalization activities, the Group is now ready to advance into the next level on technology development. The Group is planning to allocate more of its resources on upgrading its technical, testing and design capabilities.

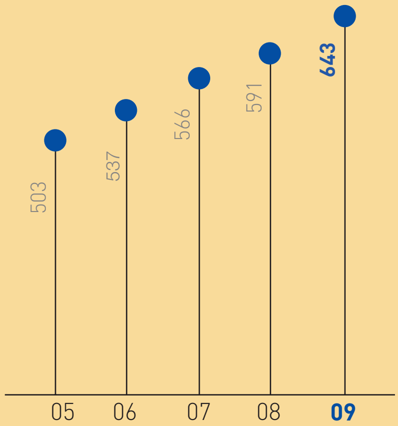


The Group will continue to evaluate its operational and strategic alternatives so as to maintain its competitiveness and to meet the ever changing needs of its customers. While the Group continues to strengthen its position in the home market, it will at the same time evolve towards increasing global business operations outside Malaysia. Though operations in Malaysia will remain the main contributor to the overall business, the Group believes that operations outside Malaysia offers more growth opportunities as automotive manufacturers are planning to expand their production in these regions to meet their long term demand. By drawing on the Group's main strength, i.e, its diversified products, its strong customer relations as well as its strong cash flow, the Group will continue to make its presence felt by increasing its products base in these countries. The Group will also be taking advantage of the low cost resources in these countries so as to provide maximum value to its world wide customers. Currently under construction are the Group's new interiors, seating and air conditioners facilities in Vietnam, which is expected to be completed and ready to better support the domestic OEM and aftermarket customers by end of 2010.





EARNINGS PER SHARE (SEN)



TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM Million)

DIVIDENDS

An interim dividend of 6% less 25% tax (2008 - 6% less 26% tax) amounting to RM 8.86 million was paid to shareholders on 16 September 2009.

The directors recommend a final dividend payment of 10% less 25% tax (2008 – 9% less 25% tax) amounting to RM 14.68 million based on the total number of ordinary shares outstanding at 31 December 2009. The amount, if approved at the forthcoming Annual General Meeting, will result in a total dividend payment of RM 23.54 million (2008 – RM 22.09 million) for financial year ended 31 December 2009.

ACKNOWLEDGEMENT

The Board would like to extend a sincere thanks to all the employees for their continued support in ensuring quality, safety and timely deliveries as well as executing our action plans during a very challenging year.

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

DATO' TAN HENG CHEW JP, DJMK
Chairman

8 April 2010

Profile of The Board Of Directors

Dato' Tan Heng Chew, JP, DJMK, 63, a Malaysian, is a Non-Independent Non-Executive 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, 50, a Malaysian, is an Executive Director appointed to the Board on 15 January 2003.

Dr. Fun holds a PhD. in Electrical Engineering from the University of Texas in Austin, Texas, 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 Ford Motor Company, Ford International Business Development Inc. and FMS Audio, a joint-venture of Ford Motor Company, USA.

Mr. Tan Eng Hwa, 55, 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 deliberating and voting in respect of transactions between the Group and related parties involving himself.

Profile of The Board of Directors

Mr. Oei Kok Eong, 56, a Malaysian, is an Executive Director appointed to the Board on 1 November 2006.

Mr. Oei has a Bachelor's Degree in Engineering (major in Mechanical Engineering) from the University of Singapore. He has more than 25 years experience in the automotive component industry, starting out as an Operations Manager in the Malaysian operation of an international Japanese group in the early 1980s and then rose to the position of director before leaving in 2004. Prior to joining the Group, Mr. Oei was Chief Operating Officer of an automotive component manufacturing company in Malaysia.

Mr. Tan Eng Soon, 61, a Singaporean and a Malaysian Permanent Resident, is a Non-Independent Non-Executive 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 and Chairman of Tan Chong International Limited. 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 Azman Badrillah, 62, a Malaysian, is a Non-Independent Non-Executive Director. He was appointed to the Board on 1 November 1999 and was an Executive Director until 31 December 2009.

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, he was appointed an Executive Director of the Company. Encik Azman sits on the board of TCMH and Eco Resources Berhad.

Mr. Sow Soon Hock, 52, a Malaysian, is a Non-Independent Non Executive Director. He was appointed to the Board on 1 July 2006 as Director in charge of Marketing until the re-designation of his directorate effective 1 July 2009.

Mr. Sow holds a Bachelor's degree in Business Management from United Business Institutes, Brussels, Belgium. He first joined the Group's leaf spring plant in 1978 and subsequently held supervisory and managerial positions in the suspension companies of the Group before being transferred to Original Equipment Manufacturer (OEM) marketing for Port Klang in 1993. He was promoted to Senior General Manager - Group OEM in 2005.

Dato' N. Sadasivan s/o N.N. Pillay, DPMP, JSM, KMN, 70, 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. He retired from MIDA in 1995.

Dato' Sadasivan is a director of Petronas Gas Berhad, Leader Universal Holdings Berhad, Malaysian Airline System Berhad and Yeo Hiap Seng (Malaysia) Berhad. He also sits on the board of Bank Negara Malaysia.

Dato' Haji Kamaruddin @ Abas Nordin, DSSA, KMN, 71, 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 the MITI, Deputy Secretary-General, Ministry of Works and Director-General of the Registration Department, Ministry of Home Affairs.

Dato' Haji Kamaruddin is a director of Tan Chong Motor Holdings Berhad and Lion Industries Corporation Berhad.

Encik Mohd. Sharif Haji Yusof, 70, 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 (now known as Manulife Insurance (Malaysia) Berhad) 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 General Asset Berhad, Ireka Corporation Berhad, Axis REIT Managers Berhad, DFZ Capital Berhad and Atlan Holdings 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 convictions for offences within the past 10 years. Except as disclosed above, none of the Directors have any conflict of interest in any business arrangement involving the Company.

A summary of the attendance of the Directors at board meetings held in 2009 is set out on page 13.

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 Board of Directors ("Board") had seen and approved this statement on corporate governance and wish to report on the application of these principles in the Group.

APPLICATION OF PRINCIPLES

A. Directors

I. The Board

The business of the Company and the Group is managed by the Board, 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 five board meetings held during the financial year and the attendance of the directors at these meetings were as follows:

Name	Attendance
Dato' Tan Heng Chew	3
Dr. Fun Woh Peng	5
Azman Badrillah	5
Tan Eng Hwa	5
Dato' N. Sadasivan	5
Tan Eng Soon	5
Dato' Haji Kamaruddin @ Abas Nordin	4
Mohd. Sharif Haji Yusof	5
Sow Soon Hock	5
Oei Kok Eong	5

All directors had complied with the requirement to attend more than 50% of the total meetings held during the year.

II. Board Composition

As at 31 December 2009, the Board comprises 10 members. Six directors hold non-executive positions, including the Chairman and 3 independent directors, and the remaining four having executive functions. The composition of the Board is in compliance 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 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 had 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 10 to 12.

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, financial reports, proposal papers for capital expenditures, acquisitions and disposals from the executive directors, heads of operations and/or the group financial officer as well as proposals for senior executive appointments. 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 collectively 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 number 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 by rotation in accordance with Article 96 of the Articles of Association of the Company at the forthcoming Thirteenth Annual General Meeting are Dato' Tan Heng Chew, Messrs. Sow Soon Hock and Oei Kok Eong. Mr. Sow however will not be seeking re-election. Dato' Haji Kamaruddin @ Abas Nordin, Dato' N Sadasivan and Mohd Sharif Haji Yusof, having attained the age of seventy years, are seeking appointment as directors under Section 129 of the Companies Act, 1965.The profiles of the directors due for re-election and appointment are set out on pages 10 and 12.

VI Training

All directors had fulfilled the Mandatory Accreditation Programme requirement as prescribed by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The directors evaluate and determine their own training needs on a continuing basis, participating in seminars, discussions and education programmes in keeping themselves abreast with the constant changes in regulatory authorities' requirements and development in the business environment.

Among the training that the directors attended during 2009 were briefings on Financial Reporting Standards ("FRS"), in particular FRS 139, as well as on Risk Oversight which were organized by the Company's auditors, talks relating to Corporate Governance arranged by Bursa Malaysia and Malaysian Institute of Accountants and leadership programmes organized by Harvard Club of Malaysia. A director also participated as a speaker at a conference on service excellence.

B. Directors' Remuneration

The Board is of the view that the present policy on directors' remuneration based on guidelines formulated by drawing on the wealth of experience of all directors is more effective than policies that would have been formulated by 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 also are applicable to the executive directors.

The guidelines on the quantum of bonus payments in 2009 and annual salary increment for 2010 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 the executive directors.

Director's fee paid in 2009 to each of the non-executive directors is determined by the Board as a whole, subject to an aggregate amount not exceeding RM250,000 per annum, the sum of which was approved by shareholders at the Fourth Annual General Meeting held in 2001. The non-executive directors do not participate in the discussion relating to their fees.

The Board is seeking for approval from shareholders at the Thirteenth Annual General Meeting to increase the aggregate amount payable to non-executive directors of an amount not exceeding RM350,000 per annum in view of the increasingly significant roles of the non-executive directors in corporate governance.

The directors' aggregate remuneration in 2009, paid and payable, with categorization into appropriate components distinguishing between executive and non-executive directors, is set out below:

Category	**Executive RM'000**	**Non-executive RM'000**
Directors' fees	-	204
Salaries and allowances	2,659	20
Bonuses	797	-
Benefits-in-kind	144	-
Total	3,600	224

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

	Executive	**Non-executive**
RM50,000 and below	-	1
RM50,001 - RM100,000	-	3
RM500,001 - RM 550,000	1	-
RM600,001 - RM650,000	2	-
RM800,001 – RM850,000	1	-
RM1,000,001 - RM1,050,000	1	-
Total	5	4

C. Relations with Shareholders

I. Dialogue with 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 on 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 Twelfth Annual General Meeting ("AGM") of the Company was held on Wednesday 20 May 2009 at 21 Jalan Ipoh Kecil, Kuala Lumpur. It was attended by shareholders comprising registered individuals, proxies and corporate representatives with a total shareholding representing 65.86% 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 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 dispatched to shareholders as well as in the quarterly financial results disseminated via the website of Bursa Malaysia.

The quarterly announcements on the financial results of the Group and financial 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 on Internal Control set out on page 18 of the Annual Report provides an overview of the state of internal control within the Group.

III. Audit Committee and Auditors

The Board of Directors established the Audit Committee on 1 November 1999. The membership of the Committee, a summary of its terms of reference and its activities are set out in the Audit Committee Report on pages 19 to 20.

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

Statement on 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 2009 except for the formation of the remuneration and nomination committees, for which reasons have been given under the section on "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 2009, 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 available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Other Statements and Disclosures

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 2d on page 37 of the financial statements.

Non-Audit Fees

The amount of non-audit fees paid to the external auditors or a firm or company affiliated to the auditors' firm for the financial year ended 31 December 2009 was RM133,000.

Internal Audit Function

The Group has an in-house Internal Audit Function and management fees charged to subsidiaries for performing this function for financial year ended 31 December 2009 was RM333,000.

Share Buyback

During the financial year ended 31 December 2009, the Company bought back a total of 2,102,800 shares from the open market for a total consideration of RM4,299,962.38. All shares purchased were held as treasury shares. There was no re-sale or cancellation of shares during the year.

The monthly breakdown of shares purchased in 2009 were as follows:

Month	Number of shares purchased	Highest price paid per share (RM)	Lowest price paid per share (RM)	Average price paid per share (RM)	Total consideration (RM)
February	100,000	1.60	1.53	1.56	156,269.48
March	101,000	1.53	1.50	1.54	155,100.00
April	346,000	1.78	1.55	1.66	574,223.13
May	146,600	1.79	1.75	1.79	262,841.28
June	1,400	1.72	1.72	1.75	2,451.73
July	86,900	1.85	1.77	1.82	157,954.73
August	116,100	1.99	1.87	1.95	225,862.70
September	203,100	2.03	1.91	2.02	409,614.78
October	853,300	2.39	2.25	2.34	1,997,352.12
November	122,800	2.36	2.35	2.37	290,834.53
December	25,600	2.65	2.60	2.64	67,457.90
Total	2,102,800			2.04	4,299,962.38

Disclosure on Corporate Social Responsibility

The Group is aware of its corporate social responsibilities and has always made CSR an integral part of the way it conducts its businesses. The various activities carried out during the year reflect the Group's commitment towards CSR, in particular, towards the environment, occupational safety and health as well as welfare of its employees and the community. The Group donated to several children and welfare homes as well as to the Padang Earthquake Disaster Relief Fund.

Full compliance with the requirements of applicable laws and regulations related to the environment has always been an important policy of the Group. We will continue to strive to be environmental friendly in conducting our business.

The Group is committed to provide and ensure a safe and healthy environment at all times. It continues to implement various ongoing safety and health programmes and to educate employees on the various aspects of safety practices. The Group will continue to emphasize on the importance of safety and health at the work place.

Statement On Internal Control

The Board of Directors conforms to the requirements of the Malaysian Code on Corporate Governance by maintaining a sound system of internal control to safeguard the Group's assets and shareholders' investments. The Board is pleased to provide an outline of the nature and scope of internal control of the Group.

RESPONSIBILITY

The Board of Directors is ultimately responsible for maintaining as well as the reviewing the adequacy and integrity of a sound system of internal control of the Group. 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. Accordingly, it 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 membership of the Audit Committee, summary of its terms of reference and activities are set out on pages 19 to 20.

RISK MANAGEMENT

Risk management is an integral part of the Group's business operations. The Group has implemented a comprehensive risk management framework and established a process for the identification, evaluation and reporting of the major risks within the Group. The process established is in accordance with the guidelines contained in the publication "Statement of Internal Control: Guidance for Directors of Public Listed Companies".

The Group Risk Management Committee is responsible for creating risk-awareness and monitoring major risks whilst the subsidiaries' management is responsible for managing risks, developing, implementing and monitoring the system of internal control. The Internal Audit department assists to review the progress of implementation of the subsidiaries' risks response plans and the effectiveness of existing controls in managing the relevant risks. The results of the reviews are presented in the Group Risk Management Committee meetings. In addition, Internal Audit department also provides training support to subsidiaries upon request or where necessary, to ensure that the established risk management process is carried out appropriately.

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

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Apart from risk management activities, the other key elements of the internal control system of the Group are as follows:

- The executive directors actively manage the businesses and hold regular dialogues with senior management of the various subsidiaries;
- There are clearly defined delegation of responsibilities and appropriate limits of authority for different processes, decisions and commitments;
- The Executive Management Committee (EMC), established by the Board to manage and control the Group's businesses, monitors the performance of the subsidiaries and identifies areas requiring follow-up actions. The EMC is further supported by various sub-committees. Matters beyond its limits of authority are referred to the Board for approval;
- The Board meets at least quarterly to discuss the performance of the Group and other major issues. The year end financial statements and the announcements of the quarterly results are reviewed by the Audit Committee before the Board's approval and release to Bursa Malaysia Securities Berhad; and
- The Board also reviews and approves the Group's annual budget and business plan consisting of the budgets and business plans of the subsidiaries. These plans set out the key business objectives of the respective subsidiaries including major risks, 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 control.

Audit Committee Report

The Audit Committee ("Committee") was formed on 1 November 1999. The current terms of reference of the Committee, were adopted by the Board of Directors at a meeting held on 26 February 2008.

Composition and Meetings

The members of the Committee and their attendance at the six Committee meetings held during 2009 were as follows:

Name	Attendance
Dato' N. Sadasivan, Chairman *Independent Non-Executive*	6
Dato' Haji Kamaruddin @ Abas Nordin *Independent Non-Executive*	6
Mohd. Sharif Haji Yusof *Independent Non-Executive*	6

Terms of Reference

Membership

The Committee shall be appointed by the Board from amongst the directors and must be composed of no fewer than three members. All Committee members must be non-executive directors with a majority of them being 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 or fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ["Bursa Malaysia"]. No alternate director shall be appointed a member of the Committee. The members of the Committee shall elect a Chairman from among their number who shall be an independent director. In the event of any vacancy in the Committee, which result in a breach in the Main Market Listing Requirements of Bursa Malaysia ["Listing Requirements"], 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.

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 the external auditors, the internal auditors or both, excluding the attendance of the other directors and employees of the Company.

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, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;

    c) the internal audit programme, processes and the results of the same or investigations undertaken and whether appropriate action is taken on the recommendations of the internal audit function;

    d) the quarterly results and year end financial statements, prior to approval by the Board, focusing on changes in or implementation of major accounting policy changes, significant and unusual events and 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;

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. A 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 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 must promptly 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.

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 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 an annual basis, the internal audit plan for the year, all internal audit and the Group's risk management reports.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The principal role of the internal audit function, which is performed in-house, is to undertake regular independent review and appraisal on the effectiveness of the Group's system of internal control. It reports directly to the Audit Committee which reviews and approves its annual audit plan.

During the year ended 31 December 2009, the internal audit function undertook audit visits to major subsidiaries of the Group aimed at providing reasonable assurance that the relevant control activities were operating satisfactorily and that the subsidiaries had complied with the Group's established policies and procedures. In addition, it also performed ad hoc investigations as well as routine year end reviews such as annual stock takes, related party transactions and related pricing reviews. The audit findings were reported to the Audit Committee and forwarded to management for its attention. Audit reports also encompassed recommendations for improvements which were deemed practical and necessary. Follow-up reviews were carried out to ascertain that management action plans had been duly implemented.

Lastly, the internal audit function 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

for the year ended 31 December 2009

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 2009.

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 27 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
Profit attributable to:		
Equity holders of the Company	72,651	2,001
Minority interest	9,627	-
	82,278	2,001

Reserves and provisions

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

Dividends

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

a) a final ordinary dividend of 9 sen per share less tax at 25% totalling RM 13,306,000 (6.75 sen net per share) in respect of the year ended 31 December 2008 on 24 June 2009; and

b) an interim ordinary dividend of 6 sen per share less tax at 25% totalling RM 8,860,000 (4.50 sen net per share) in respect of the year ended 31 December 2009 on 16 September 2009.

The final ordinary dividend recommended by the Directors in respect of the year ended 31 December 2009 is 10 sen per share less tax at 25% totalling RM 14,678,000 (7.50 sen net per share) if based on the total number of ordinary shares outstanding at 31 December 2009.

Directors of the Company

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

Dato' Tan Heng Chew
Dr. Fun Woh Peng
Tan Eng Hwa
Oei Kok Eong
Tan Eng Soon
Sow Soon Hock
Azman Badrillah
Dato' N. Sadasivan s/o N.N. Pillay
Dato' Haji Kamaruddin @ Abas Nordin
Mohd Sharif Haji Yusof

Directors' interests

The interests and deemed interests 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 (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM1 each			
	At 1.1.2009	**Bought**	**Sold**	**At 31.12.2009**
Shareholdings in which Directors have direct interests:				
Interests in the Company:				
Dato' Tan Heng Chew	4,658,399	-	-	4,658,399
Azman Badrillah	1,537,000	-	-	1,537,000
Tan Eng Hwa	207,008	-	-	207,008
Dato' Haji Kamaruddin @ Abas Nordin	448	-	-	448
Shareholdings in which Directors have deemed interest in the Company				
Interests in the Company:				
Dato' Tan Heng Chew	97,465,307	2,252,400	(2,491,257)	97,226,450*
Tan Eng Soon	95,496,799	2,212,400	(2,491,257)	95,217,942
Tan Eng Hwa	9,333,928	2,212,400	-	11,546,328*

** Including interest of spouse by virtue of Section 134(12)(c) of the Companies Act, 1965.*

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 the Company has an interest. Details of their deemed shareholdings in non-wholly owned subsidiaries are shown in Note 27 to the financial statements.

None of the other Directors holding office at 31 December 2009 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the Group, the Company and/or of related companies or the fixed salary of a full time employee of the Company) 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 the related party transactions as disclosed in Note 25 to the financial statements.

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

Options granted over unissued shares

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

Directors' Report

for the year ended 31 December 2009

Other statutory information

Before the balance sheets and income 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 the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the 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 2009 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

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

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

Dr Fun Woh Peng

Tan Eng Hwa

Kuala Lumpur,
Date: 8 April 2010

Balance Sheets

at 31 December 2009

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Assets					
Property, plant and equipment	3	186,858	186,073	746	835
Prepaid lease payments	4	37,985	35,436	-	-
Investment property	5	1,257	1,298	-	-
Investment in subsidiaries	6	-	-	287,100	282,032
Development expenditure	7	1,549	615	-	-
Deferred tax assets	8	13,972	6,121	1,430	408
Total non-current assets		241,621	229,543	289,276	283,275
Receivables, deposits and prepayments	9	201,933	194,436	95,823	133,727
Inventories	10	162,959	190,301	-	-
Tax recoverable		8,252	9,782	708	1,056
Cash and cash equivalents	11	260,344	192,217	61,354	54,494
Total current assets		633,488	586,736	157,885	189,277
Total assets		875,109	816,279	447,161	472,552
Equity					
Share capital		201,600	201,600	201,600	201,600
Reserves		453,663	397,471	254,207	274,372
Treasury shares		(12,733)	(8,433)	(12,733)	(8,433)
Total equity attributable to equity holders of the Company		642,530	590,638	443,074	467,539
Minority interest		20,806	13,325	-	-
Total equity	12	663,336	603,963	443,074	467,539
Liabilities					
Loans and borrowings	13	-	686	-	-
Employee benefits	14	13,593	13,159	1,290	1,728
Deferred grant income	15	8	99	-	-
Deferred tax liabilities	8	4,746	4,553	-	-
Total non-current liabilities		18,347	18,497	1,290	1,728
Provisions	16	9,537	13,674	-	-
Payables and accruals	17	172,997	167,085	2,797	3,285
Loans and borrowings	13	4,140	10,969	-	-
Taxation		6,752	2,091	-	-
Total current liabilities		193,426	193,819	2,797	3,285
Total liabilities		211,773	212,316	4,087	5,013
Total equity and liabilities		875,109	816,279	447,161	472,552

The notes on pages 33 to 69 are an integral part of these financial statements.

Income Statements

for the year ended 31 December 2009

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Revenue	18	918,533	943,526	15,095	9,118
Cost of sales		(735,085)	(775,260)	-	-
Gross profit		183,448	168,266	15,095	9,118
Other income		4,766	10,487	121	389
Distribution expenses		(31,178)	(41,890)	-	-
Administration expenses		(53,322)	(55,651)	(12,751)	(9,079)
Other expenses		(7,169)	(5,762)	(128)	(59)
Results from operating activities		96,545	75,450	2,337	369
Interest income		4,660	5,543	3,204	3,844
Finance costs		(573)	(598)	(2,092)	(3,206)
Profit before tax	19	100,632	80,395	3,449	1,007
Tax expense	21	(18,354)	(22,823)	(1,448)	(469)
Profit for the year		82,278	57,572	2,001	538
Attributable to:					
Equity holders of the Company		72,651	51,169	2,001	538
Minority interest		9,627	6,403	-	-
Profit for the year		82,278	57,572	2,001	538
Basic earnings per ordinary share (sen)	22	36.9	25.8		

The notes on pages 33 to 69 are an integral part of these financial statements.

Balance Sheet

(In US$ Equivalent) at 31 December 2009

	Group 2009 US$'000	Group 2008 US$'000
Assets		
Property, plant and equipment	54,637	54,407
Prepaid lease payments	11,107	10,361
Investment property	368	380
Development expenditure	453	180
Deferred tax assets	4,085	1,790
Total non-current assets	70,650	67,118
Receivables, deposits and prepayments	59,045	56,853
Inventories	47,649	55,644
Tax recoverable	2,413	2,859
Cash and cash equivalents	76,124	56,204
Total current assets	185,231	171,560
Total assets	255,881	238,678
Equity		
Share capital	58,947	58,947
Reserves	132,650	116,220
Treasury shares	(3,723)	(2,466)
Total equity attributable to equity holders of the Company	187,874	172,701
Minority interest	6,084	3,896
Total equity	193,958	176,597
Loans and borrowings	-	201
Employee benefits	3,975	3,848
Deferred grant income	2	29
Deferred tax liabilities	1,388	1,331
Total non-current liabilities	5,365	5,409
Provisions	2,789	3,998
Payables and accruals	50,584	48,855
Loans and borrowings	1,211	3,207
Taxation	1,974	612
Total current liabilities	56,558	56,672
Total liabilities	61,923	62,081
Total equity and liabilities	255,881	238,678

The information contained on this page does not form part of the audited statements.
The figure are converted from RM into US$ equivalent using the exchange rate of RM 3.42 = US$ 1.00 which approximates that prevailing on 31 December 2009.

Income Statement

(In US$ Equivalent) at 31 December 2009

	Group	
	2009	**2008**
	US$'000	**US$'000**
Revenue	268,577	275,885
Cost of sales	(214,937)	(226,684)
Gross profit	53,640	49,201
Other income	1,394	3,066
Distribution expenses	(9,116)	(12,249)
Administration expenses	(15,591)	(16,272)
Other expenses	(2,097)	(1,685)
Results from operating activities	28,230	22,061
Interest income	1,363	1,621
Finance costs	(168)	(175)
Profit before tax	29,425	23,507
Tax expense	(5,367)	(6,673)
Profit for the year	24,058	16,834
Attributable to :		
Equity holders of the Company	21,243	14,962
Minority interest	2,815	1,872
Profit for the year	24,058	16,834
Basic earnings per ordinary share (cent)	10.8	7.5

The information contained on this page does not form part of the audited statements.
The figure are converted from RM into US$ equivalent using the exchange rate of RM 3.42 = US$ 1.00 which approximates that prevailing on 31 December 2009.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2009

Group	Note	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Exchange adjustment RM'000	Merger deficit RM'000	Retained profits RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
		Attributable to equity holders of the Company								
		Non-distributable					Distributable			
At 1 January 2008		201,600	(7,149)	17,898	(2,031)	(42,339)	397,634	565,613	11,497	577,110
Foreign exchange translation differences		-	-	-	(2,958)	-	-	(2,958)	(487)	(3,445)
Net losses recognised directly in equity		-	-	-	(2,958)	-	-	(2,958)	(487)	(3,445)
Profit for the year		-	-	-	-	-	51,169	51,169	6,403	57,572
Total recognised income and expense for the year		-	-	-	(2,958)	-	51,169	48,211	5,916	54,127
Treasury shares acquired		-	(1,284)	-	-	-	-	(1,284)	-	(1,284)
Minority interest in newly formed subsidiary		-	-	-	-	-	-	-	2,429	2,429
Disposal of subsidiary	26	-	-	-	70	-	-	70	(4,884)	(4,814)
Dividends to equity holders										
- Final 2007 ordinary	23	-	-	-	-	-	(13,189)	(13,189)	-	(13,189)
- Interim 2008 ordinary	23	-	-	-	-	-	(8,783)	(8,783)	(1,633)	(10,416)
At 31 December 2008		201,600	(8,433)	17,898	(4,919)	(42,339)	426,831	590,638	13,325	603,963
At 1 January 2009		201,600	(8,433)	17,898	(4,919)	(42,339)	426,831	590,638	13,325	603,963
Foreign exchange translation differences		-	-	-	5,707	-	-	5,707	70	5,777
Net gains recognised directly in equity		-	-	-	5,707	-	-	5,707	70	5,777
Profit for the year		-	-	-	-	-	72,651	72,651	9,627	82,278
Total recognised income and expense for the year		-	-	-	5,707	-	72,651	78,358	9,697	88,055
Treasury shares acquired		-	(4,300)	-	-	-	-	(4,300)	-	(4,300)
Dividends to equity holders										
- Final 2008 ordinary	23	-	-	-	-	-	(13,306)	(13,306)	-	(13,306)
- Interim 2009 ordinary	23	-	-	-	-	-	(8,860)	(8,860)	(2,216)	(11,076)
At 31 December 2009		201,600	(12,733)	17,898	788	(42,339)	477,316	642,530	20,806	663,336

The notes on pages 33 to 69 are an integral part of these financial statements.

Statement of Changes in Equity
for the year ended 31 December 2009

Company	Note	Non-distributable Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Distributable Retained profits RM'000	Total equity RM'000
At 1 January 2008		201,600	(7,149)	17,898	277,908	490,257
Treasury shares acquired		-	(1,284)	-	-	(1,284)
Profit for the year		-	-	-	538	538
Dividends to equity holders						
- Final 2007 ordinary	23	-	-	-	(13,189)	(13,189)
- Interim 2008 ordinary	23	-	-	-	(8,783)	(8,783)
At 31 December 2008/ 1 January 2009		201,600	(8,433)	17,898	256,474	467,539
Treasury shares acquired		-	(4,300)	-	-	(4,300)
Profit for the year		-	-	-	2,001	2,001
Dividends to equity holders						
- Final 2008 ordinary	23	-	-	-	(13,306)	(13,306)
- Interim 2009 ordinary	23	-	-	-	(8,860)	(8,860)
At 31 December 2009		201,600	(12,733)	17,898	236,309	443,074

The notes on pages 33 to 69 are an integral part of these financial statements.

Cash Flow Statements

for the year ended 31 December 2009

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Cash flows from operating activities					
Profit before tax		100,632	80,395	3,449	1,007
Adjustments for:					
Depreciation of property, plant and equipment	3	29,885	28,671	173	312
Depreciation of investment property	5	41	42	-	-
Amortisation of prepaid lease payments	4	518	523	-	-
Reversal of impairment loss on property, plant and equipment	3	(165)	-	-	-
Loss on disposal of property, plant and equipment		683	589	26	-
Property, plant and equipment written off		1,606	298	1	-
Finance costs		573	598	2,092	3,206
Interest income		(4,660)	(5,543)	(3,204)	(3,844)
Employee benefits charged	14	2,701	2,292	217	222
Employee benefits under provided in prior year	14	157	343	98	95
Amortisation of grant income	15	(91)	(95)	-	-
Amortisation of development expenditure	7	209	65	-	-
Gain on disposal of subsidiary	26	-	(831)	-	-
Provisions made	16	6,691	11,722	-	-
Provisions reversed	16	(1,799)	(1,022)	-	-
Allowance for diminution in value of investment		-	-	4,271	-
Operating profit before changes in working capital		136,981	118,047	7,123	998
Inventories		27,342	(38,108)	-	-
Payables and accruals		5,912	23,627	(488)	(368)
Receivables, deposits and prepayments		(7,497)	13,970	37,904	68,386
Cash generated from operations		162,738	117,536	44,539	69,016
Interest received		4,660	5,543	3,204	3,844
Interest paid		(573)	(598)	(2,092)	(3,206)
Tax paid		(19,929)	(23,625)	(2,122)	(922)
Employee benefits paid	14	(2,618)	(859)	(753)	(10)
Provisions paid	16	(9,080)	(4,639)	-	-
Net cash from operating activities		135,198	93,358	42,776	68,722
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	(30,595)	(60,509)	(256)	(32)
Lease payment for leasehold land	4	(3,135)	-	-	-
Additions of development expenditure	7	(1,143)	(500)	-	-
Proceeds from disposal of property, plant and equipment		1,513	861	145	-
Proceeds from disposal of subsidiary	26	-	5,932	-	-
Capital contribution from minority interest		-	2,429	-	-
Investment in subsidiaries		-	-	(9,339)	(3,812)
Net cash used in investing activities		(33,360)	(51,787)	(9,450)	(3,844)

Cash Flow Statements

for the year ended 31 December 2009

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Cash flows from financing activities					
Dividends paid to equity holders of the Company	23	(22,166)	(21,972)	(22,166)	(21,972)
Dividends paid to minority interest		(2,216)	(1,633)	-	-
(Payment)/Drawdown of foreign currency trade loan		(5,265)	7,987	-	-
Repayment of term loans		(2,032)	(1,870)	-	-
Purchase of Company's own shares		(4,300)	(1,284)	(4,300)	(1,284)
Net cash used in financing activities		(35,979)	(18,772)	(26,466)	(23,256)
Net increase in cash and cash equivalents		65,859	22,799	6,860	41,622
Effect of exchange rate fluctuations on cash held		2,486	(3,321)	-	-
Cash and cash equivalents at 1 January	(i)	191,534	172,056	54,494	12,872
Cash and cash equivalents at 31 December	(i)	259,879	191,534	61,354	54,494

i) Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Cash and bank balances	11	26,934	29,276	450	634
Deposits placed with licensed banks	11	233,410	162,941	60,904	53,860
		260,344	192,217	61,354	54,494
Bank overdrafts	13	(465)	(683)	-	-
		259,879	191,534	61,354	54,494

The notes on pages 33 to 69 are an integral part of these financial statements.

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

Registered office
62-68, Jalan Ipoh
51200 Kuala Lumpur

Principal place of business
Lot 1, Jalan 6/3
Kawasan Perusahaan Seri Kembangan
43300 Seri Kembangan
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the year ended 31 December 2009 comprise the Company and its subsidiaries and the Group's interests in jointly controlled entities. The financial statements of the Company as at and for the year ended 31 December 2009 do not include other entities.

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 27 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

The financial statements were approved by the Board of Directors on 8 April 2010.

1. Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted and the Companies Act, 1965 in Malaysia. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The Group and the Company have not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the Group and the Company:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2009

- FRS 8, Operating Segments

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010

- FRS 4, Insurance Contracts
- FRS 7, Financial Instruments: Disclosures
- FRS 101, Presentation of Financial Statements (revised)
- FRS 123, Borrowing Costs (revised)
- FRS 139, Financial Instruments: Recognition and Measurement
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
- Amendments to FRS 2, Share-based Payment: Vesting Conditions and Cancellations
- Amendments to FRS 7, Financial Instruments: Disclosures
- Amendments to FRS 101, Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
- Amendments to FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 132, Financial Instruments: Presentation
  - Puttable Financial Instruments and Obligations Arising on Liquidation
  - Separation of Compound Instruments
- Amendments to FRS 139, Financial Instruments: Recognition and Measurement
  - Reclassification of Financial Assets
  - Collective Assessment of Impairment for Banking Institutions

1. **Basis of preparation (continued)**

(a) **Statement of compliance (continued)**

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010 (continued)

- Improvements to FRSs (2009)
- IC Interpretation 9, Reassessment of Embedded Derivatives
- IC Interpretation 10, Interim Financial Reporting and Impairment
- IC Interpretation 11, FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13, Customer Loyalty Programmes
- IC Interpretation 14, FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132, Financial Instruments: Presentation- Classification of Rights Issues

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, First-time Adoption of Financial Reporting Standards (revised)
- FRS 3, Business Combinations (revised)
- FRS 127, Consolidated and Separate Financial Statements (revised)
- Amendments to FRS 2, Share-based Payment
- Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138, Intangible Assets
- IC Interpretation 12, Service Concession Agreements
- IC Interpretation 15, Agreements for the Construction of Real Estate
- IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17, Distribution of Non-cash Assets to Owners
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives

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

- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards- Limited Exceptions from Comparatives FRS 7 Disclosures for First-time Adopters
- Amendments to FRS 7, Financial Instrument: Disclosures- Improving Disclosures about Financial Instruments

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning 1 January 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, except for FRS 4, Amendments to FRS 2, IC Interpretation 11, IC Interpretation 13 and IC Interpretation 14 which are not applicable to the Group or the Company; and

- from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011 except for Amendments to FRS 2, Amendments to FRS 5, IC Interpretation 12, IC Interpretation 15, IC Interpretation 16 and IC Interpretation 17 which are not applicable to the Group or the Company.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

The impacts and disclosures as required by FRS 108.30(b), Accounting Policies, Changes in Accounting Estimates and Errors, in respect of applying FRS 4, FRS 7, FRS 139 and IC Interpretation 12 are not disclosed by virtue of the exemptions given in these respective FRSs.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

Material impacts of initial application of a standard, an amendment or an interpretation, which will be applied retrospectively, are disclosed below:

(i) FRS 8, Operating Segments

FRS 8 replaces FRS 114^{2004}, Segment Reporting and requires the identification and reporting of operating segments based on internal reports that are regularly reviewed by the chief operating decision maker of the Group in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its business and geographical segments (see Note 28).

(ii) Improvements to FRSs (2009)

Improvements to FRSs (2009) contain various amendments that result in accounting changes for presentation, recognition or measurement and disclosure purposes which will become effective for the Group and the Company's financial statements for the year ending 31 December 2010. Amendment that has material impact is:

FRS 117, Leases

The amendments clarify the classification of lease of land and require entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease. Leasehold land which in substance is a finance lease will be reclassified to property, plant and equipment. The adoption of these amendments will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions.

This change in accounting policy will result in reclassification of lease of land amounting to RM33,942,000 as at 31 December 2009 from prepaid lease payments to property, plant and equipment.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain property, plant and equipment and certain prepaid lease payments as explained in their respective accounting policy notes.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than provision for warranties as disclosed in Note 16.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

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

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less any accumulated impairment losses.

(ii) Jointly-controlled entities

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Joint ventures are accounted for in the consolidated financial statements using proportionate consolidation. The consolidated financial statements include the Group's share of assets, liabilities, income and expenses of the jointly controlled entities, after adjustments where necessary to align their accounting policies with those of the Group, from the date joint control commences until the date that joint control ceases.

Investments in jointly controlled entities are stated in the Company's balance sheet at cost less any accumulated impairment losses.

(iii) Changes in Group composition

The Group treats changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Minority interest

Minority interest at the balance sheet date, being the portion of the net identifiable assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity holders of the Company. Minority interest in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and the equity holders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements and in the case of jointly controlled entities accounted for using proportionate consolidation, any unrealised income and expenses arising from transactions between the Group and the jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities.

2. Significant accounting policies (continued)

(b) Foreign currency

(i) Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the dates of the transactions except for those that are measured at fair value, which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia (RM)

The assets and liabilities of operations in functional currencies other than RM, including fair value adjustments are translated to RM at exchange rates at the balance sheet date. The income and expenses of operations in functional currencies other than RM, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in exchange adjustment. On disposal of operations, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

(iii) Net investment in foreign operations

Exchange differences arising from monetary items that in substance form part of the Company's net investment in foreign operations, are recognised in the Company's income statement. Such exchange differences are reclassified to equity in the consolidated financial statements. Deferred exchange differences are recognised in the consolidated income statement upon disposal of the investment.

(c) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency exposure.

Forward foreign exchange contracts are accounted for on an equivalent basis as the underlying assets, liabilities or net positions. Any profit or loss arising is recognised on the same basis as that arising from the related assets, liabilities or net positions.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost/valuation less any accumulated depreciation and any 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.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" respectively in the income statements.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• buildings	20 - 25 years
• plant, machinery and equipment	1 - 10 years
• furniture, fixtures and office equipment	2 - 7 years
• motor vehicles	5 - 10 years

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

(e) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of the ownership, are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the Group's balance sheet.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments.

Certain leasehold land were revalued in 1984 and the Group has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provision in FRS 117.67A when it first adopted FRS 117, Leases in 2007.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(f) Intangible assets

(i) Development

Expenditure on development activities for new products is capitalised if the product 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 statements as an expense as incurred. Capitalised development expenditure is stated at cost less any accumulated amortisation and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(iii) Amortisation

Development expenditure is amortised and charged to the income statements on a systematic basis over 3 to 5 years based on the pattern in which the related economic benefits accrue.

2. Significant accounting policies (continued)

(g) Investment property

(i) Investment property carried at cost

Investment properties are properties held to earn rental income or for capital appreciation or for both. These include land (other than leasehold land) held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(d).

Depreciation is charged to the income statements on a straight-line basis over the estimated useful lives of 20 - 25 years for buildings. Freehold land is not depreciated.

(ii) Determination of fair value

The Directors estimate the fair value of investment property without involvement of independent valuers.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work in progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits placed with licensed banks. For the purpose of the cash flow statements, cash and cash equivalents are presented net of bank overdrafts.

(k) Impairment of assets

The carrying amounts of assets except for financial assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statements in the year in which the reversals are recognised.

2. Significant accounting policies (continued)

(l) Equity instruments

All equity instruments are stated at cost on initial recognition and are not re-measured subsequently.

Purchase of Company's own shares

When share capital recognised as equity is purchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity and is not re-valued for subsequent changes in the fair value or market price of shares. Purchased shares are classified as treasury shares and are presented as a deduction from total equity.

(m) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statements over the period of the loans and borrowings using the effective interest method.

(n) Employee benefits

(i) Short term employee benefits

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

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

The Group's contributions to statutory pension funds are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(ii) Employee benefits

The Group's obligation in respect of its defined employee benefit plans is calculated based on the employees' terms of employment 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 and any unrecognised actuarial gain or loss and past service cost are adjusted. The discount rate is the yield at the balance sheet date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed regularly by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statements 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 statements.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Benefits for mutually agreed terminations are recognised when the Group has made a formal offer to employee, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

2. Significant accounting policies (continued)

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Product warranty

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data.

(p) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(q) Revenue recognition

(i) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances and trade discounts. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Services

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

(iii) Dividend income

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

(iv) Rental income

Rental income from investment property is recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(v) Deferred grant income

Grant received from the World Bank is recognised initially as deferred income when there is reasonable assurance that it will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in the income statements on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in the income statements on a systematic basis over the useful life of the asset.

(r) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statements using the effective interest method, in the period in which they are incurred.

2. Significant accounting policies (continued)

(s) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(t) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

(u) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3. Property, plant and equipment

Group	Freehold land RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Under construction RM'000	Total RM'000
Cost/valuation							
At 1 January 2008	13,847	88,913	315,251	25,169	10,263	4,125	457,568
Additions	-	3,077	16,877	2,191	1,060	37,304	60,509
Disposals	-	-	(8,414)	(307)	(1,163)	(17)	(9,901)
Written off	-	-	(1,303)	(252)	-	-	(1,555)
Transfer	-	146	4,650	8	-	(4,804)	-
Effect of movement in exchange rates	-	(45)	527	243	(166)	(50)	509
At 31 December 2008/ 1 January 2009	13,847	92,091	327,588	27,052	9,994	36,558	507,130
Additions	-	300	17,805	1,449	935	10,106	30,595
Disposals	-	-	(10,473)	(271)	(1,462)	-	(12,206)
Written off	-	(601)	(1,835)	(217)	(6)	-	(2,659)
Transfer	-	12,813	28,212	207	(81)	(41,151)	-
Effect of movement in exchange rates	-	21	601	292	283	2,774	3,971
At 31 December 2009	13,847	104,624	361,898	28,512	9,663	8,287	526,831
Representing items at:							
Cost	13,847	97,974	361,898	28,512	9,663	8,287	520,181
1984 valuation	-	6,650	-	-	-	-	6,650
	13,847	104,624	361,898	28,512	9,663	8,287	526,831
Depreciation and impairment loss							
At 1 January 2008							
Accumulated depreciation	-	27,726	243,328	20,821	5,121	-	296,996
Accumulated impairment loss	-	-	419	-	-	-	419
	-	27,726	243,747	20,821	5,121	-	297,415
Charge for the year	-	3,582	21,538	2,181	1,370	-	28,671
Disposals	-	-	(3,779)	(299)	(654)	-	(4,732)
Written off	-	-	(1,015)	(242)	-	-	(1,257)
Effect of movement in exchange rates	-	(4)	891	130	(57)	-	960
At 31 December 2008							
Accumulated depreciation	-	31,304	260,963	22,591	5,780	-	320,638
Accumulated impairment loss	-	-	419	-	-	-	419
	-	31,304	261,382	22,591	5,780	-	321,057

3. Property, plant and equipment (continued)

Group	Freehold land RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Under construction RM'000	Total RM'000
At 1 January 2009							
Accumulated depreciation	-	31,304	260,963	22,591	5,780	-	320,638
Accumulated impairment loss	-	-	419	-	-	-	419
	-	31,304	261,382	22,591	5,780	-	321,057
Charge for the year	-	3,945	22,761	1,945	1,234	-	29,885
Disposals	-	-	(8,755)	(250)	(1,005)	-	(10,010)
Written off	-	(50)	(786)	(215)	(2)	-	(1,053)
Reversal of impairment loss	-	-	(165)	-	-	-	(165)
Transfer	-	(12)	(7)	30	(11)	-	-
Effect of movement in exchange rates	-	(18)	24	110	143	-	259
At 31 December 2009							
Accumulated depreciation	-	35,169	274,200	24,211	6,139	-	339,719
Accumulated impairment loss	-	-	254	-	-	-	254
	-	35,169	274,454	24,211	6,139	-	339,973
Carrying amounts							
At 1 January 2008	13,847	61,187	71,504	4,348	5,142	4,125	160,153
At 31 December 2008/ 1 January 2009	13,847	60,787	66,206	4,461	4,214	36,558	186,073
At 31 December 2009	13,847	69,455	87,444	4,301	3,524	8,287	186,858

3. Property, plant and equipment (continued)

Revaluation

The 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 Financial Reporting Standards ("FRS") Standard No 116 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	Company Total RM'000
Cost			
At 1 January 2008	949	1,185	2,134
Additions	32	-	32
At 31 December 2008/1 January 2009	981	1,185	2,166
Additions	25	231	256
Disposals	-	(319)	(319)
Written off	(80)	-	(80)
At 31 December 2009	926	1,097	2,023
Accumulated depreciation			
At 1 January 2008	744	275	1,019
Charge for the year	159	153	312
At 31 December 2008/1 January 2009	903	428	1,331
Charge for the year	29	144	173
Disposals	-	(148)	(148)
Written off	(79)	-	(79)
At 31 December 2009	853	424	1,277
Carrying amounts			
At 1 January 2008	205	910	1,115
At 31 December 2008/1 January 2009	78	757	835
At 31 December 2009	73	673	746

4. Prepaid lease payments

Group	Unexpired period less than or equal to 50 years RM'000	Unexpired period more than 50 years* RM'000	Total RM'000
At cost/valuation			
At 1 January 2008	1,049	40,532	41,581
Effect of movement in exchange rates	(3)	-	(3)
At 31 December 2008/1 January 2009	1,046	40,532	41,578
Additional	3,135	-	3,135
Effect of movement in exchange rates	(72)	-	(72)
At 31 December 2009	4,109	40,532	44,641
Amortisation			
At 1 January 2008	29	5,590	5,619
Amortisation for the year	21	502	523
At 31 December 2008/1 January 2009	50	6,092	6,142
Amortisation for the year	20	498	518
Effect of movement in exchange rates	(4)	-	(4)
At 31 December 2009	66	6,590	6,656
Carrying amounts			
At 1 January 2008	1,020	34,942	35,962
At 31 December 2008/ 1 January 2009	996	34,440	35,436
At 31 December 2009	4,043	33,942	37,985

***Revaluation**

The prepaid lease payments are stated at Directors' valuation based on professional valuations on the existing use basis conducted in 1984.

5. Investment property

Group	Building RM'000
Cost	
At 1 January 2008/At 31 December 2008/1 January 2009/At 31 December 2009	1,791
Accumulated depreciation	
At 1 January 2008	451
Depreciation for the year	42
At 31 December 2008/1 January 2009	493
Depreciation for the year	41
At 31 December 2009	534
Carrying amounts	
At 1 January 2008	1,340
At 31 December 2008/1 January 2009	1,298
At 31 December 2009	1,257

The Directors estimate the fair value of investment property based on comparable market value of similar properties. Based on the Directors' estimation, the fair value of the building approximates its carrying values at 31 December 2009 and 31 December 2008.

The following is recognised in the income statements in respect of investment property:

	Group	
	2009 RM'000	2008 RM'000
Rental income	192	144
Direct operating expenses	(92)	(65)

6. Investment in subsidiaries

	Company 2009 RM'000	Company 2008 RM'000
Unquoted shares, at cost	294,816	285,477
Less: Allowance for diminution in value	(7,716)	(3,445)
	287,100	282,032

Details of the subsidiaries are shown in Note 27.

7. Development expenditures

	Group 2009 RM'000	Group 2008 RM'000
Cost		
At 1 January	1,006	506
Additions	1,143	500
At 31 December	2,149	1,006
Amortisation		
At 1 January	391	326
Charge for the year	209	65
At 31 December	600	391
Carrying amounts		
At 31 December	1,549	615

The amortisation charge is recognised in cost of sales in the income statements.

8. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets 2009 RM'000	Assets 2008 RM'000	Liabilities 2009 RM'000	Liabilities 2008 RM'000	Net 2009 RM'000	Net 2008 RM'000
Property, plant and equipment						
- temporary differences	573	8	(7,937)	(8,315)	(7,364)	(8,307)
- revaluation	-	-	(1,555)	(1,617)	(1,555)	(1,617)
Unrealised foreign exchange gain	-	-	-	(100)	-	(100)
Provisions	17,916	11,338	-	-	17,916	11,338
Unabsorbed capital allowances	48	237	-	-	48	237
Others	183	30	(2)	(13)	181	17
Tax assets/(liabilities)	18,720	11,613	(9,494)	(10,045)	9,226	1,568
Set off of tax	(4,748)	(5,492)	4,748	5,492	-	-
Net tax assets/(liabilities)	13,972	6,121	(4,746)	(4,553)	9,226	1,568

Movement in temporary differences during the year

	At 1.1.2008 RM'000	Recognised in income statement RM'000	At 31.12.2008/ 1.1.2009 RM'000	Recognised in income statement RM'000	At 31.12.2009 RM'000
Property, plant and equipment					
- temporary differences	(7,345)	(962)	(8,307)	943	(7,364)
- revaluation	(1,870)	253	(1,617)	62	(1,555)
Unrealised foreign exchange loss/(gain)	56	(156)	(100)	100	-
Provisions	13,863	(2,525)	11,338	6,578	17,916
Unabsorbed capital allowances	680	(443)	237	(189)	48
Others	-	17	17	164	181
	5,384	(3,816)	1,568	7,658	9,226

Company	Assets 2009 RM'000	Assets 2008 RM'000	Liabilities 2009 RM'000	Liabilities 2008 RM'000	Net 2009 RM'000	Net 2008 RM'000
Property, plant and equipment						
- temporary differences	-	-	(59)	(108)	(59)	(108)
Provisions	1,441	479	-	-	1,441	479
Unabsorbed capital allowances	48	37	-	-	48	37
Tax assets/(liabilities)	1,489	516	(59)	(108)	1,430	408

8. Deferred tax assets and liabilities (continued)

Movement in temporary differences during the year

	At 1.1.2008 RM'000	Recognised in income statement RM'000	At 31.12.2008/ 1.1.2009 RM'000	Recognised in income statement RM'000	At 31.12.2009 RM'000
Property, plant and equipment					
- temporary differences	(94)	(14)	(108)	49	(59)
Provisions	631	(152)	479	962	1,441
Unabsorbed capital allowances	59	(22)	37	11	48
	596	(188)	408	1,022	1,430

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2009 RM'000	2008 RM'000
Unutilised tax losses	10,155	12,945
Unabsorbed capital allowances	117	117
Deductible temporary differences	444	2,001
	10,716	15,063

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from. The unutilised tax losses, unabsorbed capital allowances and deductible temporary differences do not expire under current tax legislation except for the unutilised tax losses of RM3,030,000 (VND15,882,605,000) which will expire in years 2010-2013 for a subsidiary in Vietnam and an unutilised tax losses of RM4,127,000 (IDR11,307,467,000) which will expire in year 2013 for the subsidiary in Indonesia.

9. Receivables, deposits and prepayments

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade				
Trade receivables	165,324	165,248	-	-
Jointly controlled entities	2,985	590	-	-
Related parties	20,137	11,507	-	-
	188,446	177,345	-	-
Less: Allowance for doubtful debts	(1,136)	(1,375)	-	-
	187,310	175,970	-	-

9. Receivables, deposits and prepayments (continued)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Non-trade				
Other receivables, deposits and prepayments	15,536	19,411	62	604
Subsidiaries	-	-	95,730	133,105
Jointly controlled entities	61	23	24	18
Related parties	26	32	7	-
	15,623	19,466	95,823	133,727
Less: Allowance for doubtful debts	(1,000)	(1,000)	-	-
	14,623	18,466	95,823	133,727
	201,933	194,436	95,823	133,727

Group and Company

The trade amounts due from jointly controlled entities and related parties are subject to the normal trade terms.

The non-trade amounts due from subsidiaries, jointly controlled entities and related parties are unsecured, interest free and repayable on demand.

10. Inventories

	Group	
	2009 RM'000	2008 RM'000
Raw materials	104,336	104,518
Work-in-progress	8,632	10,793
Manufactured inventories and trading inventories	44,003	67,863
Spare parts and others	5,988	7,127
	162,959	190,301

The write-down of inventories to net realisable value amounted to RM2,677,000 (2008 - RM9,090,000). The write-down is included in cost of sales.

11. Cash and cash equivalents

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Deposits placed with licensed banks	233,410	162,941	60,904	53,860
Cash and bank balances	26,934	29,276	450	634
	260,344	192,217	61,354	54,494

12. Capital and reserves

Share capital	Group and Company Amount 2009 RM'000	Number of shares 2009 '000	Amount 2008 RM'000	Number of shares 2008 '000
Authorised:				
Ordinary shares of RM1 each	300,000	300,000	300,000	300,000
Issued and fully paid:				
Ordinary shares of RM1 each	201,600	201,600	201,600	201,600

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. In respect of the Company's treasury shares that are held by the Group (see below), all rights are suspended until those shares are reissued.

Treasury shares

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 20 May 2009, approved the Company's plan to purchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the purchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company purchased 2,102,800 (2008 - 591,600) of its issued share capital from the open market at an average price of RM2.04 (2008 - RM2.17) per share. The total consideration paid was RM4,300,000 including transaction costs of RM22,266. The purchase transactions were financed by internally generated funds. The shares purchased are retained as treasury shares.

Exchange adjustment

The exchange adjustment comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all of its retained profits at 31 December 2009 if paid out as dividends.

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

13. Loans and borrowings

	Group 2009 RM'000	Group 2008 RM'000
Non-current		
Unsecured term loans	-	686
Current		
Unsecured overdrafts	465	683
Unsecured foreign currency trade loans	2,987	8,252
Unsecured term loans	688	2,034
	4,140	10,969

The borrowings of the Group are subject to interest at 1.70% to 7.95% (2008 - 3.49% to 10.30%) per annum.

Terms and debt repayment schedule

Group	Year of maturity	Carrying amount RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
2009					
Term loans - unsecured	2010	688	688	-	-
Overdrafts - unsecured	2010	465	465	-	-
Foreign currency trade loans - unsecured	2010	2,987	2,987	-	-
		4,140	4,140	-	-
2008					
Term loans - unsecured	2009-2010	2,720	2,034	686	-
Overdrafts - unsecured	2009	683	683	-	-
Foreign currency trade loans - unsecured	2009	8,252	8,252	-	-
		11,655	10,969	686	-

14. Employee benefits

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Recognised liability for employee benefits	13,593	13,159	1,290	1,728

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

Movement in the liability recognised in the balance sheets

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Liability at 1 January	13,159	11,502	1,728	1,421
Benefits paid	(2,618)	(859)	(753)	(10)
Expense recognised in the income statements	2,701	2,292	217	222
Effect of movement in exchange rates	194	(119)	-	-
Under provision in prior year	157	343	98	95
Liability at 31 December	13,593	13,159	1,290	1,728

Expense recognised in the income statements

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current service costs	2,065	1,667	115	125
Interest on obligation	636	625	102	97
	2,701	2,292	217	222

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

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cost of sales	552	377	-	-
Distribution expenses	45	36	-	-
Administration expenses	2,104	1,879	217	222
	2,701	2,292	217	222

Actuarial assumptions

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

	Group and Company	
	2009 %	2008 %
Discount rate	5.4	5.4
Future salary increases	6.5	6.5
Price inflation	3.5	3.5

15. Deferred grant income

	Group RM'000
At cost	
At 1 January 2008/At 31 December 2008/ 1 January 2009/At 31 December 2009	3,563
Accumulated amortisation	
At 1 January 2008	3,369
Amortisation during the year	95
At 31 December 2008/1 January 2009	3,464
Amortisation during the year	91
At 31 December 2009	3,555
Carrying amounts	
At 1 January 2008	194
At 31 December 2008/1 January 2009	99
At 31 December 2009	8

Grant income from the World Bank arises 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.

16. Provisions

	Group Warranties RM'000
Balance at 1 January 2008	7,635
Provision made during the year	11,722
Provision paid during the year	(4,639)
Provision reversed during the year	(1,022)
Effect of movement in exchange rates	(22)
Balance at 31 December 2008/1 January 2009	13,674
Provision made during the year	6,691
Provision paid during the year	(9,080)
Provision reversed during the year	(1,799)
Effect of movement in exchange rates	51
Balance at 31 December 2009	9,537

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and the Group expects to incur most of the liability over the next 1 - 3 years.

17. Payables and accruals

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade				
Trade payables	100,676	101,520	-	-
Related parties	371	1,589	-	-
	101,047	103,109	-	-
Non-trade				
Other payables and accruals	70,527	63,677	1,845	1,206
Subsidiaries	-	-	791	1,981
Jointly controlled entities	1,069	-	-	-
Related parties	354	299	161	98
	172,997	167,085	2,797	3,285

Group and Company

The trade amount due to related parties is subject to the normal trade terms.

The non-trade amounts due to subsidiaries, jointly controlled entities and related parties are unsecured, interest free and repayable on demand.

18. Revenue

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Sale of goods	918,341	943,382	-	-
Services rendered	-	-	7,095	6,118
Dividend income	-	-	8,000	3,000
Rental income from investment property	192	144	-	-
	918,533	943,526	15,095	9,118

19. Profit before tax

		Group		Company	
		2009	2008	2009	2008
		RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging:					
Allowance for doubtful debts		103	653	-	-
Amortisation of prepaid lease payments		518	523	-	-
Amortisation of development expenditure		209	65	-	-
Auditors' remuneration	- current year	367	412	35	35
	- prior year	4	79	-	-
	- other services	10	10	10	10
Depreciation of property, plant and equipment		29,885	28,671	173	312
Depreciation of investment property		41	42	-	-
Net foreign exchange loss					
- realised		-	4,047	21	2
- unrealised		148	1,273	59	-
Inventories written down		2,677	9,090	-	-
Loss on disposal of property, plant and equipment		683	749	26	-
Property, plant and equipment written off		1,606	298	1	-
Provisions made		6,691	11,722	-	-
Rental of premises		3,102	2,828	-	-
Royalties		10,334	9,255	-	-
Interest expense		573	598	2,092	3,206
Personnel expenses (including key management personnel)					
- Employee benefits		2,858	2,292	315	222
- Termination benefits		6,249	4	-	-
- Contributions to Employees Provident Fund		6,175	6,899	625	726
- Wages, salaries and others		91,665	93,123	5,977	5,983
Direct operating expenses of investment property		92	65	-	-
Allowance for diminution in value of investment		-	-	4,271	-
and after crediting:					
Allowance for doubtful debts written back		342	387	-	-
Amortisation of grant income		91	95	-	-
Gain on disposal of property, plant and equipment		-	160	-	-
Net foreign exchange gain					
- realised		2,143	-	-	-
Reversal of provision for warranties		1,799	1,022	-	-
Rental income from investment property		192	144	-	-
Taxable dividends received from					
- unquoted subsidiaries		-	-	8,000	3,000
Gain on disposal of subsidiary		-	831	-	-
Reversal of impairment loss of property, plant and equipment		165	-	-	-

20. Key management personnel compensation

The key management personnel compensations are as follows:

Group and Company	**2009 RM'000**	**2008 RM'000**
Directors		
- Fees	204	162
- Remuneration	2,747	2,868
Other short term employee benefits (including estimated monetary value of benefits-in-kind)	144	132
Total short-term employee benefits	3,095	3,162
Post-employment benefits	210	220
	3,305	3,382
Group		
Other key management personnel:		
- Short-term employee benefits	1,999	2,295
- Post-employment benefits	162	198
	2,161	2,493
	5,466	5,875

Other key management personnel comprises certain members of senior management of the Group other than the Directors of the Group entities, who have the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

21. Tax expense

	Group		**Company**	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Current tax expense				
Malaysia - current year	21,304	18,675	1,992	400
- under/(over) provision in prior year	1,862	(693)	472	(119)
Overseas - current year	2,692	891	-	-
- under provision in prior year	21	134	-	-
	25,879	19,007	2,464	281
Withholding tax	133	-	6	-
Deferred tax expense				
- Origination and reversal of temporary differences	(2,897)	1,588	(988)	193
- (Over)/Under provision in prior year	(4,761)	2,228	(34)	(5)
	(7,658)	3,816	(1,022)	188
	18,354	22,823	1,448	469

21. Tax expense (continued)

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Reconciliation of tax expense				
Profit for the year	82,278	57,572	2,001	538
Total tax expense	18,354	22,823	1,448	469
Profit excluding tax	100,632	80,395	3,449	1,007
Tax at Malaysian tax rates at 25% (2008 : 26%)*	25,158	20,903	862	262
Effect of different tax rates in foreign jurisdictions	265	59	-	-
Non-deductible expenses	1,218	1,471	141	312
Tax exempt income	(291)	(215)	-	-
Tax incentives	(3,722)	(2,811)	-	-
Effect of utilisation of deferred tax benefits previously not recognised	(2,180)	-	-	-
Effect of deferred tax benefit not recognised	1,094	1,732	-	-
Effect of changes in tax rate	-	211	-	19
Other items	(443)	(196)	1	-
Withholding tax	133	-	6	-
	21,232	21,154	1,010	593
Under/(Over) provision in prior year				
- current tax	1,883	(559)	472	(119)
- deferred tax	(4,761)	2,228	(34)	(5)
Tax expense	18,354	22,823	1,448	469

* The corporate tax rates are 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently, deferred tax assets and liabilities are measured using these tax rates.

22. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2009 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	Group 2009 RM'000	Group 2008 RM'000
Profit for the year attributable to equity holders	72,651	51,169
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January	201,600	201,600
Effect of treasury shares held	(4,909)	(3,637)
Weighted average number of ordinary shares at 31 December	196,691	197,963
Basic earnings per share	36.9	25.8

23. Dividends

Dividends recognised in the current year by the Company are:

2009	**Sen per share (net of tax)**	**Total amount RM'000**	**Date of payment**
Interim 2009 ordinary	4.50	8,860	16 September 2009
Final 2008 ordinary	6.75	13,306	24 June 2009
Total amount		22,166	
2008			
Interim 2008 ordinary	4.44	8,783	26 September 2008
Final 2007 ordinary	6.66	13,189	12 June 2008
Total amount		21,972	

After the balance sheet date the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial reports upon approval by the shareholders.

	Sen per share (net of tax)	**Total amount RM'000**
Final 2009 ordinary	7.50	14,678

24. Capital and other commitments

	Group	
Property, plant and equipment	**2009 RM'000**	**2008 RM'000**
Contracted but not provided for within one year	12,785	14,484
Authorised but not contracted for within one year	36,139	26,424

25. Related parties

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

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

25. Related parties (continued)

Controlling related party relationships are as follows:

i) The subsidiaries as disclosed in Note 27.

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 Group") 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.

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

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
With TCMH Group				
Sales	83,259	55,246	-	-
Purchases	4,272	4,384	105	47
Rental expenses	141	854	-	-
Administrative and consultancy services	6	20	6	20
Rental income	494	568	-	-
With TCIL Group				
Sales	235	246	-	-
With WTCH Group				
Sales	-	259	-	-
Purchases	1,108	2,166	105	138
Rental expenses	-	79	-	-

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

ii) Significant transactions with key management personnel

There are no significant transactions with the key management personnel in the Group other than those disclosed in Note 20.

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

	Transactions value for the year ended 31 December	
Company	**2009 RM'000**	**2008 RM'000**
Subsidiaries		
Management fees receivable	7,095	6,118

26. Disposal of subsidiary

On 5 March 2008, the Group via its wholly-owned subsidiary Auto Parts Holdings Sdn. Bhd., completed its disposal of the entire 60% equity interest in Anhui Winking Auto Parts Manufacturing Co., Ltd. ("Anhui") for a total cash consideration of RM7,885,000. Anhui was involved in the manufacture and sale of automotive seat, interior parts and seating components.

The disposal had the following effect on the Group's assets and liabilities on the disposal date:

Group	Carrying amount RM'000
Property, plant and equipment	(3,719)
Inventories	(1,434)
Tax payable	54
Receivables, deposits and prepayments	(13,701)
Cash and cash equivalents	(1,953)
Payables and accruals	8,885
Minority interest	4,884
Exchange adjustment	(70)
Net identifiable assets and liabilities	(7,054)
Consideration received in cash	7,885
Gain on disposal	831
Consideration received in cash	7,885
Cash disposed	(1,953)
Net cash inflow	5,932

27. Subsidiaries

The principal activities of the subsidiaries in the Group and the Group's effective ownership interest are as follows:

Name of subsidiary	Principal activities	Effective ownership interest 2009 %	Effective ownership interest 2008 %
APM Auto Electrics Sdn. Bhd.	Manufacture and sale of automotive electrical components	100	100
APM Climate Control Sdn. Bhd.	Manufacture and sale of automotive air-conditioners and radiators	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
APM Springs (Vietnam) Co., Ltd.** (held via 100% owned subsidiary, APM Automotive International Ltd)	Manufacture and sale of automotive suspension parts	100	100

27. Subsidiaries (continued)

Name of subsidiary	Principal activities	Effective ownership interest 2009 %	2008 %
Auto Parts Marketing Sdn. Bhd.	Marketing and sale of automotive parts and accessories	100	100
Auto Parts Manufacturers Co. Sdn. Bhd.	Manufacture and sale of automotive seats	100	100
Radiators Australia (2000) Pty. Ltd. ** (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Distribution and assembly of automotive and industrial radiators and other automotive components	100	100
Fuji Seats (Malaysia) Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn.Bhd.)	Manufacture and sale of automotive seats and components	60	60
P.T. APM Armada Suspension** (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Manufacture and distribution of coil springs and leaf springs	80	80
APM Auto Mechanisms Sdn. Bhd.	Property investment	100	100
APM Seatings Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Property investment	100	100
KAB Otomotif Sdn. Bhd.	Property investment	100	100
Perusahaan Tilam Kereta Sdn. Bhd.	Property investment	100	100
APM Automotive International Ltd. *	Investment holding	100	100
Auto Parts Holdings Sdn. Bhd.	Investment holding	100	100
APM Holdings Inc.* (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Investment holding	100	100
APM Corporate Services Sdn. Bhd.***	Provision of management services	100	-
APM Auto Components (Vietnam) Co., Ltd.* (held via 100% owned subsidiary, APM Automotive International Ltd)	Dormant	100	100

27. Subsidiaries (continued)

Name of subsidiary	Principal activities	Effective ownership interest 2009 %	Effective ownership interest 2008 %
APM Components America Inc.* (held via 100% owned subsidiary, APM Holdings Inc.)	Dormant	100	100
APM Chalmers Suspensions Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Dormant	100	100
APM Components (USA) Inc.* (held via 100% owned subsidiary, Auto Parts Holdings Sdn Bhd.)	Dormant	100	100
APM Interiors Sdn. Bhd.	Dormant	100	100
APM Metal Industries Sdn. Bhd.	Dormant	100	100
APM Motorsport Sdn. Bhd.	Dormant	100	100
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
Anhui Winking Auto Parts Manufacturing Co., Ltd.**** (held via 100% owned subsidiary, Auto Parts Holdings Sdn Bhd.)	Manufacture and sale of automotive seats, interior parts and seating components.	-	-

APM Components America Inc. and APM Holdings Inc. are subsidiaries incorporated in Canada. APM Springs (Vietnam) Co., Ltd. and APM Auto Components (Vietnam) Co., Ltd. are subsidiaries incorporated in Vietnam. Radiators Australia (2000) Pty. Ltd., APM Components (USA) Inc., P.T. APM Armada Suspension and Anhui Winking Auto Parts Manufacturing Co., Ltd. are incorporated in Australia, United States of America, Indonesia and the People's Republic of China respectively. The other subsidiaries are incorporated in Malaysia.

* Subsidiary is not required to be audited and consolidation is based on the management financial statements.

** Audited by another firm of Public Accountants.

*** As the Subsidiary was incorporated on 23 November 2009, no audit was conducted.

****The Group disposed of its entire 60% equity interest in Anhui Winking Auto Parts Manufacturing Co., Ltd. for a cash consideration of RM7.885 million (see Note 26).

28. Segment reporting

Segment information on business segments is not presented in respect of the Group's business because the Group's activities are predominantly in the manufacturing and trading of automotive parts in Malaysia and outside Malaysia.

Geographical segments

Segment information is presented in respect of geographical segment as the activities of the Group are principally within Malaysia and outside Malaysia.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

Inter-segment pricing is determined on an arm's length basis.

	Operations in Malaysia		Outside Malaysia		Elimination		Consolidated	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Geographical segments								
Total external revenue	828,660	808,058	89,873	135,468	-	-	918,533	943,526
Inter-segment revenue	5,205	5,832	19,516	10,050	(24,721)	(15,882)	-	-
Total segment revenue	833,865	813,890	109,389	145,518	(24,721)	(15,882)	918,533	943,526
Segment result/result from operating activities	86,892	81,344	10,292	(5,465)	(639)	(429)	96,545	75,450
Interest income	4,429	5,186	471	457	(240)	(100)	4,660	5,543
Finance costs	(133)	(278)	(680)	(420)	240	100	(573)	(598)
Profit before tax	91,188	86,252	10,083	(5,428)	(639)	(429)	100,632	80,395
Tax expense							(18,354)	(22,823)
Profit for the year							82,278	57,572
Segment assets	766,344	720,354	125,750	116,852	(16,985)	(20,927)	875,109	816,279
Total assets	766,344	720,354	125,750	116,852	(16,985)	(20,927)	875,109	816,279
Segment liabilities	169,450	158,091	42,323	54,225	-	-	211,773	212,316
Total liabilities	169,450	158,091	42,323	54,225	-	-	211,773	212,316
Capital expenditure	28,031	38,249	2,564	22,260	-	-	30,595	60,509
Depreciation	27,145	26,826	2,740	1,845	-	-	29,885	28,671
Reversal of impairment loss on property, plant and equipment recognised directly in income statements	(165)	-	-	-	-	-	(165)	-

29. Financial instruments

Exposure to credit, interest rate and currency risks arises in the normal course of the Group's business. Derivatives financial instruments are used to hedge exposure to fluctuation in foreign exchange rates.

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.

The Group enters into forward exchange contracts to hedge certain of its sales and purchases in foreign currencies. These contracts are entered into with established licensed banks and management does not expect any parties to fail to meet their obligations under these contracts.

At balance sheet date there were no significant concentrations of credit risk other than the following:

	Group	
	2009	**2008**
	RM'000	**RM'000**
Trade receivables:		
Perusahaan Otomobil Nasional Sdn. Bhd.	28,694	18,071
Perodua Manufacturing Sdn. Bhd.	58,463	53,293
Tan Chong Motor Assemblies Sdn. Bhd.	16,197	7,105
	103,354	78,469

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

As for unrecognised financial asset, the maximum exposure to credit risk is the fair value of the financial asset disclosed below.

Interest rate risk

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

The excess funds placed with licensed banks are for certain periods during which the interest rates are fixed. The management reviews the interest rates at regular intervals.

29. Financial instruments (continued)

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their average effective interest rates at the balance sheet date and the periods in which they mature, or if earlier, reprice.

	2009				2008			
	Average effective interest rate %	Total RM'000	Within 1 year RM'000	1 - 5 years RM'000	Average effective interest rate %	Total RM'000	Within 1 year RM'000	1-5 years RM'000
Group								
Financial Assets								
Deposits placed with licensed banks	2.32	233,410	233,410	-	3.32	162,941	162,941	-
Financial Liabilities								
Unsecured overdrafts	7.20	(465)	(465)	-	7.07	(683)	(683)	-
Unsecured foreign currency trade loans	2.79	(2,987)	(2,987)	-	5.87	(8,252)	(8,252)	-
Unsecured term loans	4.70	(688)	(688)	-	5.16	(2,720)	(2,034)	(686)
Company								
Financial Assets								
Deposits placed with licensed banks	2.31	60,904	60,904	-	3.38	53,860	53,860	-

Foreign currency risk

The Group and the 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, Indonesian Rupiah, Euro, Thai Baht, Vietnamese Dong, Singapore Dollars and British Pound.

Hedging

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

The Group uses forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year after the balance sheet date. Where necessary, the forward exchange contracts are rolled over at maturity.

Changes in the fair value of forward exchange contracts that economically hedge monetary assets and liabilities in foreign currencies are not recognised in the income statement.

29. Financial instruments (continued)

Fair values

Recognised financial instruments

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

The fair values of other financial liability, together with the carrying amount shown in the balance sheet are as follows:

	Group			
	2009		2008	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Unsecured term loans	-	-	686	655

Estimation of fair value

Fair value of the above unsecured term loans are determined using the estimated cash flows discounted using market related rates for similar instruments at the balance sheet date.

The interest rate used to discount estimated cash flows is as follows:

	Group	
	2009	2008
Unsecured term loans	4.70%	5.16%

Unrecognised financial instruments

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

	Group			
	2009 Contract or notional principal amount RM'000	2009 Fair value favourable/ (unfavourable) RM'000	2008 Contract or notional principal amount RM'000	2008 Fair value favourable/ (unfavourable) RM'000
Forward foreign exchange purchase contracts	31,977	262	32,064	1,758
Forward foreign exchange sales contracts	18,726	259	15,402	259

Estimation of fair value

Forward exchange contracts are either marked to market using listed market prices or by discounting the contractual forward price and deducting the current spot rate. These foreign exchange contracts would all expire within a year from balance sheet date.

30. Jointly controlled entities

Details of jointly controlled entities are as follows:

Name of company	**Principal activities**	**Effective ownership interest 2009 %**	**2008 %**
APM-Coachair Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn Bhd)	Distribution of coach air-conditioners	50	50
Diversified Furniture Systems Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn Bhd)	Dormant	50	50
P.T. APM Armada Autoparts* (held via 100% owned subsidiary, Auto Parts Holdings Sdn Bhd)	Manufacture and sale of automotive interior products	50	50
P.T. Armada Johnson Controls# (held via 50% jointly controlled entity, P.T. APM Armada Autoparts)	Manufacture and sale of automotive seat products	30	30

* Audited by another firm of Public Accountants

\# The audit, which is performed by a member firm of KPMG International, is still in progress on the date the Group financial statements were approved by the Board of Directors. The management has considered the audit findings of the auditors to that date and do not expect these audit findings to have any material impact on the Group's financial statements.

P.T. APM Armada Autoparts and P.T. Armada Johnson Controls are incorporated in Indonesia. The other jointly controlled entities are incorporated in Malaysia.

Statement by Directors

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

In the opinion of the Directors, the financial statements set out on pages 25 to 69 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2009 and of their financial performance and cash flows for the year then ended.

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

....

Dr Fun Woh Peng

....

Tan Eng Hwa

Kuala Lumpur,

Date: 8 April 2010

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 25 to 69 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 8 April 2010.

....

Lee Kwee Cheng
(MIA 9160)

Before me:

Mohd Radzi B Yasin
No. W327

Commissioner for Oaths
Kuala Lumpur

Independent Auditors' Report

to the members of APM Automotive Holdings Berhad

Report on the Financial Statements

We have audited the financial statements of APM Automotive Holdings Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 25 to 69.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2009 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

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

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

b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 27 to the financial statements.

c) 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

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

KPMG
Firm Number: AF 0758
Chartered Accountants

Peter Ho Kok Wai
Approval Number: 1745/12/11(J)
Chartered Accountant

Petaling Jaya,

Date: 8 April 2010

Group Properties
31 December 2009

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 & vacant land	40,545	Leasehold/ 21.06.2092	8,678	12	1984	1984
Lot 3 Jalan 6/3 Seri Kembangan Industrial Estate 43300 Serdang, Selangor	Factory, office, warehouse & vacant land	42,046	Leasehold/ 21.06.2092	8,813	15	1984	1984
Lot 600 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory, office & warehouse	40,354	Leasehold/ 19.10.2076	22,586	23	-	1999
Lot 601 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory, office & warehouse	20,234	Leasehold/ 19.10.2076	4,010	31	1984	1974
Lot 1622 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Vacant industrial land	16,186	Leasehold/ 19.10.2076	3,707	-	-	2005
Lot 1621 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory, office & warehouse	22,573	Leasehold/ 06.04.2079	10,967	13	-	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	202	13	-	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	269	13	-	2001
Lot 29119 Seksyen 20 Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor	Factory, office, warehouse & vacant land	24,239	Freehold	18,461	1-7	-	2002

Group Properties
31 December 2009

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. 8 Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor	Factory, office & warehouse	8,086	Freehold	4,923	7	-	2002
No. 7 Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor	Factory, office, warehouse & vacant land	32,354	Freehold	12,138	4-5	-	2002
Lots 17295, 17296,17297 Proton City Vendors Park Tanjung Malim, Perak	Factory, office, warehouse & vacant land	39,882	Freehold	12,905	5	-	2004
No. 23 & 25 Jalan Selat Selatan 21 Sobena Jaya, Pandamaran 42000 Port Klang, Selangor	Factory, office & warehouse	2,358	Freehold	1257	10	-	2000
Suryacipta City of Industry Jl. Surya Utama kav. I-15 A Ciampel, Karawang Jawa Barat 41361	Factory, office & warehouse	20,131	Leasehold 25.05.2025	8,551	2	-	2008
25 Dai Lo Tu Do Vietnam Singapore Industrial Park, Thuan An District, Binh Duong Province Socialist Republic of Vietnam	Factory, office & warehouse	10,000	Leasehold 08.08.2054	3,208	5	-	2004
25A Dai Lo Tu Do Vietnam Singapore Industrial Park, Thuan An District, Binh Duong Province Socialist Republic of Vietnam	Vacant industrial land	10,000	Leasehold 08.08.2054	1,091	-	-	2009

Analysis of Shareholdings

As at 31 March 2010

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
Treasury shares	: 5,905,700

THIRTY LARGEST SHAREHOLDERS

According to the Record of Depositors

		No.of shares held	%*
1	CIMSEC Nominees (Tempatan) Sdn Bhd Tan Chong Consolidated Sdn Bhd	40,320,000	20.603
2	Tan Chong Consolidated Sdn Bhd	20,569,754	10.511
3	HSBC Nominees (Tempatan) Sdn Bhd Exempt An for HSBC (Malaysia) Trustee Berhad (D09-6061)	18,228,988	9.315
4	Lembaga Tabung Haji	9,131,950	4.666
5	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wealthmark Holdings Sdn Bhd (50003 PZDM)	8,190,200	4.185
6	Amanahraya Trustees Berhad Skim Amanah Saham Bumiputera	6,499,000	3.320
7	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	4,786,600	2.445
8	Cartaban Nominees (Asing) Sdn Bhd RBC Dexia Investor Services Bank for Platinum Global Dividend Fund Limited	4,501,500	2.300
9	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An for Prudential Fund Management Berhad	3,356,900	1.715
10	SBB Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	3,155,100	1.612
11	CIMSEC Nominees (Tempatan) Sdn Bhd Allied Investments Limited for Tan Chong Consolidated Sdn Bhd	3,000,000	1.533
12	Wealthmark Holdings Sdn Bhd	2,725,000	1.392
13	Amanahraya Trustees Berhad Public Islamic Equity Fund	2,658,700	1.358
14	Amanahraya Trustees Berhad Public Islamic Optimal Growth Fund	2,520,300	1.287
15	Amanahraya Trustees Berhad Public Islamic Sector Select Fund	2,430,100	1.241
16	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Khor Swee Wah @ Koh Bee Leng (MM1208)	2,218,508	1.133
17	Hong Leong Assurance Berhad As Beneficial Owner (Life Par)	2,150,000	1.098

Analysis of Shareholdings
As at 31 March 2010

THIRTY LARGEST SHAREHOLDERS (continued)
According to the Record of Depositors

		No.of shares held	%*
18	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Tan Heng Chew (MM1063)	1,966,400	1.004
19	Permodalan Nasional Berhad	1,911,400	0.976
20	Valuecap Sdn Bhd	1,867,500	0.954
21	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Heng Chew (E-KLC)	1,859,500	0.950
22	Tan Kim Hor	1,769,491	0.904
23	Pertubuhan Keselamatan Sosial	1,597,000	0.816
24	Amanahraya Trustees Berhad PB Islamic Equity Fund	1,587,400	0.811
25	Amanahraya Trustees Berhad PB Growth Fund	1,474,700	0.753
26	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Chong Consolidated Sdn Bhd (014011528927)	1,350,000	0.689
27	Amanahraya Trustees Berhad Public Smallcap Fund	1,199,100	0.612
28	Amanahraya Trustees Berhad PB Balanced Fund	1,197,900	0.612
29	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Maakl Al-Fauzan (5170)	1,073,000	0.548
30	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	1,068,100	0.545
	Total	156,364,091	79.888

* Percentage is based on the issued shares less treasury shares

Analysis of Shareholdings

As at 31 March 2010

ANALYSIS BY SIZE OF HOLDINGS

According to the Record of Depositors

Size of Holdings	No of Holders	%	No of Shares Held	%
1-99	337	4.9154	15,821	0.0078
100-1,000	4,457	65.0087	1,749,987	0.8680
1,001-10,000	1,738	25.3500	5,565,725	2.7608
10,001-100,000	221	3.2235	5,998,725	2.9756
100,001-9,901,579	100	1.4586	103,245,300	51.2129
9,901,580 and above	3	0.0438	79,118,742	39.2454
	6,856	100	195,694,300	97.0705
Treasury Shares	-	-	5,905,700	2.9295
Total	6,856	100	201,600,000	100

SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

According to the Register of Substantial Shareholders

Name of Substantial Shareholder	Direct No. of shares held	% *	Indirect No. of shares held	%*
Tan Chong Consolidated Sdn Bhd	65,239,754	33.34	18,228,988	9.32[1]
Wealthmark Holdings Sdn Bhd	12,039,200	6.15	-	-
Dato' Tan Heng Chew	4,658,399	2.38	95,507,942	48.80[2]
Tan Eng Soon	-	-	95,717,942	48.91[3]
Tan Kheng Leong	30,000	0.02	83,468,742	42.65[4]

* Percentage is based on issued shares less treasury shares

Notes:

1 *Indirect interest held through HSBC Nominees (Tempatan) Sdn Bhd Exempt AN for HSBC (Malaysia) Trustee Bhd (Dimension 09 Trust) – as to voting rights only*

2 *Deemed interest by virtue of interests in Tan Chong Consolidated Sdn Bhd ("TCC") and Wealthmark Holdings Sdn Bhd ("WH") pursuant to Section 6A of the Companies Act, 1965 ("Act")*

3 *Deemed interest by virtue of interests in TCC, WH and Lung Ma Investments Pte Ltd pursuant to Section 6A of the Act*

4 *Deemed interest by virtue of interest in TCC pursuant to Section 6A of the Act*

Analysis of Shareholdings

As at 31 March 2010

SHAREHOLDINGS OF DIRECTORS

According to the Register of Directors' Shareholdings maintained under section 134 of the Companies Act, 1965

Name of Directors	Direct No. of shares held	%	Indirect No. of shares held	%*
Dato' Tan Heng Chew	4,658,399	2.38	97,726,450	49.94[1]
Azman Badrillah	1,002,000	0.51	-	-
Tan Eng Soon	-	-	95,717,942	48.91[2]
Tan Eng Hwa	207,008	0.11	12,046,328	6.16[3]
Dato' Haji Kamaruddin @ Abas Nordin	448	-[4]	-	-

None of the other Directors, namely Dr. Fun Woh Peng, Sow Soon Hock, Oei Kok Eong, Dato' N. Sadasivan and Mohd. Sharif Haji Yusof, have shares, whether direct or indirect, in the Company

Notes:

1 *Deemed interest by virtue of interests in Tan Chong Consolidated Sdn Bhd ("TCC") and Wealthmark Holdings Sdn Bhd ("WH") pursuant to Section 6A of the Companies Act, 1965 ("Act") and interest of spouse by virtue of Section 134 (12) (c) of the Act*

2 *Deemed interest by virtue of interests in TCC, WH and Lung Ma Investments Pte Ltd pursuant to Section 6A of the Act*

3 *Deemed interest by virtue of interests in WH and Solomon House Sdn Bhd pursuant to Section 6A of the Act and interest of spouse by virtue of Section 134 (12) (c) of the Act*

4 *Less than 0.01%*

***** Percentage is based on issued shares less treasury shares

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirteenth Annual General Meeting of APM Automotive Holdings Berhad ("Company") will be held at Pacific Ballroom, Level 2, Seri Pacific Hotel Kuala Lumpur, Jalan Putra, 50350 Kuala Lumpur, Malaysia on Wednesday, 19 May 2010 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 2009 together with the Reports of the Directors and Auditors thereto. **Resolution 1**

2. To declare a final dividend of 10% less income tax for the financial year ended 31 December 2009. **Resolution 2**

3. To re-elect the following Directors, who are eligible and have offered themselves for re-election, in accordance with Article 96 of the Company's Articles of Association:

   i DATO' TAN HENG CHEW **Resolution 3**

   ii OEI KOK EONG **Resolution 4**

4. To consider and if thought fit, to pass the following resolutions in accordance with Section 129 of the Companies Act, 1965:

   i. "THAT DATO' HAJI KAMARUDDIN @ ABAS NORDIN be and is hereby re-appointed a Director of the Company pursuant to Section 129(6) of the Companies Act, 1965 and to hold office until the next annual general meeting of the Company. " **Resolution 5**

   ii "THAT DATO' N SADASIVAN, having attained the age of seventy years, be and is hereby appointed a Director of the Company pursuant to Section 129(6) of the Companies Act, 1965 and to hold office until the next annual general meeting of the Company. " **Resolution 6**

   iii "THAT MOHD SHARIF HAJI YUSOF, having attained the age of seventy years, be and is hereby appointed a Director of the Company pursuant to Section 129(6) of the Companies Act, 1965 and to hold office until the next annual general meeting of the Company. " **Resolution 7**

5. To re-appoint the Auditors and authorise the Directors to fix their remuneration. **Resolution 8**

Special Business:

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

   DIRECTORS' FEES

   "THAT the aggregate fees payable to the Directors of the Company be hereby increased to an amount not exceeding RM350,000 per annum for financial year ending 31 December 2010 and for each financial year thereafter." **Resolution 9**

7. To consider and if thought fit, to 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 excluding treasury shares 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 10**

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

PROPOSED RENEWAL 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 Main Market 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.

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 next 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 11**

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

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

   "THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Main Market 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 and its subsidiaries involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the APM Group ("Related Parties") including those set out under section 3.2.1 of the circular to shareholders dated 27 April 2010 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 12**

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

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

   "THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Main Market 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 and its subsidiaries involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the APM Group ("Related Parties") including those set out under section 3.2.2 of the circular to shareholders dated 27 April 2010 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 13**

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
27 April 2010

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. Where the form of proxy is executed by a corporation, it 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 9

At the Annual General Meeting held on 24 May 2001, shareholders gave approval for an aggregate amount not exceeding RM250,000 to be paid as directors' fee per annum to directors from year 2000. Pursuant to Article 78.2 of the Articles of Association of the Company, shareholders' approval now is sought in advance that the aggregate amount of directors' fees be increased to an amount not exceeding RM350,000 per annum.

The Board believes that directors should be remunerated adequately to reflect their increasingly significant roles in corporate governance and accountability to minority shareholders in present day business environment. Accordingly, the Board is of the view that it is timely for a review of the directors' fees which was last reviewed almost 10 years ago.

Upon approval by the shareholders, the new aggregate amount of RM350,000 will be applicable from financial year ending 31 December 2010 and for each financial year thereafter.

Resolution 10

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 normal 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 delay and costs involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors be empowered to issue shares in the Company of up to an amount not exceeding in total 10% of the issued and paid share capital (excluding treasury shares) 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.

The Company is seeking approval to renew the general mandate given by the shareholders at the last Annual General Meeting held in 2009. No proceeds were raised from the previous mandate.

Resolution 11

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, shall continue to be in force until the conclusion of the next annual general meeting of the Company.

Resolutions 12 and 13

Proposed resolutions 12 and 13 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 11, 12 and 13 are set out in the circular to shareholders dated 27 April 2010 dispatched together with this Annual Report.

Notice of Dividend Entitlement

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the Thirteenth Annual General Meeting of APM Automotive Holdings Berhad, a final dividend of 10% less income tax for the financial year ended 31 December 2009 will be paid on 22 June 2010. The entitlement date is 8 June 2010.

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 8 June 2010 in respect of ordinary transfers; and

(2) 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
27 April 2010

APM AUTOMOTIVE HOLDINGS BERHAD (424838-D)
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.	
Number of shares held	

I/We ____
(Name of shareholder as in NRIC in capital letters, NRIC no (new and old)/Company no)

of ____
(Full address)

being a member of APM AUTOMOTIVE HOLDINGS BERHAD, hereby appoint as proxy ______________________

____
(Name of Proxy as in NRIC in capital letters, NRIC no (new and old))

or failing him/her, ____

____
(Name of Proxy as in NRIC in capital letters, NRIC no (new and old))

or failing them, the Chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the Thirteenth Annual General Meeting of the Company to be held at Pacific Ballroom, Level 2, Seri Pacific Hotel Kuala Lumpur, Jalan Putra, 50350 Kuala Lumpur, Malaysia on Wednesday, 19 May 2010 at 11:00 a.m., and at any adjournment thereof, as indicated below:

Resolutions		For	Against
Resolution 1	Financial Statements and Reports of the Directors and Auditors		
Resolution 2	Final dividend		
Resolution 3	Re-election of Dato' Tan Heng Chew		
Resolution 4	Re-election of Oei Kok Eong		
Resolution 5	Re-appointment of Dato' Haji Kamaruddin @ Abas Nordin in accordance with Section 129 (6) of the Companies Act, 1965		
Resolution 6	Appointment of Dato' N Sadasivan in accordance with Section 129 (6) of the Companies Act, 1965		
Resolution 7	Appointment of Mohd Sharif Haji Yusof in accordance with Section 129 (6) of the Companies Act, 1965		
Resolution 8	Re-appointment of Auditors		
Resolution 9	Directors' fees		
Resolution 10	Proposed grant of authority pursuant to Section 132D of the Companies Act, 1965		
Resolution 11	Proposed renewal of authority for the Company to purchase its own ordinary shares		
Resolution 12	Proposed renewal of shareholders' mandate for recurrent related party transactions with Tan Chong Motor Holdings Berhad and its subsidiaries		
Resolution 13	Proposed renewal of shareholders' mandate for recurrent related party transactions with Warisan TC Holdings Berhad and its subsidiaries		

(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/she may think fit.)

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

	Number of shares	%
Proxy 1		
Proxy 2		
Total		100%

____
Signature/Common Seal

Date: ______________________

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. Where the form of proxy is executed by a corporation, it 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.

Affix
Stamp
here

Company Secretaries

APM AUTOMOTIVE HOLDINGS BERHAD
62-68 Jalan Ipoh
51200 Kuala Lumpur

APM AUTOMOTIVE HOLDINGS BERHAD
(Company No. 424838-D)

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